

Short Selling Around Seasoned Equity Offerings

[Get access >](#)

The Review of Financial Studies, Volume 23, Issue 12, December 2010, Pages 4389–4418, <https://doi.org/10.1093/rfs/hhq076>

Published: 21 September 2010

Abstract

We use daily short-selling data to examine whether short selling around seasoned equity offerings (SEOs) reflects informed or manipulative trading. Around SEO announcements, we find no evidence of informed short selling. Around issue dates, higher levels of pre-issue short selling are significantly related to larger issue discounts for non-shelf-registered offerings. This evidence is consistent with manipulative trading. We show that SEC Rule 105 constrains some but not all manipulative trading. Our results reverse previous research that uses monthly short-interest data, because daily data allow more powerful tests. Our evidence helps explain the increased popularity of shelf registrations. Although short selling usually enhances price efficiency, we document a situation where short selling reduces price efficiency.

© The Author 2010. Published by Oxford University Press on behalf of The Society for Financial Studies. All rights reserved. For Permissions, please e-mail: journals.permissions@oxfordjournals.org.

Issue Section: [Articles](#)

You do not currently have access to this article.

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code

Sign in >

[Register](#)

Sign in through your institution >

[Sign in with a library card](#)

[Sign in with
username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Short Selling Around Seasoned Equity Offerings - 24 Hours access

EUR €51.00

GBP £44.00

USD \$55.00

Rental



This article is also available for rental through DeepDyve.