

Financial Analysts Journal >  
Volume 42, 1986 - Issue 2

34 Views | 4 CrossRef citations to date | 3 Altmetric

Research Articles

# Does Delisting from the S&P 500 Affect Stock Price?

William N. Goetzmann & Mark Garry

Pages 64-69 | Published online: 31 Dec 2018

🗨️ Cite this article <https://doi.org/10.2469/faj.v42.n2.64>

🌿 CFA Institute members: [sign in to access the Financial Analysts Journal.](#)

Sample our  
Economics, Finance,  
Business & Industry Journals  
>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

🗨️ Citations

📊 Metrics

📄 Reprints & Permissions

Read this article

## We Care About Your Privacy

We and our 841 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept

Essential Only

Show Purpose



# Technical Notes

## Does Delisting from the S&P 500 Affect Stock Price?

by William N. Goetzmann, Graduate Student, Yale School of Management, and Mark Garry, Associate, McKinsey & Co., Inc.

On November 30, 1983, seven stocks were dropped from the Standard & Poor's 500 index to make room for the stocks of the seven new telephone companies. This event offers an unusual opportunity to study the effects of delisting, independent of changes in investor expectations of future performance. Efficient market theory suggests that the market prices of the delisted securities should not have changed, because the delisting would have no effect on their expected future returns. However, the evidence indicates an apparently significant and long-term drop in the prices of the delisted stocks, suggesting a possible measurable negative price effect is associated with delisting from the S&P 500.

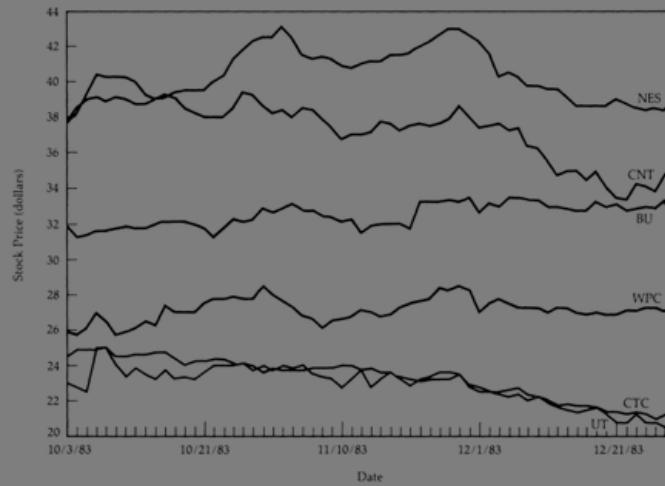
### The Evidence

The break-up of AT&T, and the concurrent public offering of securities of the spin-off companies, was expected for about a year prior to the event. The exact nature of the change in the S&P 500, however, was kept confidential until the close of the New York Stock Exchange on November 30, 1983. At that time, subscribers to S&P's telephone notification service were contacted simultaneously and told of the changes in the index. Although some trading on the Pacific Stock Exchange was possible, most of the trading in these stocks occurred on December 1.

The following companies were dropped from the S&P 500:

- Continental Telecommunications (CTC),
- Centel Communications (CNT),
- Wisconsin Electric Power Company (WPC),
- El Paso Company (ELP),
- Brooklyn Union Gas Company (BU),

Figure A Daily Prices of the Delisted Stocks



Log in

> Account



Log out

> Logout

Restore

> Restore content access for purchases made as guest


## Purchase options \*

Save for later

### PDF download + Online access

- 48 hours access to article PDF & online version
- Article PDF can be downloaded
- Article PDF can be printed


USD 53.00

 Add to cart

### Issue Purchase

- 30 days online access to complete issue
- Article PDFs can be downloaded
- Article PDFs can be printed

USD 162.00

 Add to cart

\* Local tax will be added as applicable

## Related Research

People also read

Recommended articles

Cited by  
4



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



✕