



**LOCK UP PROVISION: IMPLICATION FOR IPO
MARKET IN MALAYSIA**

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JUNE 2016

ACKNOWLEDGEMENT

Alhamdulillah, thanks to Allah S.W.T. for giving me strength in completing this project paper. All the praises and thanks to Him for giving me times, wills, patience, and guidance during the period of this project. This project paper will not be completed successfully without contribution and assistance from many parties that have contributes so much effort in preparing this project paper. I am thankful to anyone who has willingly to provide any kind of helps or advices so that this project paper can be completed in the due time.

Special mention goes to my respected research advisor **Sir Syamsyul Bin Samsudin** for his guidance, supervision, advice and support from the beginning of this project paper until its completion regardless of time and his workload. His comments and suggestions are the biggest contribution that I have ever received in preparing this project paper.

Next, I wish to extend my appreciation to Bursa Malaysia, friends, colleagues, and to each and every one of you that have provide any kind of assistance, supports suggestions during the period of this project paper. Last but not least, I would like to thanks to my parents and family for the support and trust that they put on me in completing the research paper. They are definitely the source of my strength.

Thank you.

ABSTRACT

The research paper is conducted to find out the reaction of price and volume of IPOs towards the expiration of lock up date in Malaysia. The reaction of price is measured by the abnormal return while the reaction of price is measured by the abnormal volume. The data required is retrieved from DataStream and being calculated with Microsoft Excel which comprises 22 companies from ACE market. The companies is selected from year 2010 to 2015 and only companies that are still listed in Bursa Malaysia is chosen. The companies is selected by comparing the all the IPO companies with the newspaper in the board. The time frame of the study is 30 days before and 30 days after the expiration date of lock up provision. Methodology used in this research is t-test to determine the significant of average abnormal return and average abnormal volume. The findings of this study shows that there are no reaction on price or volume around the 30 days of the expiry date. This study is hoped will help the investor or any Malaysia market participation especially in the IPO market to notice the situation in Malaysia market regarding the lock up provision.

TABLE OF CONTENTS

DECLARATION OF ORIGINAL WORK	i
LETTER OF SUBMISSION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
TABLE OF CONTENTS	v
LIST OF TABLE	viii
CHAPTER 1: INTRODUCTION	1
1.1. Malaysia’s Securities Market	1
1.2. Listing Activities	2
1.2.1. Reason for Listing	2
1.2.2. Parties in Listing Exercise	3
1.2.3. Listing Process	5
1.3. IPO Malaysia and Performance	7
1.4. Lock-up Provision	9
1.5. Problem Statement	13
1.6. Research Objectives	14
1.7. Research Questions	14
1.8. Significant Of Study	15

CHAPTER 1: INTRODUCTION

1.1. Malaysia's Securities Market

In 1930, the first formal securities business organization was established in Malaysia and was re-registered in 1937 as Malayan Stockbrokers' Association. Later in 1964, the Stock Exchange of Malaysia was established and changed to the Stock Exchange of Malaysia and Singapore with the secession of Singapore from Malaysia in 1965. The organization then is divided into two, Kuala Lumpur Stock Exchange Berhad and Stock Exchange of Singapore in 1973. In December 1976, The Kuala Lumpur Stock Exchange has took over the operations of the Kuala Lumpur Stock Exchange Berhad. The cooperation then changed their name to Bursa Malaysia Berhad on April 2004 and was listed on the Main Board of Bursa Malaysia Securities Berhad on March 2005.

Formerly, the capital market in Malaysia consist of two market, which are Main Board and Second Board, and MESDAQ Market. Main Board was for well established companies that sought for listing in Bursa Malaysia. Second Board basically for the smaller companies while MESDAQ Market is for high growth and technology companies. On 3 August 2009, Securities Commission Malaysia and Bursa Malaysia Securities Berhad has introduced the new framework which merged the Main Board and Second Board into a single board and known as Main Market, while the MESDAQ Market was transformed into ACE Market. The Main Market is for the established companies with a profit track record of three to five full financial years or companies