Internet Appendix to "Does Financial Market Structure Impact the Cost of Raising Capital?"

Table IA.1: Underpricing Difference-in-Differences Regressions — Additional Specifications

This table reports coefficients (t-statistics) from additional specifications of the difference-in-differences regressions of UNDERPRICING on firm and offer characteristics and the OHR status of the stock being issued (OHR). All variables are defined as per Table 4. Model A includes only the OHR dummy variable and a constant term, but no fixed effects or controls and is also presented in Table 6. Model B includes Ln(MARKET_CAP), RELATIVE_SIZE, VOLATILITY, Ln(PRICE) and Ln(VOLUME) as control variables but excludes any fixed effects. Model C includes these control variables and calendar-month time fixed effects. Model D includes these control variables, time fixed effects based on the 22 roll-out dates of the Order Handling Rules and cohort fixed effects based on the wave in which each company's stock was included in the OHR. Model E adds CLOSE_BID_DIFF to Model D and is also presented in Table 6. Standard errors and associated t-statistics are estimated using White's heteroskedasticity-robust estimator.

| | (1) | | (2) | | (3) | | (4) | | (5) | |
	Model A		Model B		Model C		Model D		Model E	
INTERCEPT	3.60	(11.3)	9.38	(4.82)						
Ln(MARKET_CAP)			-0.64	(-1.44)	-0.62	(-1.27)	-1.04	(-2.04)	-0.85	(-1.61)
RELATIVE_SIZE			1.52	(0.99)	2.02	(1.28)	1.57	(1.00)	0.88	(0.55)
VOLATILITY			0.14	(0.86)	0.17	(1.01)	0.21	(1.21)	0.25	(1.50)
Ln(PRICE)			-1.22	(-1.98)	-1.20	(-1.91)	-0.69	(-1.14)	-1.02	(-1.83)
Ln(VOLUME)			0.10	(0.39)	0.12	(0.46)	0.02	(0.07)	0.15	(0.55)
CLOSE_BID_DIFF									0.61	(2.88)
OHR	-1.57	(-3.69)	-1.55	(-3.65)	-1.43	(-2.25)	-2.16	(-3.06)	-1.96	(-2.75)
N	196		196		196		196		196	
R^2	0.06		0.23		0.29		0.37		0.41	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	

Table IA.2: Gross Spreads Difference-in-Differences Regressions — Additional Specifications

This table reports coefficients (t-statistics) from additional specifications of the difference-in-differences regressions of GROSS_SPREAD on firm and offer characteristics and the OHR status of the stock being issued (OHR). All variables are defined as per Table 4. Model A includes only the OHR dummy variable and a constant term, but no fixed effects or controls and is also presented in Table 6. Model B includes Ln(MARKET_CAP), RELATIVE_SIZE, VOLATILITY, Ln(PRICE) and Ln(VOLUME) as control variables but excludes any fixed effects. Model C includes these control variables and calendar-month time fixed effects. Model D includes these control variables, time fixed effects based on the 22 roll-out dates of the Order Handling Rules and cohort fixed effects based on the wave in which each company's stock was included in the OHR. Model E adds CLOSE_BID_DIFF to Model D and is also presented in Table 6. Standard errors and associated t-statistics are estimated using White's heteroskedasticity-robust estimator.

| | (1) | | (2) | | (3) | | (4) | | (5) | |
	Model A		Model B		Model C		Model D		Model E	
INTERCEPT	5.61	(83.6)	8.44	(20.1)						
Ln(MARKET_CAP)			-0.53	(-5.83)	-0.56	(-5.97)	-0.46	(-5.18)	-0.46	(-5.24)
RELATIVE_SIZE			-0.40	(-1.38)	-0.43	(-1.54)	-0.36	(-1.29)	-0.34	(-1.16)
VOLATILITY			-0.01	(-0.19)	-0.01	(-0.20)	0.01	(0.31)	0.01	(0.26)
Ln(PRICE)			0.04	(0.34)	0.04	(0.35)	-0.03	(-0.28)	-0.02	(-0.19)
Ln(VOLUME)			-0.03	(-0.48)	-0.03	(-0.53)	-0.02	(-0.34)	-0.02	(-0.43)
CLOSE_BID_DIFF									-0.02	(-0.65)
OHR	-0.46	(-4.20)	-0.39	(-5.25)	-0.24	(-1.91)	-0.10	(-0.72)	-0.11	(-0.76)
N	196		196		196		196		196	
R^2	0.08		0.57		0.58		0.71		0.71	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	

Table IA.3: Total Issuing Costs Difference-in-Differences Regressions — Additional Specifications

This table reports coefficients (t-statistics) from additional specifications of the difference-in-differences regressions of TOTAL_ISSUING_COST on firm and offer characteristics and the OHR status of the stock being issued (OHR). All variables are defined as per Table 4. Model A includes only the OHR dummy variable and a constant term, but no fixed effects or controls and is also presented in Table 6. Model B includes Ln(MARKET_CAP), RELATIVE_SIZE, VOLATILITY, Ln(PRICE) and Ln(VOLUME) as control variables but excludes any fixed effects. Model C includes these control variables and calendar-month time fixed effects. Model D includes these control variables, time fixed effects based on the 22 roll-out dates of the Order Handling Rules and cohort fixed effects based on the wave in which each company's stock was included in the OHR. Model E adds CLOSE_BID_DIFF to Model D and is also presented in Table 6. Standard errors and associated t-statistics are estimated using White's heteroskedasticity-robust estimator.

| | (1) | | (2) | | (3) | | (4) | | (5) | |
	Model A		Model B		Model C		Model D		Model E	
INTERCEPT	9.21	(26.3)	17.8	(8.91)						
Ln(MARKET_CAP)			-1.17	(-2.50)	-1.18	(-2.28)	-1.50	(-2.78)	-1.31	(-2.35)
RELATIVE_SIZE			1.12	(0.71)	1.59	(0.98)	1.21	(0.73)	0.54	(0.32)
VOLATILITY			0.14	(0.79)	0.16	(0.93)	0.22	(1.23)	0.26	(1.49)
Ln(PRICE)			-1.18	(-1.83)	-1.15	(-1.72)	-0.72	(-1.11)	-1.04	(-1.74)
Ln(VOLUME)			0.07	(0.27)	0.09	(0.32)	0.01	(0.02)	0.13	(0.45)
CLOSE_BID_DIFF									0.59	(2.67)
OHR	-2.03	(-4.28)	-1.94	(-4.39)	-1.67	(-2.55)	-2.26	(-3.04)	-2.07	(-2.75)
N	196		196		196		196		196	
R^2	0.08		0.33		0.38		0.45		0.49	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	

Table IA.4: Underpricing Difference-in-Differences Regressions Split by Size — Additional Specifications

This table reports coefficients (t-statistics) from additional specifications of the difference-in-differences regressions of UNDERPRICING on firm and offer characteristics and the OHR status of the stock being issued for companies with market capitalizations below (Panel A) and above (Panel B) the sample median respectively. All other details are as per Table 6 and Table IA.1.

	(1)		(2)		(3)		(4)		(5)	
	Model A		Model B		Model C		Model D		Model E	
Panel A: Small Stocks										
INTERCEPT	4.84	(9.87)	11.2	(2.68)						
Ln(MARKET_CAP)			-1.20	(-1.15)	-1.64	(-1.63)	-2.18	(-1.69)	-2.11	(-1.60)
RELATIVE_SIZE			1.40	(0.55)	2.40	(0.99)	2.55	(0.88)	2.01	(0.67)
VOLATILITY			0.30	(1.11)	0.39	(1.44)	0.33	(1.17)	0.36	(1.26)
Ln(PRICE)			-1.15	(-1.10)	-0.88	(-0.87)	-0.36	(-0.30)	-0.56	(-0.48)
Ln(VOLUME)			0.29	(0.73)	0.41	(1.04)	0.37	(0.70)	0.45	(0.90)
CLOSE_BID_DIFF									0.29	(0.97)
OHR	-1.62	(-2.23)	-2.17	(-2.94)	-3.10	(-2.99)	-3.51	(-2.40)	-3.35	(-2.29)
N	98		98		98		98		98	
R^2	0.04		0.12		0.30		0.34		0.35	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	
Panel B: Large Stocks										
INTERCEPT	2.15	(7.82)	3.98	(1.92)						
Ln(MARKET_CAP)			-0.04	(-0.09)	0.05	(0.09)	-0.28	(-0.51)	-0.52	(-1.03)
RELATIVE_SIZE			1.23	(1.13)	1.64	(1.63)	0.88	(0.80)	0.59	(0.75)
VOLATILITY			-0.02	(-0.13)	-0.05	(-0.35)	0.02	(0.10)	0.05	(0.40)
Ln(PRICE)			-0.50	(-0.72)	-0.52	(-0.73)	0.10	(0.21)	-0.17	(-0.40)
Ln(VOLUME)			-0.03	(-0.15)	0.07	(0.30)	-0.03	(-0.10)	0.13	(0.57)
CLOSE_BID_DIFF									0.89	(7.99)
OHR	-1.06	(-3.28)	-1.07	(-2.92)	-0.94	(-2.25)	-1.42	(-2.27)	-0.88	(-1.94)
N	98		98		98		98		98	
R^2	0.09		0.12		0.19		0.49		0.67	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	

Table IA.5: Underpricing Pooled Difference-in-Differences Regressions Split by Volume — Additional Specifications

This table reports coefficients (t-statistics) from additional specifications of the difference-in-differences regressions of UNDERPRICING on firm and offer characteristics and the OHR status of the stock being issued for companies with average dollar volume traded in 1996 below (Panel A) and above (Panel B) the sample median respectively. All other details are as per Tables 6 and IA.1.

	(1)		(2)		(3)		(4)		(5)	
	Model A		Model B		Model C		Model D		Model E	
Panel A: Low Volume										
INTERCEPT	4.29	(8.95)	9.87	(2.74)						
Ln(MARKET_CAP)			-0.92	(-1.01)	-0.94	(-1.01)	-1.51	(-1.43)	-1.26	(-1.13)
RELATIVE_SIZE			1.96	(0.75)	2.62	(1.00)	2.89	(0.98)	1.72	(0.58)
VOLATILITY			0.28	(0.90)	0.49	(1.39)	0.56	(1.23)	0.58	(1.38)
Ln(PRICE)			-1.02	(-0.96)	-0.70	(-0.69)	-0.69	(-0.55)	-1.03	(-0.88)
Ln(VOLUME)			0.02	(0.04)	-0.10	(-0.24)	0.03	(0.06)	0.23	(0.42)
CLOSE_BID_DIFF									0.56	(1.95)
OHR	-1.06	(-1.45)	-1.57	(-2.12)	-1.88	(-1.46)	-0.43	(-0.27)	-0.66	(-0.44)
N	98		98		98		98		98	
R^2	0.02		0.14		0.23		0.32		0.36	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	
Panel B: High VOLUME										
INTERCEPT	2.76	(7.59)	7.62	(3.66)						
Ln(MARKET_CAP)			-0.50	(-1.09)	-0.36	(-0.72)	-1.04	(-1.95)	-1.00	(-2.03)
RELATIVE_SIZE			0.95	(0.81)	1.66	(1.30)	-0.19	(-0.15)	-0.53	(-0.54)
VOLATILITY			0.08	(0.54)	0.02	(0.12)	0.15	(0.82)	0.18	(1.13)
Ln(PRICE)			-1.22	(-1.83)	-1.33	(-1.80)	-0.52	(-0.83)	-0.96	(-1.74)
Ln(VOLUME)			0.37	(1.32)	0.56	(1.98)	0.19	(0.48)	0.39	(1.13)
CLOSE_BID_DIFF									0.69	(4.11)
OHR	-1.64	(-4.03)	-1.60	(-4.07)	-1.65	(-2.34)	-2.84	(-3.30)	-2.44	(-2.62)
N	98		98		98		98		98	
R^2	0.13		0.25		0.35		0.52		0.58	
Fixed Effects	None		None		Month		PI-Date & OHR		PI-Date & OHR	