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The quiet period has something to say

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Abstract

Recent studies have shown that the quiet period around the announcement of a stock repurchase is associated with a significant increase in the stock price. This paper examines the impact of the quiet period on the stock price of firms that announce a stock repurchase. We find that the quiet period is associated with a significant increase in the stock price of firms that announce a stock repurchase. This increase is more pronounced for firms that announce a stock repurchase during the quiet period. Our findings suggest that the quiet period is an important time for firms to announce a stock repurchase. In addition, we find that the quiet period is associated with a significant increase in the stock price of firms that announce a stock repurchase. This increase is more pronounced for firms that announce a stock repurchase during the quiet period. Our findings suggest that the quiet period is an important time for firms to announce a stock repurchase.

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Notes

¹ See Lin and McNichols ([1998](#)), Michaely and Womack ([1999](#)), Iskoz ([2003](#)), Cliff and Denis ([2004](#)), Bradley et al. ([2007](#)), Cliff ([2007](#)), Bradley et al. ([2008](#)) and Kadan et al. ([2009](#)).

² Henry Blodgett, an equity analyst at Merrill Lynch at the time, was voted the top Internet/eCommerce analyst by Institutional Investor in 2000. See <http://www.institutionalinvestor.com/Article.aspx?ArticleID=1028212>.

³ See Bradley et al. ([2003](#), [2004](#), [2008](#)).

⁴ Negative ratings cannot be examined in this study since the sample only contains three negative ratings.

⁵ Michaely and Womack ([1999](#)) only consider the lead underwriter as affiliated and not managing underwriters for this study.

⁶ While the quiet period prohibits American firms from making statements regarding future profitability, some countries permit earnings forecasts in the firm's prospectus. See Firth ([1998](#)) and Hartnett ([2010](#)).

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⁸ Whene sample f digit SIC

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¹¹ Cliff (2 manner.

¹² These number of positive ratings, not the total number of ratings as suggested by Bradley



et al. (2003), is positively related to short-term returns.

¹³ The 10 investment banks named in the Global Settlement were Bear, Sterns & Co. Inc., Credit Suisse First Boston LLC, Goldman, Sachs & Co., Lehman Brothers Inc., J.P. Morgan Securities Inc. Merrill Lynch, Pierce, Fenner & Smith, Inc., Morgan Stanley & Co. Inc., Citigroup Global Markets Inc., UBS Warburg LLC and US Bancorp Piper Jaffray Inc. See <http://www.sec.gov/news/press/2003-54.htm>.

¹⁴ For brevity, the results are summarized in this section, but complete results including omitted tables are available upon request.

¹⁵ Consistent with this assumption and previous studies, 71% of the firms in the sample are listed on the Nasdaq.

¹⁶ Boni (2005) documents the long-run relation between analyst coverage and firm performance following NYSE Rule 472, NASD Rule 2711 and the Global Settlement, but we examine a larger sample period and include all 12 of the firms listed in the Global Settlement.

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