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## Strategic Repurchases and Equity Sales: Evidence from Equity Vesting Schedules

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### Abstract


This paper studies the strategic use and timing of share repurchases by insiders for personal gain. Using grant-level compensation data and a hand-collected sample of monthly repurchases, I find a positive causal relation between executive equity sales and share repurchases. I identify the relation using the vesting schedule of equity grants as an instrument for equity sales. This behavior is persistent across firm, executive, and governance characteristics. Both CFO and CEO vesting schedules impact repurchases, suggesting the CFO may also have influence over the execution of the repurchase program. There is minimal evidence of long-term value destruction. The results indicate executive contracts impact the execution of share repurchase programs.

**Keywords:** Share repurchase; share buyback; payout policy; option and stock grants; equity vesting; equity compensation CEO incentives and myopia.

**JEL Classification:** G14, G30, G35, M12

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