 Download This Paper (Delivery.cfm/SSRN_ID687282_code457095.pdf?abstractid=687282&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID687282_code457095.pdf?abstractid=687282&mirid=1&type=2)

☆ Add Paper to My Library

Share:    

Short Selling, Death Spiral Convertibles, and the Profitability of Stock Manipulation

73 Pages
Posted: 24 Mar 2005

John D. Finnerty (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=88215)
Fordham University - Finance Area; Finnerty Economic Consulting LLC


Date Written: March 2005

Abstract

The SEC recently adopted Regulation SHO to tighten restrictions on short selling and curb abusive short sales, including naked shorting masquerading as routine fails to deliver. This paper models market equilibrium when short selling is permitted and contrasts the equilibrium with and without manipulators among the short sellers. I explain how naked short selling can routinely occur within the securities clearing system in the United States and characterize its potentially severe market impact. I show how a recent securities innovation called floating-price convertible securities can resolve the unraveling problem and enable manipulative short selling to intensify.

[Suggested Citation](#) >

[Show Contact Information](#) >

 Download This Paper (Delivery.cfm/SSRN_ID687282_code457095.pdf?abstractid=687282&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID687282_code457095.pdf?abstractid=687282&mirid=1&type=2)

0 References

Fetch References

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

3,068

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/cookiepolicy) (https://www.elsevier.com/legal/cookiepolicy)

RANK

7,078

[Cookie Settings](#)

Accept all cookies

PlumX Metrics



(https://plu.mx/ssrn/a/?ssrn_id=687282)

Related Journals

Behavioral & Experimental Finance eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1504395)

[Follow](#) ⓘ

Corporate Finance: Capital Structure & Payout Policies eJournal (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1508969)

[Follow](#) ⓘ

[View more >](#)

Recommended Papers

Short Sale Constraints and Stock Returns (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=281514&rec=1&srcabs=687282&pos=1)

By Charles M. Jones (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=17841) and Owen A. Lamont (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=16329)

Short Sale Constraints and Stock Returns (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=285614&rec=1&srcabs=687282&pos=2)

By Charles M. Jones (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=17841) and Owen A. Lamont (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=16329)

Breadth of Ownership and Stock Returns (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=247049&rec=1&srcabs=687282&pos=3)

By Joseph Chen (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=88071), Harrison G. Hong (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=342554), ...

[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](#) ▼

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

[in](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%63) ([https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%63)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%63](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%63)

[🐦](https://twitter.com/SSRN) (<https://twitter.com/SSRN>)

(<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.



(<http://www.relx.com/>)

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