

IABC

The 6th International
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Conference

2019

THE 6TH INTERNATIONAL ACCOUNTING & BUSINESS CONFERENCE 2019

*Towards Greater Transparency, Accountability
& Sustainability in Financial Governance*

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**UNLOCK DAY EFFECT OF EXPIRATION OF MANDATORY
IPOS LOCK UP: CASE OF ACE MARKET IN MALAYSIA**Syamsyul Samsudin¹, Nik Nur Shafika Mustafa², Nor Haliza Hamzah³ and
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Cawangan Johor Segamat, Johor,Malaysia; *chekh121@uitm.edu.my***Abstract**

This research studies the role of lockup in assessing price and volume of IPOs during the expiration of lockup in Malaysia market. The reaction of price is measured by the abnormal return while the reaction of volume is measured by the abnormal volume. The companies were selected from the years 2010 to 2018 and only companies that were still listed in Bursa Malaysia were chosen. The time frame of the study was 30 days before and 30 days after the expiration date of lock up provision. The results may show for these circumstances of i) the volume will remain and the price will decrease; ii) volume will be decrease and price will be decrease too and iii) promoters retain % of shares during expiration date. For situation number i), it might show the sign of a quite good quality of performance of IPOs in stock market. Evidently, the second circumstance shows decrease in price and volume of IPOs after expiration date. The scenario actually leads by demand and supply of stock. Another important evidence which supports the insignificant result is promoters retain % of shares during expiration date. The amounts that should be released by the companies are not offered to the market during that time. By looking the Signaling Theory, insiders of IPOs firms who are previously restricted from selling their holdings have the first chance to sell large proposition of their shares. Investors will know the dates of IPO lockup expiration and numbers of shares by looking at the prospectus. Due to the scenario, the price and volume of IPOs will be reacting during expiration date based on this theory. It is hoped that this study will help investors or any Malaysian market participation especially in the IPOs market to notice the situation in Malaysian market regarding the lock up provision.

Keywords: *Initial Public Offering, Lock Up Provision, Moratorium, Underprice, Volume*