
 Download This Paper (Delivery.cfm/SSRN_ID1118751_code357812.pdf?abstractid=628203&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1118751_code357812.pdf?abstractid=628203&mirid=1&type=2)

 Add Paper to My Library

Share:    

Off But Not Gone: A Study of Nasdaq Delistings

Fisher College of Business Working Paper No. 2008-03-005 and Dice Center Working Paper No. 2008-6

55 Pages

Posted: 8 Dec 2004

Last revised: 13 Apr 2008

Jeffrey H. Harris (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=112050)

American University - Department of Finance and Real Estate

Venkatesh Panchapagesan (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=29094)

The Goldman Sachs Group, Inc.

Ingrid M. Werner (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=497674)

The Ohio State University - Fisher College of Business

Date Written: March 4, 2008

Abstract


We examine 1,098 Nasdaq firms delisted in 1999-2002 that subsequently traded in the OTC Bulletin Board and/or the Pink Sheets. Market quality deteriorates significantly after delisting: share volume declines by two-thirds; quoted spreads almost triple from 12.1 to 33.9 percent; and effective spreads triple from 3.3 to 9.9 percent. Volatility triples from 4.4 to 14.3 percent, but quickly reverts to slightly elevated levels. Deterioration is significantly larger for more severe violations (e.g. bankruptcy) than for lesser infractions (e.g. minimum bid price). We find the OTC Bulletin Board provides a "soft landing" for delisted firms relative to the Pink Sheets. Although the delisting process takes at least 90 days, the drop in market quality is concentrated on the delisting date, highlighting the benefits of Nasdaq listing and the economic rationale for tiered listing fees. We argue that the increased costs resulting from enforcing Nasdaq's minor (non-core) listing criteria outweigh the benefits.

Keywords: delisting, market quality, Nasdaq

JEL Classification: G12, G14, G33

[Suggested Citation](#) >

[Show Contact Information](#) >

 Download This Paper (Delivery.cfm/SSRN_ID1118751_code357812.pdf?abstractid=628203&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID1118751_code357812.pdf?abstractid=628203&mirid=1&type=2)

8 References

1. Gary C Sanger , John J Mcconnell
Stock Exchange Listing, Firm Value and Security Market Efficiency: The Impact of the NASDAQ
Journal of Financial and Quantitative Analysis , volume 21 , p. 1 - 25 Posted: 1986
Crossref (<https://doi.org/10.2307/2330987>)
2. Gary C Sanger , James D Peterson
An Empirical Analysis of Common Stock Delistings
Journal of Financial and Quantitative Analysis , volume 25 , p. 261 - 272 Posted: 1990
Crossref (<https://doi.org/10.2307/2330828>)

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve and personalize our content and your digital experience. For more information, see our [Cookie Policy](#) (<https://www.elsevier.com/legal/cookie-notice>)

Share Price and Mortality: An Analysis of Newly Listed Nasdaq Stocks
Journal of Financial Economics , volume 45 , p. 333 - 363 Posted: 1997

[Cookie Settings](#)

Accept all cookies

4. Tyler Shumway

The Delisting Bias in CRSP Data

Journal of Finance , volume 52 , p. 327 - 340 Posted: 1997

Crossref (<https://doi.org/10.1111/j.1540-6261.1997.tb03818.x>)

Load more

0 Citations

Fetch Citations

Do you have a job opening that you would like to promote on SSRN?

Place Job Opening (<https://www.ssrn.com/index.cfm/en/Announcements-Jobs/>)

Paper statistics

DOWNLOADS	1,236
ABSTRACT VIEWS	8,747
RANK	32,768

32 Citations

8 References

PlumX Metrics



(https://plu.mx/ssrn/a/?ssrn_id=628203)

Related eJournals

Ohio State University, Fisher College of Business Research Paper Series (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=917143)

Follow



S&P Global Market Intelligence Research Paper Series (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=2978227)

Follow



View more >

Recommended Papers

Down and Out in the Stock Market: The Law and Finance of the Delisting Process (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=583401&rec=1&srcabs=628203&pos=1)


By Jonathan R. Macey (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=43404), Maureen O'hara (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=16137), ...

Competition for Listings (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=163368&rec=1&srcabs=628203&pos=2)

By Thierry Foucault (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=57561) and Christine A. Parlour (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=129817)

The Initial Listing Decisions of Firms that Go Public (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=112049&rec=1&srcabs=628203&pos=3)

[View more >](#)

[Feedback](#) 

[Submit a Paper >](https://hq.ssrn.com/submission.cfm) (<https://hq.ssrn.com/submission.cfm>)

[SSRN Quick Links](#) 


[SSRN Rankings](#) 

[About SSRN](#) 

 (<https://www.facebook.com/SSRNcommunity/>)

 ([https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3)

 (<https://twitter.com/SSRN>)

[\(http://www.elsevier.com/\)](http://www.elsevier.com/)

[Copyright \(https://www.ssrn.com/index.cfm/en/dmca-notice-policy/\)](https://www.ssrn.com/index.cfm/en/dmca-notice-policy/)

[Terms and Conditions \(https://www.ssrn.com/index.cfm/en/terms-of-use/\)](https://www.ssrn.com/index.cfm/en/terms-of-use/)

[Privacy Policy \(https://www.elsevier.com/legal/privacy-policy\)](https://www.elsevier.com/legal/privacy-policy)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.

To learn more, visit [Cookie Settings](#).



[\(http://www.relx.com/\)](http://www.relx.com/)

<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>