

# Discounting Restricted Securities

Internet Appendix

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**Table IA1: PIPE Sample Selection**

PIPE	Obs. Lost	Obs. Remaining
All Placement Tracker Deals, 01/04/1995 – 09/26/2018		58,998
Less: Deals with missing CRSP Permno	(44,235)	14,763
Non-completed deals	(343)	14,420
Non-Common Share Offerings	(8,020)	6,400
Non-PIPE offerings	(255)	6,145
Offerings before 2002 or after 2016	(1,487)	4,658
Offerings with missing closing day prices	(155)	4,503
Firms with missing public float	(960)	3,543
Non-homogeneous treatment firms (SUTVA 2)	(1,486)	2,057
Firms with missing Compustat control variables	(283)	1,774
Final sample - all firms		1,774
Firms with public float outside \$10 - \$70 mln. & \$80 - \$150 mln. range	(484)	1,280
Final sample – narrow band around \$75M threshold		1,280

**Table IA2: SEO Sample Selection**

SEO	Obs. Lost	Obs. Remaining
Common Stock offerings of U.S. listed firms from SDC, 01/01/1973 – 12/31/2017		44,961
Less: Non-SEO Stock Offerings	(16,741)	28,220
Non-Common Share Offerings	(2,776)	25,444
REITs	(2,177)	23,267
ADRs	(1,219)	22,048
Closed Ended Funds	(328)	21,720
Units	(141)	21,579
Offerings before 2002 or after 2016	(11,759)	9,820
Offerings with missing closing day prices	(3,645)	6,175
Firms with missing public float	(1,298)	4,877
Non-homogeneous treatment firms (SUTVA 2)	(1,631)	3,246
Firms with missing Compustat control variables	(17)	3,229
Final sample – all firms		3,229
Firms with public float outside \$10 - \$70 mln. & \$80 - \$150 mln. range	(2,239)	990
Final sample – narrow band around \$75M threshold		990

**Table IA3: Correlation Between Variables**

This table presents univariate correlations amongst several firm characteristics. All variables are defined in Appendix A. All values are winsorized to mitigate the influence of outliers. \*\*\*, \*\*, and \* indicate that the correlation is statistically significant at the 1%, 5%, and 10% levels, respectively.

	ISSUANCE_ DISCOUNT	Ln(PUBLIC_ FLOAT)	ESUANCE_ Ln(PUBLIC_ FLOAT)	MARKET_ EQUITY	MARKET_ TO-BOOK	PREVIOUS_ YEAR_ RETURN	PROFITABILITY	TANGIBILITY	CASH_ TO-ASSETS	OWNERSHIP	FIRM_ AGE	MARKET_ LEVERAGE	EQUITY_ VOLATILITY	AMHHD	RDD	Ln(PROCEEDS)	PLACEMENT_ AGENT	WARRANT_ COVERAGE	NO_ INVESTORS	DAYS_ LOCKUP
ISSUANCE_DISCOUNT	-0.11***																			
Ln(PUBLIC_FLOAT)	0.45***																			
MARKET_EQUITY	0.1***	0.06**																		
MARKET_TO_BOOK	0.12***	-0.22***	0.11***																	
PREVIOUS_YEAR_RETURN	0.01	0.11***	-0.59***	0.21***																
PROFITABILITY	0.05**	0.07***	0.15***	-0.12***	-0.04*	0.14***														
TANGIBILITY	-0.07***	0.09***	-0.1***	0.37***	0.02	-0.41***	-0.44***													
CASH_TO_ASSETS	-0.08***	0.45***	0.2***	-0.11***	-0.03	0.17***	-0.0	0.05**	0.05**	0.03										
INSTITUTIONAL_OWNERSHIP	-0.03	0.13***	0.08***	-0.01	0.01	0.05**	0.02	-0.07***	0.03	0.07***	0.08***									
FIRM_AGE	-0.03	0.09***	0.09***	0.03	-0.06***	0.02	0.22***	-0.25***	0.07***	0.07***	0.08***									
MARKET_LEVERAGE	0.11***	-0.42***	-0.2***	0.07***	0.2***	-0.17***	-0.0	0.06**	-0.3***	-0.11***	-0.04*									
EQUITY_VOLATILITY	0.12***	-0.59***	-0.14***	-0.1***	0.17***	0.06**	-0.01	-0.14***	-0.29***	-0.08***	0.0	0.41***								
AMHHD	-0.01	0.04*	-0.06***	0.45***	-0.12***	-0.73***	-0.11***	0.35***	-0.06***	0.0	-0.03	0.07***	-0.09***							
RDD	-0.12***	0.55***	0.36***	-0.05**	0.11***	0.15***	-0.01	0.13***	0.49***	0.01	0.04	-0.34***	-0.41***	-0.04						
Ln(PROCEEDS)	0.01	-0.04	-0.12***	0.05*	0.08***	-0.09***	-0.04*	0.09***	-0.05**	-0.04	-0.11***	0.12***	-0.05**	0.09***	0.14***					
PLACEMENT_AGENT	-0.08***	-0.26***	-0.15***	0.03	-0.07***	-0.16***	-0.03	0.03	-0.34***	-0.02	-0.07***	0.23***	0.14***	0.06**	-0.21***	0.26***				
WARRANT_COVERAGE	-0.1***	0.66***	0.51***	-0.04*	0.01	0.15***	0.06***	0.02	0.59***	0.13***	0.08***	-0.28***	-0.39***	-0.06**	0.55***	-0.05*	-0.28***			
NO_INVESTORS	0.22***	-0.4***	-0.11***	-0.07***	0.13***	0.14***	0.03	-0.19***	-0.14***	-0.04*	-0.0	0.08***	0.39***	-0.13***	-0.2***	-0.16***	0.08***	-0.3***		
DAYS_LOCKUP																				

**Table IA4: Information Asymmetry Measures**

This table presents information asymmetry proxies used in the prior literature.

Measure	Used in Paper	Theoretical Justification	Construction
PLACEMENT_AGENT	<a href="#">Cain et al. (2015)</a>	<a href="#">Chemmanur and Fulghieri (1994)</a>	Placement Agent Indicator
FIRM_SIZE	<a href="#">Leary and Roberts (2010)</a>	<a href="#">Bhushan (1989)</a>	Ln(BOOK_VALUE_OF_ASSETS)
FIRM_AGE	<a href="#">Karpoff et al. (2013)</a>	<a href="#">Clarke and Shastri (2000)</a>	Number of years since a firm's IPO
ASSET_TANGIBILITY	<a href="#">Leary and Roberts (2010)</a>	<a href="#">Barth et al. (2001)</a>	PPE/Total Assets
ANALYST_COVERAGE	<a href="#">Leary and Roberts (2010)</a>	<a href="#">Brown et al. (2009)</a>	Indicator=1 if a firm covered in the IBES summary history file
BID-ASK_SPREAD	<a href="#">Karpoff et al. (2013)</a>	<a href="#">Corwin (2003)</a>	Mean bid-ask spreads scaled by prices during trading days -90 to -11 relative to the issuance date
RETURN_VOLATILITY	<a href="#">Karpoff et al. (2013)</a>	<a href="#">Coles et al. (2006)</a>	SD of returns
R&D_EXPENDITURE (RDD)	<a href="#">Aboody and Lev (2000)</a>	<a href="#">Aboody and Lev (2000)</a>	R&D expenditures/Total Assets

**Table IA5: Differences in Firm and Equity Issuance Characteristics**

This table reports normalized differences in mean firm and equity issuance characteristics, along with accompanying t-statistics. Panel A shows differences before and after the rule change only for treated firms. Panel B shows differences before and after the rule change for control firms. Panel C shows differences before and after the rule change for public offerings. Panel D shows differences by whether an issuer conducting a private placement uses a placement agent. The treatment assignment threshold, \$75 million in public float, is based on a 2008 SEC rule which allowed firms below the \$75 million cutoff to access shelf registration. The limited sample includes firms in a narrow band around the threshold (treated firms with \$10-\$70 million & control firms with \$80-\$150 million in public float). Post is an indicator equal to one if the issuance date is after January 2008. All variables are defined in Table 1.

<b>Panel A: Differences by Pre- and Post-Deregulation Periods for Treated Firms Conducting Private Placements</b>						
	MEAN_ PRE	MEAN_ POST	STD.DEV_ PRE	STD.DEV_ POST	NORMALIZED_ DIFFERENCE	TEST_ STATISTIC
ISSUANCE_DISCOUNT	12.81	2.38	12.51	13.91	-0.79	-10.19***
PUBLIC_FLOAT	35.29	35.17	19.42	19.54	-0.01	-0.07
MARKET_EQUITY	80.32	64.51	76.53	63.20	-0.22	-2.72***
MARKET-TO-BOOK	4.11	4.15	4.16	4.25	0.01	0.10
PREVIOUS_YEAR_RETURN	77.57	31.43	145.57	112.75	-0.35	-4.48***
PROFITABILITY	-0.10	-0.17	0.16	0.20	-0.39	-3.84***
TANGIBILITY	0.20	0.18	0.23	0.23	-0.11	-1.07
CASH-TO-ASSETS	0.34	0.39	0.30	0.31	0.17	1.73*
INSTITUTIONAL_OWNERSHIP	0.16	0.10	0.16	0.14	-0.40	-4.42***
FIRM_AGE	8.63	9.06	6.55	8.49	0.06	0.48
MARKET_LEVERAGE	17.62	16.64	23.91	25.33	-0.04	-0.43
EQUITY_VOLATILITY	0.28	0.28	0.11	0.13	-0.02	-0.15
AMIHUD	1.91	1.11	3.23	3.37	-0.24	-2.82***
RDD	0.08	0.11	0.15	0.16	0.18	1.78*
EQUITY_PROCEEDS	11.17	7.39	12.10	7.26	-0.37	-4.58***
PLACEMENT_AGENT	0.80	0.85	0.40	0.36	0.12	1.45
WARRANT_COVERAGE	0.69	0.66	0.46	0.47	-0.06	-0.71
NO._INVESTORS	15.39	19.31	12.24	13.03	0.31	3.11***
DAYS_LOCKUP	90.93	0.00	73.25	0.00	-1.68	-23.69***

<b>Panel B: Differences by Pre- and Post-Deregulation Periods for Control Firms Conducting Private Placements</b>						
	MEAN_ PRE	MEAN_ POST	STD.DEV_ PRE	STD.DEV_ POST	NORMALIZED_ DIFFERENCE	TEST_ STATISTIC
ISSUANCE_DISCOUNT	6.31	2.16	9.66	11.91	-0.39	-4.21***
PUBLIC_FLOAT	252.91	326.96	761.93	830.20	0.09	1.02
MARKET_EQUITY	375.78	410.09	1026.22	985.51	0.03	0.35
MARKET-TO-BOOK	5.31	3.92	4.61	3.97	-0.32	-3.05***
PREVIOUS_YEAR_RETURN	23.66	-7.44	101.82	70.95	-0.34	-3.99***
PROFITABILITY	-0.15	-0.15	0.16	0.19	0.02	0.16
TANGIBILITY	0.20	0.20	0.21	0.24	-0.00	-0.04
CASH-TO-ASSETS	0.50	0.41	0.30	0.32	-0.32	-2.93***
INSTITUTIONAL_OWNERSHIP	0.30	0.28	0.22	0.23	-0.05	-0.50
FIRM_AGE	9.17	10.22	6.48	8.05	0.15	1.30
MARKET_LEVERAGE	20.33	22.98	31.91	30.47	0.08	0.83
EQUITY_VOLATILITY	0.26	0.20	0.12	0.08	-0.59	-5.62***
AMIHUD	0.12	0.14	0.28	0.32	0.09	0.83
RDD	0.11	0.11	0.11	0.21	0.03	0.24
EQUITY_PROCEEDS	25.99	26.16	45.31	47.37	0.00	0.04
PLACEMENT_AGENT	0.74	0.68	0.44	0.47	-0.13	-1.22
WARRANT_COVERAGE	0.25	0.50	0.44	0.50	0.53	4.95***
NO._INVESTORS	42.36	52.86	31.80	37.37	0.31	3.15***

Panel C: Differences by use of placement agent						
	NO_ AGENT(NPA)	PLACEMENT_ AGENT(PA)	STD.DEV (NPA)	STD.DEV (PA)	NORMALIZED_ DIFFERENCE	TEST_ STATISTIC
ISSUANCE_DISCOUNT	7.70	9.58	13.27	12.86	0.14	1.85*
PUBLIC_FLOAT	52.95	55.89	34.40	36.22	0.08	1.04
MARKET_EQUITY	102.62	101.57	95.96	88.30	-0.01	-0.14
MARKET-TO-BOOK	4.23	4.79	4.79	4.50	0.12	1.13
PREVIOUS_YEAR_RETURN	22.80	49.66	93.92	132.25	0.22	3.33***
PROFITABILITY	-0.11	-0.15	0.16	0.18	-0.21	-1.94*
TANGIBILITY	0.20	0.18	0.22	0.20	-0.08	-0.88
CASH-TO-ASSETS	0.35	0.42	0.30	0.31	0.23	2.72***
INSTITUTIONAL_OWNERSHIP	0.18	0.18	0.16	0.17	-0.02	-0.26
FIRM_AGE	9.25	8.35	7.49	6.19	-0.14	-1.36
MARKET_LEVERAGE	23.21	16.49	31.91	25.83	-0.24	-2.40**
EQUITY_VOLATILITY	0.25	0.28	0.10	0.11	0.27	3.18***
AMIHU	1.41	0.99	2.73	2.41	-0.17	-2.08**
RDD	0.07	0.11	0.11	0.17	0.26	2.87***
EQUITY_PROCEEDS	8.32	13.33	11.55	13.23	0.39	5.16***
WARRANT_COVERAGE	0.33	0.62	0.47	0.49	0.59	7.33***
NO_INVESTORS	19.54	22.03	16.29	15.56	0.16	1.89*
DAYS_LOCKUP	55.18	45.90	76.95	51.76	-0.16	-1.71*

Panel D: Differences by compliers and noncompliers						
	NON_COMPLIERS (NC)	COMPLIERS (C)	STD.DEV (NC)	STD.DEV (C)	NORMALIZED_ DIFFERENCE	TEST_ STATISTIC
ISSUANCE_DISCOUNT	5.64	2.82	14.13	13.62	-0.20	-2.88***
PUBLIC_FLOAT	33.24	36.82	21.56	20.46	0.17	1.82*
MARKET_EQUITY	67.73	65.46	125.39	65.35	-0.02	-0.29
MARKET-TO-BOOK	2.30	3.95	3.01	4.08	0.45	5.01***
PREVIOUS_YEAR_RETURN	6.35	28.42	87.49	112.00	0.22	2.78***
PROFITABILITY	-0.12	-0.17	0.20	0.19	-0.24	-2.59***
TANGIBILITY	0.18	0.18	0.23	0.23	0.01	0.09
CASH-TO-ASSETS	0.28	0.38	0.28	0.31	0.36	4.08***
INSTITUTIONAL_OWNERSHIP	0.01	0.09	0.05	0.14	0.79	9.08***
FIRM_AGE	9.79	10.39	9.23	8.92	0.07	0.66
MARKET_LEVERAGE	22.15	18.60	29.57	28.92	-0.12	-1.31
EQUITY_VOLATILITY	0.22	0.27	0.10	0.13	0.47	4.47***
AMIHU	6.56	0.82	10.04	3.68	-0.79	-7.99***
RDD	0.07	0.11	0.17	0.16	0.23	2.35**
EQUITY_PROCEEDS	12.84	8.23	34.31	9.56	-0.19	-2.36**
PLACEMENT_AGENT	0.47	0.68	0.50	0.47	0.43	5.03***
WARRANT_COVERAGE	0.41	0.53	0.49	0.50	0.24	2.88***
NO_INVESTORS	0.30	17.91	3.42	14.91	1.55	17.25***

**Table IA6:** Replication of Expected Discount Models

Panel A replicates Table I from Longstaff (1995) showing predicted discounts for various assumptions about a security's volatility and the length of the restriction period. Panel B replicates Table 1 from Longstaff (2018) showing the lower bound on the value of an illiquid asset expressed as a percentage of the price of an equivalent liquid asset.

Panel A: Longstaff (1995) Replication					
RESTRICTION_PERIOD	$\sigma = 0.025$	$\sigma = 0.050$	$\sigma = 0.100$	$\sigma = 0.200$	$\sigma = 0.300$
20_DAYS	0.471	0.944	1.895	3.817	5.768
30_DAYS	0.577	1.157	2.324	4.691	7.100
60_DAYS	0.817	1.639	3.299	6.683	10.153
90_DAYS	1.001	2.010	4.052	8.232	12.542
180_DAYS	1.418	2.852	5.768	11.793	18.082

Panel B: Longstaff (2018) Replication					
ILLIQUIDITY_HORIZON	VOLATILITY				
	10%	20%	30%	40%	50%
1_DAY	99.790	99.579	99.369	99.159	98.949
1_WEEK	99.444	98.887	98.331	97.775	97.219
1_MONTH	98.848	97.697	96.546	95.396	94.247
1_YEAR	96.012	92.034	88.076	84.148	80.259
2_YEARS	94.363	88.754	83.200	77.730	72.367
5_YEARS	91.098	82.306	73.732	65.472	57.615
10_YEARS	87.437	75.183	63.526	52.709	42.920
20_YEARS	82.306	65.472	50.233	37.109	26.355
30_YEARS	78.419	58.388	41.131	27.332	17.090

*Robustness for Main Effect (Table 3)*

**Table IA7:** Excluding TREATED and POST

This table reports difference-in-differences results. It shows the effect of the rule change on offering discounts for private placements. The unit of observation is a completed equity offering. The dependent variable, ISSUANCE\_DISCOUNT, is the post-announcement closing stock price divided by the offer price minus one times 100. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firms with \$10-\$70 million and control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in the parentheses below the point estimates. Columns (3) and (5) have smaller samples relative to Columns (2) and (4), respectively, because of the firm fixed effects, which require that an issuer conduct at least two secondary offerings during our sample period. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	ISSUANCE_DISCOUNT				
	1	2	3	4	5
TREATED x POST	-6.702*** (-7.60)	-4.426*** (-3.38)	-7.343*** (-3.65)	-5.956*** (-3.45)	-10.967*** (-4.20)
FIRM_AGE		-0.740* (-1.84)	-1.274 (-0.38)	-0.563 (-1.27)	0.908 (0.30)
CASH-TO-ASSETS		-1.740*** (-3.14)	-1.000 (-0.80)	-1.922*** (-3.03)	-0.783 (-0.58)
MARKET_LEVERAGE		-0.503 (-1.36)	0.602 (0.96)	-0.685* (-1.67)	1.161 (1.35)
Ln(EQUITY_VOLATILITY)		0.381 (0.91)	0.166 (0.17)	0.377 (0.80)	-0.348 (-0.29)
Ln(MARKET_EQUITY)		-1.877 (-1.50)	-4.396* (-1.79)	-4.362*** (-2.65)	-2.778 (-0.91)
Ln(PUBLIC_FLOAT)		0.819 (0.79)	-1.970 (-1.26)	-2.415 (-1.48)	-4.901** (-2.07)
Ln(MARKET-TO-BOOK)		1.588*** (3.17)	1.760 (1.54)	2.559*** (4.22)	1.922 (1.36)
PREVIOUS_YEAR_RETURN		0.597 (1.56)	-0.258 (-0.44)	0.718* (1.67)	-1.002 (-1.30)
PROFITABILITY		-0.558 (-0.96)	-0.171 (-0.18)	-0.242 (-0.35)	-0.226 (-0.19)
Ln(PROCEEDS)		-1.976** (-2.24)	-2.011* (-1.70)	-2.258** (-2.16)	-2.953** (-2.04)
Ln(AMIHUDD)		0.136 (0.33)	0.337 (0.44)	-0.569 (-1.21)	0.569 (0.68)
OWNERSHIP		-0.940 (-1.43)	0.681 (0.43)	-0.518 (-0.58)	0.717 (0.33)
RDD		-0.473 (-1.06)	-0.387 (-0.62)	-0.571 (-1.10)	-0.338 (-0.47)
PLACEMENT_AGENT		2.252*** (2.75)	2.409* (1.94)	2.876*** (2.85)	2.890* (1.71)
WARRANT_COVERAGE		-3.655*** (-5.03)	-3.778*** (-3.14)	-4.049*** (-5.07)	-3.960*** (-2.67)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted R <sup>2</sup>	0.04	0.17	0.26	0.20	0.25
No. Unique Issuers	874	874	374	656	285
Observations	1774	1774	1274	1280	909



**Table IA8: Excluding the Financial Crisis**

This table reports difference-in-differences results excluding all PIPE transactions occurring during 2008 and 2009. The unit of observation is a completed equity offering. The dependent variable, ISSUANCE\_DISCOUNT, is the post-announcement closing stock price divided by the offer price minus one times 100. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firm with \$10-\$70 million and control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	ISSUANCE_DISCOUNT				
	1	2	3	4	5
TREATED x POST	-5.046*** (-3.46)	-6.688*** (-4.22)	-10.480*** (-3.96)	-7.353*** (-3.59)	-14.289*** (-4.07)
TREATED	5.309*** (6.52)	4.735*** (4.37)	3.680** (2.15)	3.205** (2.58)	3.777* (1.80)
POST	-4.306*** (-4.07)				
FIRM_AGE		-0.573 (-1.36)	-0.116 (-0.03)	-0.566 (-1.22)	0.009 (0.00)
CASH-TO-ASSETS		-1.550*** (-2.75)	-0.431 (-0.36)	-1.919*** (-2.92)	-1.066 (-0.75)
MARKET_LEVERAGE		-0.448 (-1.20)	0.847 (1.34)	-0.811** (-1.98)	1.239 (1.42)
Ln(EQUITY_VOLATILITY)		0.443 (0.96)	0.488 (0.41)	0.274 (0.54)	-0.447 (-0.29)
Ln(MARKET_EQUITY)		-1.816 (-1.37)	-3.503 (-1.32)	-4.518*** (-2.64)	-3.002 (-0.85)
Ln(PUBLIC_FLOAT)		2.592** (2.33)	-1.012 (-0.58)	-0.069 (-0.04)	-2.873 (-1.06)
Ln(MARKET-TO-BOOK)		1.702*** (3.37)	1.324 (1.18)	2.731*** (4.52)	2.559 (1.57)
PREVIOUS_YEAR_RETURN		0.548 (1.40)	-0.622 (-1.01)	0.733* (1.72)	-1.335 (-1.62)
PROFITABILITY		-0.540 (-0.86)	-1.177 (-1.20)	-0.198 (-0.29)	-0.696 (-0.53)
Ln(PROCEEDS)		-1.698* (-1.83)	-1.639 (-1.28)	-2.025* (-1.83)	-2.701* (-1.67)
Ln(AMIHUDD)		0.252 (0.59)	1.002 (1.35)	-0.438 (-0.91)	0.494 (0.54)
OWNERSHIP		-1.034 (-1.49)	1.196 (0.70)	-0.810 (-0.87)	0.643 (0.29)
RDD		-0.609 (-1.24)	-0.637 (-1.01)	-0.660 (-1.20)	-0.345 (-0.50)
PLACEMENT_AGENT		2.758*** (3.24)	2.415* (1.89)	3.418*** (3.37)	3.473* (1.93)
WARRANT_COVERAGE		-3.650*** (-4.44)	-3.891*** (-2.87)	-4.012*** (-4.42)	-3.960** (-2.32)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted R <sup>2</sup>	0.09	0.17	0.25	0.20	0.24
No. Unique Issuers	831	831	335	632	258
Observations	1582	1582	1086	1158	784

**Table IA9: Effect of the SEC Rule Change on Offering Discounts for SEOs**

This table reports difference-in-differences results for firms conducting seasoned equity offerings (SEOs). The unit of observation is a completed equity offering. The dependent variable, `ISSUANCE_DISCOUNT`, is the post-announcement closing stock price divided by the offer price minus one times 100. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firm with \$10-\$70 million and control firms with \$80-\$150 million in public float). `TREATED` is an indicator equal to one if the firm has a public float of less than \$75 million. `POST` is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	ISSUANCE_DISCOUNT				
	1	2	3	4	5
TREATED x POST	-0.928 (-1.12)	-0.550 (-0.65)	1.243 (0.79)	-2.376** (-2.09)	-2.068 (-0.62)
TREATED	3.280*** (4.90)	1.356* (1.74)	-0.363 (-0.28)	2.304** (2.23)	2.034 (0.71)
POST	0.557*** (2.70)	-0.082 (-0.04)	1.717 (0.76)		
FIRM_AGE		0.096 (0.71)	0.028 (0.04)	-0.154 (-0.44)	-2.101 (-0.76)
CASH-TO-ASSETS		-0.174 (-0.54)	0.771 (1.10)	-1.072** (-2.06)	1.564 (0.72)
MARKET_LEVERAGE		0.016 (0.13)	0.485 (1.49)	0.279 (0.85)	2.288 (1.56)
Ln(VOLATILITY)		1.044*** (3.55)	0.418 (0.83)	1.425** (2.32)	1.271 (0.78)
Ln(MARKET_EQUITY)		-1.518*** (-3.44)	-1.163 (-1.25)	-1.376 (-1.18)	4.462 (1.05)
Ln(PUBLIC_FLOAT)		0.357 (1.01)	0.363 (0.65)	0.686 (0.47)	3.078 (0.72)
Ln(MARKET-TO-BOOK)		0.575** (2.15)	-0.299 (-0.42)	1.288* (1.95)	-2.050 (-0.74)
PREVIOUS_YEAR_RETURN		-0.325** (-1.97)	-0.257 (-1.00)	-0.408 (-1.12)	-0.752 (-0.89)
PROFITABILITY		0.534 (1.09)	0.292 (0.39)	0.448 (0.48)	2.010 (0.82)
Ln(PROCEEDS)		1.042*** (2.98)	1.155** (2.20)	0.537 (0.74)	-0.076 (-0.05)
Ln(AMIHUD)		0.138 (0.29)	0.666 (0.81)	0.469 (0.92)	1.855 (1.23)
OWNERSHIP		-0.483*** (-3.35)	-0.632* (-1.77)	0.103 (0.27)	-3.061** (-2.03)
RDD		0.175 (0.34)	-0.362 (-0.56)	0.273 (0.33)	1.860 (1.01)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted R <sup>2</sup>	0.03	0.08	0.10	0.00	-0.17
No. Unique Issuers	1445	1445	647	556	159
Observations	2749	2749	1951	800	401

**Table IA10:** Restricting the Sample to Issuers with a Private Placement Before and After the Rule Change

This table reports difference-in-differences results for a restricted sample of firms. The firms in this table have at least two private placement offerings, with at least one in the pre-period and at least one in the post-period. The unit of observation is a completed equity offering. The dependent variable, ISSUANCE\_DISCOUNT, is the post-announcement closing stock price divided by the offer price minus one times 100. Specifications (1) and (2) include all firms, while Specifications (3) and (4) include firms in a narrow band around the threshold (treated firms with \$10-\$70 million & control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. Treatment in this table is fixed and defined as of the pre-period. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	ISSUANCE_DISCOUNT			
	1	2	3	4
TREATED × POST	-7.026*** (2.383)	-7.257** (2.897)	-9.895*** (3.681)	-11.570*** (4.400)
FIRM_AGE	-0.160 (0.628)	-1.961 (2.568)	-0.069 (0.822)	-6.785* (3.998)
CASH-TO-ASSETS	-1.524* (0.812)	-0.737 (1.457)	-1.107 (1.091)	-0.078 (2.331)
MARKET_LEVERAGE	-1.930*** (0.575)	0.309 (0.932)	-1.500* (0.769)	-0.173 (1.675)
Ln(EQUITY_VOLATILITY)	1.225* (0.660)	1.055 (0.794)	2.050** (0.795)	1.865 (1.254)
Ln(MARKET_EQUITY)	-1.558 (1.570)	1.216 (2.206)	-1.570 (2.371)	6.166* (3.484)
Ln(PUBLIC_FLOAT)	0.959 (1.189)	1.076 (1.447)	0.032 (1.805)	1.067 (2.068)
Ln(MARKET-TO-BOOK)	2.250** (0.962)	0.275 (1.477)	1.220 (1.353)	-3.983* (2.075)
PREVIOUS_YEAR_RETURN	-0.968 (0.628)	-0.754 (0.816)	-0.548 (0.927)	-1.138 (1.309)
PROFITABILITY	0.362 (0.725)	-0.504 (0.929)	0.397 (1.141)	-2.327 (1.660)
PLACEMENT_AGENT	3.120** (1.211)	4.528*** (1.458)	7.236*** (1.853)	7.144*** (2.462)
WARRANT_COVERAGE	-6.051*** (1.305)	-5.390*** (1.650)	-5.922*** (1.776)	-7.629*** (2.231)
Ln(PROCEEDS)	-1.856 (4.207)	-2.327 (5.551)	-4.456 (5.885)	-8.516 (7.052)
Ln(AMIHUDD)	-0.309 (0.540)	-0.835 (0.884)	-0.518 (0.822)	-1.088 (1.154)
Year-Quarter FE ?	Y	Y	Y	Y
Industry FE?	Y	N	Y	N
Firm FE ?	N	Y	N	Y
Adjusted R <sup>2</sup>	0.16	0.22	0.22	0.24
Observations	775	664	448	361

**Table IA11: Tightening the Sample Around the Threshold**

This table increases the similarity of the control group of issuers conducting private placements by increasingly narrowing the sample around the \$75 million threshold. For example, Column (1) includes issuers with public floats between \$15M and \$135M, while Column (5) only includes issuers with public floats between \$55M and \$95M. Panel A includes industry and year-quarter fixed effects. Panel B includes firm and year-quarter fixed effects. TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. All continuous variables are winsorized and standardized for ease of interpretation. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

Panel A: Within Industry Analysis					
	1	2	3	4	5
TREATED x POST	-7.570*** (-4.25)	-6.292*** (-3.22)	-7.080*** (-3.16)	-8.936*** (-3.19)	-6.836* (-1.81)
TREATED	3.738*** (3.20)	3.107** (2.55)	3.542** (2.47)	3.635** (2.05)	3.456* (1.67)
POST	5.194 (0.58)	5.203 (0.56)	4.413 (0.48)	5.383 (0.56)	-1.019 (-0.13)
Floats \$75+/-	60	50	40	30	20
Year-Quarter FE	Yes	Yes	Yes	Yes	Yes
Industry FE	No	No	No	No	No
Firm FE	Yes	Yes	Yes	Yes	Yes
Adjusted R <sup>2</sup>	0.21	0.20	0.22	0.20	0.19
No. Unique Issuers	631	533	412	316	207
Observations	1240	1002	748	529	338
Panel B: Within Firm Analysis					
	1	2	3	4	5
TREATED x POST	-11.015*** (-4.07)	-10.525*** (-3.14)	-12.004*** (-2.95)	-14.727** (-2.58)	-17.147** (-2.42)
TREATED	4.381** (2.17)	4.199* (1.89)	5.049* (1.96)	1.575 (0.57)	2.080 (0.73)
POST	7.443 (0.81)	11.167 (1.33)	15.185** (2.10)	15.378* (1.75)	
Floats \$75+/-	60	50	40	30	20
Year-Quarter FE	Yes	Yes	Yes	Yes	Yes
Industry FE	No	No	No	No	No
Firm FE	Yes	Yes	Yes	Yes	Yes
Adjusted R <sup>2</sup>	0.26	0.25	0.24	0.32	0.43
No. Unique Issuers	277	228	161	106	65
Observations	885	696	496	316	188

**Table IA12:** Trading Restrictions and Hedging Activity

This table examines whether removing trading restrictions affects hedging activity. In Columns (1) and (3), the dependent variable is  $100 \times \text{SHORT\_LOAN\_QUANTITY} / \text{SHARES\_OUTSTANDING}$ , the percentage of shares outstanding that are sold short. In Columns (2) and (4), the dependent variable is  $\text{ACTIVE\_UTILIZATION}$ , the quantity of shares loaned out as a percentage of loan supply. All regressions only include firms in a narrow band around the threshold (treated firms with \$10-\$70 million and control firms with \$80-\$150 million in public float).  $\text{TREATED}$  is an indicator equal to one if the firm has a public float of less than \$75 million.  $\text{POST}$  is an indicator equal to one if the issuance date is after January 2008. Controls include firm age, cash-to-assets, market leverage, equity volatility, market equity, public float, market-to-book, previous year return, profitability, dummy for whether a placement agent brokers the private placement, warrant coverage, proceeds, (Amihud, 1986), ownership, and R&D expenses. All continuous variables are winsorized and standardized for ease of interpretation. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	Daily Average t-6 to t-1		Daily Average t+1 to t+5	
	100*(SHORT_LOAN_QUANTITY/ SHARES_OUTSTANDING 1	ACTIVE_ UTILIZATION 2	100*(SHORT_LOAN_QUANTITY/ SHARES_OUTSTANDING 3	ACTIVE_ UTILIZATION 4
TREATED x POST	-0.550 (0.600)	4.782 (7.875)	-0.011 (0.640)	0.708 (7.064)
TREATED	-0.252 (0.478)	-3.691 (7.276)	-0.729 (0.545)	0.870 (7.062)
POST	-0.327 (1.697)	3.011 (18.956)	-0.676 (1.602)	1.005 (23.769)
Controls	Y	Y	Y	Y
Year-Quarter FE	Y	Y	Y	Y
Industry FE	Y	Y	Y	Y
Observations	589	590	591	592
Adjusted $R^2$	0.177	0.212	0.230	0.226

**Table IA13:** Restriction Length and Offering Discounts – Robustness

This table provides robustness for Table 9 Column (1). Specifically, we need to determine the length of the restriction period from the filings. To do so, we identify all filings, in the year following the offering, with at least five mentions of the word “selling.” We then determine the number of days from the offer date to each filing. In Table 9, we take the average of these restriction periods. This robustness table also shows the result using the median, max, and min of the restriction periods. The unit of observation is a completed private placement offering (PIPE or registered direct). All regressions only include firms in a narrow band around the public-float threshold (treated firms with \$10-\$70 million and control firms with \$80-\$150 million in public float). The dependent variable, `ISSUANCE_DISCOUNT`, is the post-announcement closing stock price divided by the offer price minus one times 100. `TREATED` is an indicator equal to one if the firm has a public float of less than \$75 million. `RESTRICTION_PERIOD` is the length of the registration process for issuers conducting PIPE offerings. `POST` is an indicator equal to one if the issuance date is after January 2008. Controls include firm age, cash-to-assets, market leverage, equity volatility, market equity, public float, market-to-book, previous year return, profitability, dummy for whether a placement agent brokers the private placement, warrant coverage, proceeds, Amihud illiquidity, ownership, and R&D expenses. All continuous variables are winsorized and standardized for ease of interpretation. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

MODEL	ISSUANCE_DISCOUNT			
	RESTRICTION_PERIOD			
	MEAN 1	MEDIAN 2	MAX 3	MIN 4
TREATED x POST x INTERACTION	-2.738* (-1.69)	-2.595 (-1.62)	-2.817* (-1.76)	-1.945 (-1.26)
TREATED x POST	-3.730 (-1.41)	-4.071 (-1.55)	-3.486 (-1.34)	-5.940** (-2.42)
TREATED x INTERACTION	1.928* (1.83)	1.811* (1.73)	2.020** (1.99)	0.905 (0.91)
POST x INTERACTION	0.076 (0.07)	0.070 (0.07)	0.022 (0.02)	0.362 (0.36)
INTERACTION	-0.152 (-0.28)	-0.210 (-0.39)	-0.113 (-0.21)	-0.200 (-0.35)
TREATED	0.039 (0.02)	0.359 (0.17)	-0.196 (-0.10)	2.254 (1.19)
Controls	Yes	Yes	Yes	Yes
Sample	Limited	Limited	Limited	Limited
Year-Quarter FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Firm FE	No	No	No	No
Adjusted R <sup>2</sup>	0.21	0.21	0.21	0.21
No. Unique Issuers	650	650	650	650
Observations	1269	1269	1269	1269

*Results using other measures of offering discounts*

**Table IA14:** Effect of the SEC Rule Change on Offering Discounts for Private Placements (Pre-close price)

This table reports difference-in-differences results. It shows the effect of the rule change on offering discounts for private placements. The unit of observation is a completed equity offering. The dependent variable, ISSUANCE\_DISCOUNT, is the *pre*-announcement closing stock price divided by the offer price minus one times 100. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firm with \$10-\$70 million and control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. Columns (3) and (5) have smaller samples than Columns (2) and (4), respectively, because the firm fixed effects require that an issuer conduct at least two secondary offerings during our sample period. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	ISSUANCE_DISCOUNT				
	1	2	3	4	5
TREATED × POST	-2.773** (1.349)	-4.393*** (1.464)	-7.387*** (2.365)	-4.561** (1.935)	-10.362*** (3.062)
TREATED	3.449*** (1.000)	3.284*** (1.108)	3.130* (1.798)	1.156 (1.313)	2.945 (2.212)
POST	-4.143*** (0.940)				
Ln(PUBLIC_FLOAT)	-0.245 (0.722)	2.665*** (1.032)	1.051 (1.607)	-1.801 (1.772)	-2.850 (2.487)
FIRM_AGE		-0.894** (0.410)	-2.661 (3.153)	-0.691 (0.466)	0.190 (2.736)
CASH-TO-ASSETS		-1.422*** (0.520)	-0.333 (1.129)	-1.415** (0.626)	-1.597 (1.304)
MARKET_LEVERAGE		-0.341 (0.338)	1.395** (0.668)	-0.153 (0.375)	2.463*** (0.854)
Ln(EQUITY_VOLATILITY)		0.511 (0.387)	-0.843 (0.869)	0.367 (0.483)	-1.352 (1.261)
Ln(MARKET_EQUITY)		-1.092 (1.318)	-3.988* (2.408)	-2.433 (1.750)	-0.031 (3.069)
Ln(MARKET-TO-BOOK)		1.576*** (0.480)	1.977* (1.092)	2.377*** (0.632)	1.600 (1.402)
PREVIOUS_YEAR_RETURN		0.619* (0.359)	-0.195 (0.578)	0.663 (0.420)	-0.827 (0.740)
PROFITABILITY		-0.062 (0.563)	0.203 (0.908)	0.334 (0.657)	0.175 (1.089)
Ln(PROCEEDS)		-2.728*** (0.868)	-2.124* (1.192)	-3.270*** (1.072)	-3.541*** (1.359)
Ln(AMIHUDD)		-0.331 (0.393)	-0.364 (0.769)	-0.520 (0.461)	-0.027 (0.834)
OWNERSHIP		-1.681*** (0.637)	1.583 (1.626)	-1.468* (0.850)	1.494 (2.160)
RDD		-0.939* (0.530)	-1.106 (0.692)	-1.021* (0.620)	-0.874 (0.800)
PLACEMENT_AGENT		4.160*** (0.779)	4.395*** (1.146)	4.942*** (0.979)	5.194*** (1.514)
WARRANT_COVERAGE		-3.177*** (0.806)	-4.595*** (1.357)	-3.088*** (0.910)	-4.211*** (1.593)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted $R^2$	0.055	0.144	0.210	0.166	0.241
No. Unique Issuers	870	870	365	650	280
Observations	1,767	1,767	1,267	1,275	902

**Table IA15:** Effect of the SEC Rule Change on Filing Date Abnormal Returns for Private Placements

This table reports difference-in-differences results showing the effect of the rule change on filing day market-adjusted cumulative abnormal returns for private placements. The unit of observation is a completed equity offering. The dependent variable, FILE\_DATE\_CUMULATIVE\_ABNORMAL\_RETURN, is the cumulative market-adjusted market return from one day before the offering announcement to two days after. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firm with \$10-\$70 million and control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	FILING_DATE_CUMULATIVE_ABNORMAL_RETURN (CAR <sub>(t-1),(t+2)</sub> )				
	1	2	3	4	5
TREATED × POST	-0.026** (0.013)	-0.014 (0.014)	-0.003 (0.026)	-0.012 (0.018)	0.057* (0.030)
TREATED	0.020*** (0.008)	0.027*** (0.009)	0.010 (0.014)	0.032*** (0.010)	0.016 (0.016)
Ln(PUBLIC_FLOAT)	-0.001 (0.006)	0.003 (0.010)	-0.040* (0.022)	0.010 (0.013)	-0.021 (0.028)
FIRM_AGE		-0.000 (0.004)	-0.004 (0.021)	-0.002 (0.004)	-0.004 (0.023)
CASH-TO-ASSETS		0.007* (0.004)	0.002 (0.012)	0.011** (0.005)	-0.001 (0.013)
MARKET_LEVERAGE		0.003 (0.003)	0.002 (0.006)	0.006 (0.004)	-0.003 (0.009)
Ln(EQUITY_VOLATILITY)		-0.002 (0.003)	0.003 (0.008)	-0.002 (0.004)	0.029*** (0.010)
Ln(MARKET_EQUITY)		0.002 (0.011)	0.004 (0.030)	-0.022 (0.014)	-0.041 (0.033)
Ln(MARKET-TO-BOOK)		-0.001 (0.004)	-0.008 (0.010)	0.000 (0.005)	0.009 (0.012)
PREVIOUS_YEAR_RETURN		0.001 (0.004)	-0.003 (0.008)	0.004 (0.004)	0.000 (0.009)
PROFITABILITY		-0.002 (0.004)	0.001 (0.006)	-0.002 (0.005)	0.003 (0.007)
Ln(PROCEEDS)		0.004 (0.007)	0.040*** (0.012)	0.008 (0.009)	0.046*** (0.017)
Ln(AMIHUD)		0.002 (0.003)	0.007 (0.007)	-0.002 (0.004)	-0.002 (0.008)
OWNERSHIP		0.001 (0.006)	0.025 (0.017)	0.003 (0.007)	0.021 (0.021)
RDD		-0.002 (0.003)	0.005 (0.005)	-0.005 (0.003)	0.004 (0.006)
WARRANT_COVERAGE		-0.006 (0.007)	-0.006 (0.012)	-0.009 (0.008)	-0.019 (0.015)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted R <sup>2</sup>	0.009	0.025	0.050	0.050	0.103
Observations	1170	1170	667	842	464



*Effect on Other Outcomes of Interest*

**Table IA16:** Effect of the SEC Rule Change on Underwriting Fees for Private Placements

This table reports difference-in-differences results showing the effect of the rule change on underwriting spreads for private placements. The unit of observation is a completed equity offering that was intermediated by an underwriter. The dependent variable, GROSS\_SPREAD, is defined as the percentage of the offerings proceeds paid to the underwriter or placement agent. Specifications (1)–(3) include the full sample of offerings, while specifications (4) and (5) only include offerings by firms whose public float at the time of the offering falls within a narrow band around the \$75-million threshold (treated firm with \$10-\$70 million and control firms with \$80-\$150 million in public float). TREATED is an indicator equal to one if the firm has a public float of less than \$75 million. POST is an indicator equal to one if the issuance date is after January 2008. Robust standard errors clustered at the firm level are reported in parentheses below the point estimates. All variables are defined in Table 1.

DEPENDENT_VARIABLE =	GROSS_SPREADS				
	1	2	3	4	5
TREATED × POST	-0.412*	-0.261	-0.202	-0.278	-0.500
	(0.212)	(0.238)	(0.350)	(0.261)	(0.427)
TREATED	0.516***	0.427**	0.070	0.626***	0.262
	(0.177)	(0.206)	(0.301)	(0.225)	(0.338)
Ln(PUBLIC_FLOAT)	-0.769***	-0.217	-0.310	0.138	-0.421
	(0.141)	(0.162)	(0.225)	(0.232)	(0.367)
FIRM_AGE		-0.197***	-0.119	-0.172**	0.191
		(0.062)	(0.277)	(0.072)	(0.412)
CASH-TO-ASSETS		-0.094	-0.158	-0.175**	-0.138
		(0.083)	(0.161)	(0.086)	(0.220)
MARKET_LEVERAGE		0.021	0.071	0.024	0.012
		(0.053)	(0.127)	(0.071)	(0.164)
Ln(EQUITY_VOLATILITY)		0.054	-0.031	0.061	-0.089
		(0.059)	(0.080)	(0.068)	(0.119)
Ln(MARKET_EQUITY)		-0.819***	-0.456	-0.613**	-0.209
		(0.226)	(0.344)	(0.274)	(0.430)
Ln(MARKET-TO-BOOK)		0.255***	0.130	0.289***	0.093
		(0.082)	(0.165)	(0.100)	(0.206)
PREVIOUS_YEAR_RETURN		-0.076	-0.110	-0.110	-0.181*
		(0.064)	(0.086)	(0.071)	(0.101)
PROFITABILITY		0.141	-0.035	0.155	0.000
		(0.090)	(0.152)	(0.098)	(0.166)
Ln(PROCEEDS)		0.101	0.338*	0.113	0.159
		(0.158)	(0.196)	(0.174)	(0.207)
Ln(AMIHUD)		-0.059	-0.041	-0.008	-0.028
		(0.060)	(0.096)	(0.076)	(0.117)
OWNERSHIP		-0.398***	-0.867***	-0.360***	-0.786*
		(0.111)	(0.316)	(0.132)	(0.432)
RDD		0.008	-0.086	-0.031	-0.145
		(0.073)	(0.100)	(0.078)	(0.106)
WARRANT_COVERAGE		0.039	0.118	0.203	0.202
		(0.132)	(0.165)	(0.151)	(0.208)
Sample	Full	Full	Full	Limited	Limited
Year-Quarter FE	No	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No
Firm FE	No	No	Yes	No	Yes
Adjusted $R^2$	0.113	0.188	0.324	0.111	0.262
Observations	1225	1225	826	911	603

### Figure IA1: Effect of Lockups on Turnover

This figure shows the effect of the rule change on share turnover. TURNOVER is the number of shares traded over the number of shares outstanding, which we obtained from the CRSP daily file. The picture shows turnover from ten days prior to when the shares were issued, to ten days following share issuance. Turnover is plotted separately by treatment status (firms with public float below and above \$75 million), before and after the rule change (share issues following February 15th, 2008) and by placement method (PIPE or SEO).

