

# **Stock Reaction to the expiration of IPO lock-up period : Evidence in Thailand**

## **Abstract**

This paper examines the effects of the stock reaction surrounding the IPO lockup expiry as evidenced in Thailand. The sample used in the study is the IPO listed shares during 2001-2005, totaling 115 firms. The results prove that abnormal returns are statistically significantly negative surrounding the lockup expiry, while the abnormal volume is statistically insignificant negative. This implies that should the abnormal return exist, it will influence only minority investors in the market. In addition, this paper also investigates the statistically significant factors affecting the cumulative abnormal returns surrounding the lockup expiry period, consisting of stock price volatility, insider acquisition trading, and the percentage of shares lockup. The larger stock price volatility and the rising acquisition trading have a negative relation to the cumulative abnormal returns. Meanwhile, the rising percentage of shares lockup has a positive relation to the cumulative abnormal return.