

Financial Analysts Journal >  
Volume 42, 1986 - Issue 2

33 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 [member access](#) to 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

## About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only

Settings

## 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.

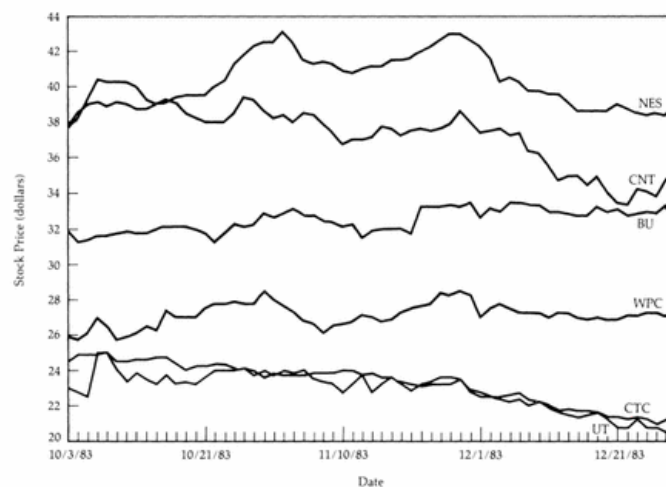
#### The Evidence

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



FINANCIAL ANALYSTS JOURNAL / MARCH-APRIL 1986 □ 64

The CFA Institute  
is collaborating with JSTOR to digitize, preserve, and extend access to  
Financial Analysts Journal



www.jstor.org

Log in via your institution

Loading institutional login options...



Log in to Taylor & Francis Online



Log in

Restore content access

Restores content access for purchases made on request

## 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



Copyright © 2024 Informa UK Limited   Privacy policy   Cookies   Terms & conditions

Accessibility



Registered in England & Wales No. 3099067  
5 Howick Place | London | SW1P 1WG

