The Disclosure of the Intended Uses of Proceeds and Aftermarket Trading Volume

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The Disclosure of the Intended Uses of Proceeds and Aftermarket Trading Volume

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This study aims to provide empirical evidence to support the idea of signaling in a situation with high information asymmetry. We attempt to understand how IPO issuer's expectation on its aftermarket trading volume may affect its disclosure decision of the intended use of proceeds. The sample consists of IPOs between January 1, 2000 and December 31, 2019 from 5 countries, including Australia, Indonesia, Philippine, Singapore, and Thailand.

By using the expected turnover estimated from 3 approaches, we find empirical evidence suggesting that IPO issuers with low expected aftermarket turnover tend to disclose highly detailed information on the uses of proceeds. They strategically provide clearly identified purposes in the hope of improving trading volume in the aftermarket.

We also examine the capital market consequence of the disclosure on the actual aftermarket turnover. Nevertheless, we find no convincing evidence that the increased disclosure of the uses of proceeds leads to the greater trading turnover in the aftermarket. We conclude that the information may already be adsorbed during the subscription period and the issuing firms with specific plans to do with proceeds are high-growth potential firms, hence, investors who were allocated IPO shares may sell out less shares once shares are listed. Moreover, we provide plausible explanation that investors perceive differently to each use-of-proceeds item.

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Field of Study:	Finance	Student's Signature .....
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Chapter 1

Introduction

There is a relatively high information asymmetry in the primary market where private firms undertake initial public offerings (IPO). During the IPO process, the issuers and their underwriters have superior information about the true value of firms than their potential investors, and this forces investors to rely heavily on corporate disclosures. Issuers and their underwriters are required by the securities regulation to provide information in a prospectus which is a document filed for an IPO approval. This prospectus serves as a tool to minimize information asymmetry at the IPO stage.

In this paper, we examine one important type of information disclosed in the prospectus, "**The Intended Uses of Proceeds**" which provides details of how the capital raised from the issuance will be used and allocated. Asymmetric information is reduced through the disclosure of the uses of proceeds in which more clarification of information is provided, leading to higher investor confidence. For example, raising fund for acquiring another company provides more concrete reason than raising fund for a general corporate purpose. Investors can utilize this information to make a more informed investment decision on whether to invest in IPO shares.

While the information and format of the uses of proceeds are largely fixed by regulatory requirements, each company has considerable discretion in their choices of the degree of disclosure. For example, issuing firms may choose to detail information on the uses of proceeds more specifically in the hope of improving trading volume in the aftermarket. By providing more information, firms are able to reduce information asymmetry between firms and potential investors and increase investors' confidence to trade **(Petersen, Plenborg, & Taxation, 2006).**

On the other hand, detailing their objective and plans of the proceeds may lead to leakage of valuable information. More specifically, it may reveal a firm's proprietary information to its competitors. In this case, issuing firms might choose to provide only a vague disclosure **(Bhattacharya & Chiesa, 1995).**

Previous literature had utilized the information on the uses of proceeds in the context of underpricing and future operating performance of IPO firms **(Beatty & Ritter, 1986; Ekkayokkaya & Pengniti, 2012; Leone, Rock, & Willenborg, 2007; Wyatt & Finance, 2014).**

Our objective is to examine its relationship with aftermarket trading volume, especially in how firms' concern with aftermarket trading volume may affect their disclosure decision of the uses of proceeds.

Therefore, we aim to fill this gap by addressing two main questions. First, do firms disclose more details of their intended use of IPO proceeds in response to an anticipation of low aftermarket trading volume? Second, does greater disclosure of what the firms plan to do with the money from the IPO improve their trading volume in the aftermarket?

In this paper, we document a positive relation between the degree of disclosure of the uses of proceeds and the expected trading turnover by employing 3 different approaches to measure expected trading turnover. Our results are robust to alternative model specifications. However, we find no convincing evidence that the increased disclosure of the uses of proceeds leads to the greater trading turnover in the aftermarket.

Chapter 2

Literature review

This section firstly discusses the trade-off between cost and benefit of voluntary disclosure. Secondly, we identify the relationship between corporate disclosure and trading volume. Finally, we discuss the details of the disclosure of the intended uses of proceeds.

2.1 The Cost-benefit Trade-off of Voluntary Disclosure

Publicly traded companies have disseminated information to the market in order to comply with the mandatory standard of disclosure from regulatory perspective and to provide additional information in the form of voluntary disclosure. In deciding how much information to disclose to the market, managers face a trade-off between the benefit from a reduction of information asymmetry about their firm facing investors and the cost of leaking the firm's proprietary information.

Reducing information asymmetry between firms and their investors is the fundamental reason for firms to disclose information. Theoretically, when less-informed investors face information disadvantage, they demand higher required rate of return to compensate the risk of trading against informed investors. This required rate of return represents the company's cost of capital. Therefore, providing higher information to the market alleviates such problem and consequently reduces firm's cost of capital **(Bhattacharya & Ritter, 1983; Myers & Majluf, 1984).**

Information asymmetry also reduces possibility to trade by uninformed investors and lower stock market liquidity. Since information asymmetry creates a risk of trading against insiders facing uninformed investors, uninformed investors naturally price protect themselves by requiring a compensation for such risk. For example, uninformed investors in primary market require "money left on the table" in order to participate in IPO stocks since they have a chance of facing a biased allocation during IPO allocation process where most of uninformed investors subscription are overpriced **(Rock, 1986)**. In the case that firms fail to provide sufficient discounts, investors might decide not to participate in trading transaction, and this leads to a reduction of liquidity. In this

situation, issuing firms will be able to overcome this problem by providing more informative information that reduce the risk associated with information asymmetry. The outcome of disclosure will induce investors to trade more shares, build investors' confidence on trading, and thus improve stock liquidity **(Diamond & Verrecchia, 1991; Healy, Hutton, & Palepu, 1999; Verrecchia & Leuz, 1999).**

Another stand of literature argues that the main concern of firm's disclosure decision is the leakage of valuable information, specifically revealing the firm's proprietary information to its competitors **(Bhattacharya & Chiesa, 1995).** Moreover, voluntary disclosure could potentially result in shareholder lawsuits claiming inaccurate and misleading disclosure **(Skinner, 1994).** The exposure to lawsuits particularly likely occurs when the information is subject to uncertainties and includes some conjectures and expectations, such as performance forecasting of a new business unit and earnings and growth projections. This litigation risk also applies to the uses of proceeds disclosure where any material changes in use if proceeds after listing is required prior approval from the board of directors and shareholder's meeting. Concurrently, the company must make an announcement to notify the stock exchange and investors of the change in use of proceeds with a solid rationale for reallocation. The company, its directors or a person responsible for statements in the prospectus may be liable at common law for a fraudulent or negligent misrepresentation in the prospectus[1].

In summary, the company's decision about the amount of information to be disclosed depends on cost-benefit trade-off facing by each firm. Naturally, firms will choose to disclose information specifically when marginal benefit is greater than marginal cost **(Ekkayokkaya & Pengniti, 2012).**

2.2 The Corporate Disclosure and Trading Volume

The theoretical literature suggests that corporate disclosure improves liquidity by reducing the information asymmetry and increasing transaction volumes. **Diamond and Verrecchia (1991)** first provide the theoretical framework linking corporate

[1] To my knowledge, there were many issuing companies have made a notification of change in the use of proceeds to the stock exchange among countries I study, and the change in most of cases was approved by company's board of director (no approval from shareholders' meeting is required). Until now, there is no investor lawsuit occurred from this issue.

disclosure to stock market liquidity. They argue that beneficial effect of disclosure is to reduce information asymmetry among investors. The greater disclosure increases the institutional investor's willingness to take larger positions in firm's securities, which then increases liquidity of firm's securities.

Welker (1995) provides findings suggesting that relative bid-ask spreads, as a proxy for market liquidity, decrease with higher disclosure levels. Using disclosure quality scores to measure corporate disclosure levels, they find that a group of firms with greater disclosure levels observes narrower relative bid-ask spreads compared with firms with lower disclosure. Under his explanation, narrower relative bid-ask spreads reflect the decrease in perceived information asymmetry amount market participants. The same proxy for liquidity is also used by **Healy et al. (1999),** who argue that firms which substantially extend its voluntary disclosure experience improved firms' stock liquidity through narrower relative bid-ask spreads.

While the empirical evidence relates the level of disclosure and liquidity is compelling, the issue regarding the relation between trading volume and corporate disclosure has received relatively little attention in the extant literature. For example, **Verrecchia and Leuz (1999)** attempts to document an economic consequence of greater disclosure on trading volume using sample firms publicly listed in Germany where disclosure level is relatively low. They examine the difference in trading volume between firms that have adopted internationally accepted accounting and disclosing standards (known as IAS or U.S. GAAP) and firms using German accounting and reporting standards (German GAAP), and conclude that international reporting adoption lead to an increase in trading volume. Theoretically, a commitment to increase the level of disclosure reduces information asymmetries components of the cost of capital, and trading volume is one of such components.

Petersen et al. (2006) examine the similar relations using sample of industrial companies listed on the Copenhagen Stock Exchange and conclude that firms with greater disclosure face lower information asymmetry as measured by narrower bid-ask spread and higher turnover ratio. They suggest that firms that focus on improving disclosure practice will attract investors' attention.

From above discussion, it was apparent that greater disclosure improves stock liquidity and trading volume. It is interesting to see how a lack of firm's trading volume affects firm's disclosure decision. To our knowledge, none of literature has examined this implication. Seeking to provide a new empirical evidence extending existing literature, we investigate this relationship by using sample of IPOs to address question of whether firms disclose more details of their intended use of IPO proceeds in response to anticipation of low aftermarket trading volume. In addition, we examine the level of trading volume in the aftermarket to see whether the increase in the level of disclosure leads to an increase in trading volume.

2.3 The Disclosure of the Intended Uses of proceeds in IPO Prospectus

The intended use of proceeds is one important type of information disclosed in the prospectus, summarizing a spending intent to prospective investors. For company, there should be some incentives to disclose their plans in the prospectus on how the proceeds of the offer will be used. The first obvious incentive is to fulfill listing requirements from the stock exchange and security regulators. No prospectus would be complete without the inclusion of this information. Second incentive is to justify to the potential investors the need for capital and prove its worth. Investors need solid reasons to believe that it is a fruitful investment before contributing money to the firm. While majority of information in prospectus is backward looking, the intended uses of proceeds information tells investors purposes of how capital from issuance will be used and allocated. This information is useful for both investors and security analysts to come up with the fair value of the company more precisely since it signals the market growth opportunities on hand that are ready to be exploited once IPO proceeds are raised. Third incentive is to attract the eye of investors in the aftermarket. Although this information will largely be absorbed during IPO subscription period, the execution phase of spending intent will be occurred after the offering. Firms are able to utilize this information again once there is any further progress, especially the uses of proceeds for investment and acquisition.

For previous literature, **Beatty and Ritter (1986)** firstly formalize the idea of the intended uses of proceeds. In their paper, however, the intended uses of proceeds serve as a proxy for the ex-ante uncertainty. Practically, securities regulation demands highly

detailed disclosure from risky issuers than from well-established issuers, and the well-established issuers also appear to be reluctant to provide specific information because of the fear of facing legal liability and spillover of proprietary information. Therefore, high-risk issuers tend to disclose a higher number of the uses of proceed than well-established issuers. In order to induce investors to submit subscription order for IPO shares from issuers characterized as a risky firm, investors demand more discount as a compensation.

With similar framework, **Ekkayokkaya and Pengniti (2012)** later examine data from emerging market, Thailand, where it is known that public enforcement of securities regulation is relatively less efficient. They investigate the relationship between the disclosure of the uses of proceeds and underpricing of IPO comparing pre- and post-Thailand's major governance reform[2], and assert similar conclusion that riskier firms, who experience higher underpricing on their IPO stocks, make greater disclosure of uses of proceeds in post-reform periods while there is no such relation before the reform, indicating that after the reform level of the uses of proceeds disclosure serves as an indicator for investors to distinguish IPOs with different risk level and value them more precisely.

On the other hand, **Leone et al. (2007)** assert the consistent conclusion that the increase in dollar details regarding the intended use of IPO proceeds helps investors estimate security valuation more precisely. Their empirical evidence suggest inverse association between use-of-proceeds specificity and IPO underpricing, arguing that increased disclosure of uses of proceeds leads to an increase in the IPO offer price and less underpricing because it reduces expected uncertainty regarding true value of securities in aftermarket.

While most of the literature has focused on the theoretical framework that link the disclosure of intended uses of proceeds to underpricing, none of literature has formally examined the relationship with aftermarket trading volume. Our study can be viewed as examining the determinants of the disclosure of the intended uses of proceeds in

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[2] For more details of the major governance reform in Thailand, **(Ekkayokkaya & Pengniti, 2012; Limpaphayom & Connelly, 2004)**

which we predict that expected trading volume is one of those determinants. Few researchers have documented factors that influence the disclosure of uses of proceeds which mostly focus on firm-specific characteristics observed at IPO.

For example, **Leone et al. (2007)** document that the disclosure of uses of proceeds is negatively associated with proportion of shares sold by per-IPO shareholders, proportion of retained ownership, numbers of news stories appearing during the year prior to the IPO, and whether the company is a high-tech company. On the other hand, the disclosure is positively related to pre-IPO size, pre-IPO leverage, company age, and whether the company is in start-up phases. Similarly, **Ekkayokkaya and Pengniti (2012)** claim that firm size and controlling ownership retention are also factors that influence amount of disclosure of the uses of proceeds.

Obviously, the impact of trading volume has not been addressed in the literature. The scope of our study extends the insights from above studies to microstructure field, providing further analysis into the choice of disclosure of the intended uses of proceeds by issuers in response to anticipation of low aftermarket trading volume.

Chapter 3

Hypotheses development

We firstly begin this section by addressing question why issuing firms should be concerned about their trading volume in aftermarket. First plausible answer is the wealth of pre-issue shareholders relies on the value of stock in aftermarket, which is unobservable during pre-issue market, and trading volume is one factor determines stock price **(Barclay & Hendershott, 2003).** Since issuing firms typically sell 20-40% of its securities in IPO market, it leaves 60 to 80% of the shares being retained by the pre-IPO shareholders **(Ritter, 1998).** In our sample, the percentage of shares being retained by the pre-IPO shareholders at IPO is around 40%, which implies that those shareholders will be directly impacted by stock price's movement in the aftermarket. Moreover, after the lockup period ends, pre-issue shareholders will be able to sell their remaining stakes to the public. Rich trading volume environments in aftermarket attracts more investors to participate in trading transactions, thus increases these shareholders' ability to sell their shares easily and quickly.

Second, high trading volume could be an assurance for IPO firms that expect to conduct future equity offerings. Low secondary trading volume indicates few interests from market participants which may lead to lower subscription of follow-on offerings and lower proceeds to the firms. Although low trading volumes are commonly observed, low trading volumes may be an indication of a deteriorating company reputation, and it may also be an indication of a company that has yet to prove its worth.

Third, an adequate trading volume reduces the possibility of illegal stock-price manipulation by speculators. **Aggarwal and Wu (2003)** suggest that low trading volume stocks are more likely to be manipulated. This manipulation prevents a determination of a fair price and leads to an inaccuracy of stock price. If investors come to believe that the stock price does not reflect the true value of itself, they will lose their confidence in the firms and not participate in trading activities.

From above incentives, firms' concern about trading volume of its securities is unambiguous. In the extant literature, underpricing is primary strategy for IPO firms to

increase their trading volume. Underpricing is aimed at promoting ownership dispersion by attracting small individual shareholders to subscribe IPO shares. The larger and more diverse shareholder bases, the higher aftermarket liquidity of IPO stocks is expected to be **(Booth & Chua, 1996; Hahn, Ligon, Rhodes, & Finance, 2013; Pham, Kalev, Steen, & Finance, 2003).**

So far, little attention has been devoted to the firm's disclosure decision that aims to address expected low trading volume in secondary market. As discussed earlier, disclosure is another potential mechanism that firms can use to improve its liquidity and trading volume. Issuing firms may choose to disclose additional contents in prospectus regarding the uses of proceeds in order to reduce asymmetry information arising between firms and investors and signal the market about the firm's value and growth potential about the company. This will enable firms to gain interests from the market, and eventually increase trading volume. *This leads to our first hypothesis: the degree of disclosure of the intended uses of proceeds increases as IPO firms anticipate at the time of issue low aftermarket trading volume.*

After the issuance, the true level of investors' interest becomes observable and is reflected in the stock's initial trading volume. We further investigate the capital market consequences of the disclosure to see whether the increased disclosure of the uses of proceeds is the right strategy for issuing firms to improve trading volume in aftermarket. **Diamond and Verrecchia (1991)** argue that greater disclosure increases the institutional investor's willingness to take larger positions in firm's securities, which then increases the trading volume of the securities. *Thus, our second hypothesis predicts a positive relation between the degree of disclosure of the intended uses of proceeds and the actual trading volume observed during the aftermarket period.*

Chapter 4

Data and sample selection

The sample consists entirely of IPOs of common stock in Australia, Indonesia, Philippine, Singapore, and Thailand with the first trading date falling between January 1, 2000 and December 31, 2019. Using the sample from different countries enables us to see whether the results hold across different investor protection environments. While Australia, Philippines and Singapore exhibit strong investor protection, Indonesia and Thailand have lower-than-average investor protection score[3] **(McLean, Zhang, & Zhao, 2012).**

. In addition, the entire sample is traded on the stock exchange operated under the order-driven market system to avoid problems with different trading systems that have influence on trading activities, especially level of trading volume.

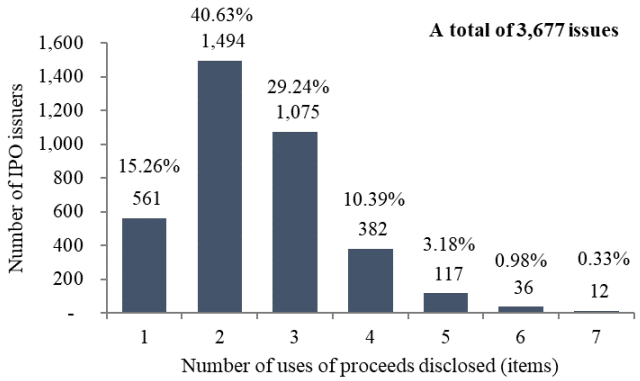
We collect data from various sources since one database does not provide all information we need. Prospectus data in most of the previous literature relies mostly on the Thomson Financial Securities Data Company (SDC) New Issue database because it provides comprehensive information on new issues, and the program structure is designed for research purpose (i.e. bulk-download of huge datasets). However, we manually cross-check with the historical records of new listed companies from each exchange in each year and found that SDC has under-recorded numerous IPO deals. We also experience the difficulty in combining the new issues data from SDC with trading data from DataStream. This is because the company identifiers such as International Securities Identification Number (ISIN) and Stock Exchange Daily Official List (SEDOL) have not been updated which prevent us from using datasets collected from SDC to download trading data from Datastream. In this research, we obtain prospectus data (including, issuer name, ticker, use of proceeds, offer price, offer size, firm size, first trade date (reported as effective date), numbers of listed and offered

[3] Investor protection measures both the letter of the law and the enforcement of it, and also takes into account the disclosure requirements and liability standards **(La Porta, Lopez-de-Silanes, & Shleifer, 2006)**. The United States receives the highest score of investor protection of 1.00 while Australia, Indonesia, Philippine, Singapore, and Thailand score are 0.784, 0.507, 0.812, 0.77 and 0.373, respectively. (Mean is 0.691)

shares, ISIN, SEDOL and industry sector) from Bloomberg Professional Services. Pricing technique and listing exchange are collected from Thomson Financial Securities Data Company (SDC) New Issue database. Trading data (including share price, trading volume, numbers of share outstanding) are drawn from Datastream and Worldscope. From the initial sample of 5,026 issues, we eliminate 1,349 issues with no information on the uses of proceeds, leaving 3,677 IPOs in our main analysis.

Table 1 reports the distributions of final sample by industry across sample periods. Our sample consists of IPOs from 8 different industry sectors[4] where half of the issues is in basic materials and consumer sector. On average, there were 150 IPOs offered each year across 5 counties except for 2004-2007 before the 2009 financial crisis when the number of deals were relatively high. To understand the nature of the uses of proceeds disclosure, **Figure. 1** shows the distributions of number of uses of proceeds disclosed in prospectus by number of issuers. More than 85.13% of total IPOs reported not more than 3 items of what they plan to do with proceeds, while only 4.49% stated more than 4 items. This is in line with previous literature suggesting that the disclosure of the use of proceeds is credible because IPO issuers appear to be reluctant to provide specific information due to the fear of facing legal liability and spillover of proprietary information (the disclosure is costly) **(Beatty & Ritter, 1986)**. The pattern of distribution also holds across countries, industries and years as illustrated in **Appendix 1, 2 and 3**.

Figure. 1 Distributions of number of uses of proceeds disclosed



[4] Industry sector classification is from Bloomberg Professional Services

Table 1: Distributions of sample IPOs by industry across sample periods

The sample consists of 3,595[5] IPOs made during 2000-2019. Industry sector classification is from Bloomberg Professional Services.

	Industry									
Year	**Basic Materials**	**Communications**	**Consumer**	**Energy**	**Financial**	**Industrial**	**Technology**	**Utilities**	**Total**	***%***
2000	19	25	55	11	30	24	19	2	185	*5.1%*
2001	18	15	26	11	15	23	12	2	122	*3.4%*
2002	32	7	31	10	19	13	6	2	120	*3.3%*
2003	37	8	42	10	31	32	9	2	171	*4.8%*
2004	67	22	68	27	52	50	14	2	302	*8.4%*
2005	74	9	62	26	42	37	14	6	270	*7.5%*
2006	98	13	40	28	31	31	7	3	251	*7.0%*
2007	131	10	47	32	39	29	15	3	306	*8.5%*
2008	55	2	27	16	12	13	8	1	134	*3.7%*
2009	23	7	27	12	11	10	5	1	96	*2.7%*
2010	62	8	24	14	13	23	7	3	154	*4.3%*
2011	69	6	30	19	12	26	12	1	175	*4.9%*
2012	47	5	29	17	14	19	6	0	137	*3.8%*
2013	18	9	60	13	22	28	4	0	154	*4.3%*
2014	11	10	66	15	40	26	10	1	179	*5.0%*
2015	8	16	55	3	43	19	18	6	168	*4.7%*
2016	19	19	48	4	27	20	15	3	155	*4.3%*
2017	41	11	61	8	24	40	13	6	204	*5.7%*
2018	44	9	54	13	24	21	13	3	181	*5.0%*
2019	9	7	50	7	21	21	16	0	131	*3.6%*
Total	**882**	**218**	**902**	**296**	**522**	**505**	**223**	**47**	**3,595**	*100.0 %*
%	*24.5%*	*6.1%*	*25.1%*	*8.2%*	*14.5%*	*14.0%*	*6.2%*	*1.3%*	*100.0%*	

Table 2 reports descriptive statistics of sample IPOs. **Panel A** reports issuer characteristics. Measuring at a year of issuance of each IPO, mean (median) of firm size and issue size is USD 129.70mn (13.70mn) and USD 46.46mn (6.81mn), respectively. Mean (median) of leverage ratio is at 36.43% (10.77%) while a percentage of insider ownership after the IPO is at 40.44% (43.00%), suggesting that pre-IPO shareholders generally sell only some portion of their shares at the time of the offering. The average (median of) initial return on the first day of trading (underpricing) is

[5] No information on year of issuance for 82 issuers

38.30% (3.70%), implying that our data share a common feature with other markets around the world (noticeable underpricing).

Expected turnover from 3 estimation approaches are also reported in **Panel B in Table 2** (**see 5.1.1. Approaches for expected trading turnover estimation for more details on the calculation**). 3 approaches yield different level of turnover. We do not compare approach 3 to other approaches and the actual turnover since its calculation method and unit are different. Mean (median) of expected turnover from approach 1 is 0.026 (0.008) times while it is 0.016 (0.009) times for approach 2. Approach 1 provides smaller standard deviation at only 0.046 times comparing to Approach 2 at 0.452 times. This is because of the nature of an estimated regression approach that employs many variables and each variable has its own deviation between observations. In practical measurement where the turnover is calculated from the average daily number of shares traded divided by the number of ordinary shares outstanding on each year, the lowest trading turnover is at 0 time, meaning that there is no transaction for a given stock. Since we employ the estimated regression to estimate expected turnover in approach 2, the calculation could yield negative numbers due to negative coefficients of some variables[6]. This causes the mean of expected turnover from approach 2 is relatively lower than approach 1[7]. The average (median of) cumulative monthly percentage change in market turnover (a run-up of market-wide turnover) is 25.40% (23.60%).

We also provide actual aftermarket turnover in **Panel C** of **Table 2** to compare whether our estimation approaches shown in **Panel B** yield consistent turnover with actual turnover occurred in the market. Comparing to the average daily trading turnover in the first four weeks of trading, approach 1 produces similar level of turnover to the actual turnover in the aftermarket in terms of both mean and median, while approach 2 yields slightly lower mean but slightly higher median.

[6] Within a sample of 1,693 issues for expected turnover approach 2, there are 120 issues (7.09%) that have negative expected turnover.

[7] The coefficients of *Expected Turnover* in **model (2) in Table 6 and Table 7** are statistically significant at the 5% level. The results could be due to low expected turnover produced from approach 2, hence we use the results from expected turnover approach 1 which produces the expected turnover that is closer to the actual turnover to check the robustness.

Table 2: Descriptive statistics of total IPOs in the sample

The sample consists of 3,677 IPOs made during 2000-2019. Issuer characteristics variables are defined as in Table 4 and Table 5. Expected turnover in Panel B is measured by 3 approaches as defined in Chapter 5. Aftermarket turnover in Panel C is measured from average daily trading turnover in the first 1 to 8 weeks of trading.

	No. of issues	Mean	Median	Std. Dev.	Min	Max
Panel A: Issuer characteristics						
Firm size (USD mn)	3,190	129.70	13.70	684.86	0.00	23,826.90
Issue size (USD mn)	3,677	46.46	6.81	182.88	0.00	4,985.65
Leverage (%)	3,160	36.43	10.77	185.26	0.00	7,178.85
Insider holdings (%)	3,206	40.44	43.00	28.81	0.00	100.00
Underpricing (%)	2,962	38.30	3.70	143.70	-99.20	997.40
Panel B: Expected turnover						
Approach 1 (time)	3,024	0.026	0.008	0.046	0.000	0.767
Approach 2 (time)	1,693	0.016	0.009	0.452	-16.669	5.703
Approach 3 (%)	3,408	25.400	23.600	76.900	76.030	99.030
Panel C: Aftermarket turnover						
First 8 weeks of trading (time)	3,146	0.015	0.004	0.036	0.000	0.991
First 4 weeks of trading (time)	3,143	0.023	0.006	0.060	0.000	1.746
First week of trading (time)	3,136	0.057	0.014	0.153	0.000	3.912

Since our study utilizes the information on the uses of proceeds in the context of trading volume, it is interesting to see sample characteristics by the degree of disclosure. We separate the sample IPO into 2 groups according to its disclosure of the uses of proceeds. IPOs are classified as 1 if an issuer's prospectus disclosed specifics of proceeds use and 0 if only a general corporate purpose is disclosed. As shown in **Table 3**, the group of issuers that chooses to provide specific plans to do with proceeds is categorized as smaller firm size, larger issue size, higher leverage ratio, lower pre-IPO ownership retentions and higher underpricing. They also have relatively lower expected turnover across all 3 approaches, consistent with our prediction. However, we observe lower actual turnover in the first 1 to 8 weeks of trading both in terms of mean and median which is generally not consistent with the framework of signaling theory that we expect to see. We also provide the descriptive statistics of IPOs by number of uses of proceeds disclosed (items) in **Appendix 4**. Nevertheless, the pattern of each variables is not clearly observed.

Table 3: Descriptive statistics of IPOs by the uses of proceeds disclosed

The sample consists of 3,677 IPOs made during 2000-2019. IPOs are classified as 1 if an issuer's prospectus disclosed specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Issuer characteristics variables are defined as in Table 4 and 5. Expected turnover in Panel B is measured by 3 approaches as defined in Chapter 5. Aftermarket turnover in Panel C is measured from average daily trading turnover in the first 1 to 8 weeks of trading.

		Total	**Disclosure specificity**	
			0	**1**
	Number of issues	*N=3,677*	*N=263*	*N=3,414*
Panel A: Issuer characteristics				
Firm size (USD mn)	Mean	129.70	165.58	127.05
	Median	13.70	23.55	13.03
Issue size (USD mn)	Mean	46.46	42.71	46.75
	Median	6.81	7.24	6.74
Leverage (%)	Mean	36.43	29.32	36.96
	Median	10.77	24.13	9.89
Insider holdings (%)	Mean	40.44	43.53	40.22
	Median	43.00	48.00	42.00
Underpricing (%)	Mean	38.30	27.60	39.10
	Median	3.70	-0.90	4.00
Panel B: Expected turnover				
Approach 1 (time)	Mean	0.026	0.055	0.024
	Median	0.008	0.026	0.008
Approach 2 (time)	Mean	0.016	0.045	0.014
	Median	0.009	0.037	0.009
Approach 3 (%)	Mean	25.400	38.300	24.400
	Median	23.600	33.600	22.700
Panel C: Aftermarket turnover				
First 8 weeks of trading (time)	Mean	0.015	0.031	0.014
	Median	0.004	0.009	0.004
First 4 weeks of trading (time)	Mean	0.023	0.048	0.022
	Median	0.006	0.014	0.006
First week of trading (time)	Mean	0.057	0.116	0.053
	Median	0.014	0.035	0.013

Chapter 5

Methodology

5.1 Hypothesis 1: Measuring the impact of expected volume on the disclosure of the intended uses of proceeds

Within the theoretical framework of information asymmetry, issuing firms with an anticipation of low aftermarket trading volume may choose to provide highly details information in the hopes of attracting investors' attention and improving trading volume **(Petersen et al., 2006; Verrecchia & Leuz, 1999).** In this paper, we attempt to provide further insight to this implication by examining the disclosure of the intended uses of proceeds, assuming that the issuers make use of this information to address low trading volume which is expected to occur in secondary market.

To estimate the degree of disclosure of the intended uses of proceeds, we first run an **Ordinary Least Squares (OLS)** regression.

OLS regression are based on the model:

$$Disclosure_i = \beta_0 + \beta_1 \widehat{Turnover}_i + \beta_2 Ln(Firm\ Size)_i + \beta_3 Ln(Leverage)_i + \beta_4\ Insider\ Holdings_i + \beta_5\ dumTech_i + \varepsilon_i \quad \text{Eq. (1)}$$

Where $Disclosure_i$ is the natural logarithm of (1 + number of use of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. The $\widehat{Turnover}_i$ is the expected aftermarket turnover calculated from 3 different approaches.

We employ trading turnover as a proxy for trading volume. Since trading volume and dollar trading volume are both highly correlated with firm size, using turnover will disengage effect of firm size from our analysis **(Chordia & Swaminathan, 2000)**. Turnover is the average daily number of shares traded divided by the number of ordinary shares outstanding on each year.

5.1.1 Approaches for expected trading turnover estimation

As mentioned earlier, we use the expected trading turnover that is unobservable until the first trading date as the main variable, our empirical challenge is to estimate the expected aftermarket turnover, conditional on information known at the time of the IPO. In our study, we assume that issuing firms observe the amount of trading volume from the preceding IPOs and market-wide information to estimate their trading volume from that information.

The approaches we use are largely inspired by the paper from **(Ellul & Pagano, 2006).** We measure expected turnover as follows:

1. **Expected turnover approach 1: Forecasting turnover by using the actual turnover from preceding IPOs matched by country and firm size**

Referring to **Ellul and Pagano (2006),** this approach is to use actual turnover over the first four weeks of trading from preceding IPOs where preceding IPOs are required to be listed in the same country, same industry, and have difference in firm size of not more than 10%. Due to a lack of number of IPOs in our sample, we relax some criteria by retaining only country similarity and 30% maximum firm size difference. Firm size is measured by the firm's total asset at the year of IPO issuance. Those preceding IPOs used are chosen from the IPOs offered within the 36-month window period ending 3 months before the first trading date of current IPO. The 3-month period is derived from the average number of days starting from the prospectus date[8] to the first trading date extracted from SDC.

Our main database, Bloomberg Professional Services, only provides information on the first trading date, whereas this approach is intended to capture information of preceding IPOs that the decision maker observes before making decision on how much information of the uses of proceeds to disclose. Therefore, the period used for measuring the expected turnover should end before the prospectus is available to

[8] Prospectus date on SDC only available for issuers on Australian Securities Exchange. Hence, we use filing date for others 4 countries (Indonesia, Philippine, Singapore, and Thailand). The average numbers of day from filling date to first trading date is 86 days.

investors. In this case, the prospectus date. To be precise, the information should come from preceding IPOs offered before prospectus date of current IPO. This 3-month period will also be applied to other expected turnover approaches.

In a case that there are more than single IPO matching requirements above (same country with not more than 30% size difference), we then calculate a simple average of actual turnover over the first 4 weeks of trading from those IPOs. If there is no single issue that meets the above requirements, we increase firm size limit to 50% to avoid unnecessary drop in observations[9]. After relaxing all conditions, if there is no matching preceding IPO, we treat the observation as a missing value.

2. Expected turnover approach 2: Forecasting turnover by using actual turnover from preceding IPOs conditioning on firm-specific characteristic variables

Some might argue that the first approach might not fully reflect trading turnover of each IPO since it only considers where the stock is traded and its firm size. To enhance the predictive power from the first approach, we run a regression by employing firm-specific characteristic variables believed to influence turnover into our estimation. This approach is to find fitted value of expected trading turnover. The firm-specific characteristic variables are as follows:

- The first variable is *Firm Size* and *Issue Size*. Since large firms and large issuers attract more investors, stock analysts and media coverage at the IPO, trading volume of those firms is more likely to be higher than smaller firm and smaller issuers in aftermarket.
- *Underpricing*, as suggested by **Booth and Chua (1996)**, underpricing creates ownership dispersion and leads to an increase in trading volume in secondary market. Although the measurement of IPO underpricing in literature relies on the first day return of IPO stock which is observable once stock is listed on the exchange, the percentage of underpricing is essentially an issue discount decided by issuers in the process of setting the offer price before IPO. If issuers

[9] There is only 5% of total observations that requires firm size limit extension from 30% to 50%.

and underwriters want high underpricing, they will set lower offer price and vice-versa.

- *Insider Holdings*, how much shares are publicly traded in the market is directly determined by proportion of shares retained by pre-IPO shareholders at IPO, which also influences amount of trading volume.
- *Market Turnover* is a market-wide turnover employed to capture overall trading volume in the stock market that influences trading volume of individual stocks.
- *dumIndustry* is an industry dummy variable employed to control for industries that have unique characteristics which may influence trading turnover such as technology, financial and utility industry. These industries require specific knowledges to understand their business and to evaluate their valuation, hence they may not attract broad investor interests comparing with industries like Basic Materials and Consumer.
- *dumPricing* is a dummy variable equal to 1 if the issuers employ book building approach to price IPO offering, and 0 if they use fixed price. The type of IPO mechanism reflects amount of private information that remains undisclosed in aftermarket in which the book building involves gathering information from informed traders during IPO process, hence lower information asymmetry after the IPO. In addition, underwriters with the book-building mechanism often assign security analysts to produce analyst reports on issuing firms to generate public interest for issuer's shares. This implies that trading volume in aftermarket will be higher for IPOs carried out through book building due to lower information asymmetry.
- *dumExchange* is a dummy variable equal to 1 if shares are floated on main market, and 0 if shares are traded on alternative market. Trading volume on main market is typically higher than on alternative market.

For the definitions of each variable, see in **Table 4**. The details of the second approach are explained as follows:

To forecast turnover using this approach, we first run OLS regression to estimate coefficient of each variable where a dependent variable is actual turnover of IPO we

are estimating which is measured by average daily trading turnover in the first four weeks of trading. We include all IPOs issued within 36-month window period ending 3 months before the first trading date of current IPO in the estimation.

OLS regression are based on the model:

$$Turnover_i = \beta_0 + \beta_1 Ln(Firm\ Size)_i + \beta_2 Ln(Issue\ Size)_i + \beta_3 Ln(Underpricing)_i + \beta_4 Insider\ Holdings_i + \beta_5 Market\ Turnover_i + \beta_6 dumIndustry_i + \beta_7 dumPricing_i + \beta_8 dumExchange_i + \varepsilon_i \quad \text{Eq. (2)}$$

Second, the coefficients from above regression are subsequently used to measure the fitted value of expected turnover. The fitted value will be used as the explanatory variable in the disclosure regression of **Eq. (1)** and **Eq. (4)**. In order to find the fitted value, we run OLS regression based on the model:

$$\widehat{Turnover_i} = \widehat{\beta_0} + \widehat{\beta_1} Ln(Firm\ Size)_i + \widehat{\beta_2} Ln(Issue\ Size)_i + \widehat{\beta_3} Ln(Underpricing)_i + \widehat{\beta_4} Insider\ Holdings_i + \widehat{\beta_5} Market\ Turnover_i + \widehat{\beta_6} dumIndustry_i + \widehat{\beta_7} dumPricing_i + \widehat{\beta_8} dumExchange_i \quad \text{Eq. (3)}$$

Table 4: Definitions of variables employed in the turnover regression Eq. (2), Eq. (3) and Eq. (5)

No	Variable	Measurement	Predicted sign
1	Ln(Firm Size)	The natural logarithm of total assets at the year of issuance	+
2	Ln(Issue Size)	The natural logarithm of total issue size computed by final offer price multiples by total number of shares offered	+
3	Ln(Underpricing)	The natural logarithm of percentage change of closing price on the first day from the offer price	+
4	Insider Holdings	The fraction of shares retained by pre-IPO shareholders at IPO. (One minus percentage of free float shares)	-
5	Market Turnover	The market-wide turnover. Turnover is measured from daily turnover over one month prior to the current IPO.	+
6	dunIndustry	A dummy variable equal to 1 if an issuer is in technology industry (Issue with Bloomberg industry sector as Technology and Communications), 2 if an issuer is in Financial industry, 3 if an issuer is in Utility industry, and 0 otherwise.	-
7	dumPricing	A dummy variable equal to 1 if the issuers employ book building approach to price IPO offering, and 0 if they use fixed price	+
8	dumExchange	A dummy variable equal to 1 if trading occurs on the main market and 0 if it occurs on alternative market.	+

3. Expected turnover approach 3: Forecasting turnover by using the actual run-up of market-wide turnover prior to current IPO

The individual firm trading volume does vary with market-wide volume. Therefore, we employ market-wide turnover as the third approach to estimate turnover. More specifically, we use the cumulative monthly percentage change in market turnover (a run-up of market-wide turnover) over 24 months ending 3 months before the first trading date of current IPO to observe the trend of trading volume in the market where the higher run-up of market turnover indicates higher trading activities from both buyers and sellers in the market.

Let's define day 0 as a first trade date, we adopt a 24-month window period ending 3 months before the first trading date (-27,-3) because we assume that issuing firms continuously observe market volume trend before deciding on how much information of use of proceeds to disclose in the prospectus. The formula of run-up of market-wide turnover for IPOi (RU_i) is

$$RU_i = \sum_{t=-27}^{-3} Ln(\frac{TO_t}{TO_{t-1}})$$

where TO_t is monthly market-wide turnover observed at the end of month t.

5.1.2 Control variable for hypothesis 1

For the control variables employ in Eq. (1), we largely refer to existing literature by **Leone et al. (2007)** and **Ekkayokkaya and Pengniti (2012)** which study the determinants of the disclosure of the use of proceeds. See the measurement of control variables in **Table 5**. The control variables are as follows:

- *Firm Size* is to control for firm size because larger firms are more likely to provide more information than smaller ones since they could get more benefits due to economies of scale.
- *Leverage*, issuing firms with high leverage are likely to ensure investors' subscription since it relates to their deleveraging, hence they have higher incentive to disclose more.

- *Insider Holdings*, firms with lower shares retention of pre-IPO shareholders are more likely to provide highly detailed information because they are offering higher portion of their ownership in IPO, hence they have higher incentive to disclose more to attract investors.
- *dumTech* is dummy variable equal to 1 if an issuer is in technology industry (Issue with Bloomberg industry sector as Technology and Communications), and 0 otherwise. Proprietary costs of disclosure are arguably higher for technology companies, hence technology companies have more incentive to withhold the information.

In the Eq. (1), $Disclosure_i$ is the natural logarithm of (1 + number of use of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. However, as suggested by **Ekkayokkaya and Pengniti (2012)**, it is relatively common for small IPOs to disclose only general corporate purposes. Hence, using only the number of uses of proceeds disclosed might not fully reflect disclosure specificity.

To address this concern, we run a **Binomial Logistic Regression (Logistic)** with the same explanatory variables as Eq. (1). For the measurement of control variables, see in Table 5.

Logistic regression is based on the model:

$$Disclosure_i = \beta_0 + \beta_1 \widehat{Turnover}_i + \beta_2 Ln(Firm\ Size)_i + \beta_3 Ln(Leverage)_i + \beta_4\ Insider\ Holdings_i + \beta_5\ dumTech_i + \varepsilon_i \quad \text{Eq. (4)}$$

Where $Disclosure_i$ is a dummy variable takes a value of 1 if issuers disclosed specifics of proceeds in prospectus and 0 if only a general corporate purpose is disclosed. $\widehat{Turnover}_i$ is the expected aftermarket turnover from 3 different approaches.

Table 5: Definitions of variables employed in the disclosure specificity regression Eq. (1) and Eq. (4)

No	Variable	Measurement	Predicted sign
1	Ln(Firm Size)	The natural logarithm of total assets at the year of issuance	+
2	Ln(Leverage)	The natural logarithm of leverage ratio calculated by (Long term debt + Short term debt & current portion of long term debt)/(Total capital + Short term debt & Current portion of long term debt)*100	+
3	Insider Holdings	The fraction of shares retained by pre-IPO shareholders at IPO. (One minus percentage of free float shares)	-
4	dumTech	Dummy variable equal to 1 if issuer is in technology sector and 0 otherwise. Firms in technology industry are classified by Bloomberg industry sector as Technology and Communications	-

5.2 Hypothesis 2: Measuring the impact of the disclosure of uses of proceeds on aftermarket turnover

We further investigate the impact of the disclosure of uses of proceeds on actual aftermarket turnover to confirm whether the greater disclosure at the time of the IPO improves trading activities in the aftermarket. The empirical literature suggests that firms who provide more informative information are able to reduce risk associated with the asymmetric information, build investors' confidence on trading, and subsequently improve stock liquidity **(Diamond & Verrecchia, 1991; Healy et al., 1999; Verrecchia & Leuz, 1999).**

To test this implication, we run an **OLS regression** where dependent variable is Turnover measured by average daily trading turnover in the first four weeks of trading. Using four-week turnover allows us to capture the impact of disclosure on trading volume without potential biases resulting from unrelated events that may influence volume of trading transactions such as further corporate announcements and news.

OLS regression is based on the model:

$$Turnover_i = \beta_0 + \beta_1 Disclosure_i + \beta_2 Ln(Firm\ Size)_i + \beta_3 Ln(Underpricing)_i + \beta_4\ Insider\ Holdings_i + \beta_5\ Market\ Turnover_i + \beta_6\ dumPricing_i + \beta_7\ dumExchange_i + \varepsilon_i \quad \text{Eq. (5)}$$

Where $Disclosure_i$ is the natural logarithm of (1 + number of use of IPO proceeds disclosure in a prospects) with general corporate purpose counted as 0.

We control for factors believed to influence trading volume based on empirical literature. Apart from $Disclosure_i$, other explanatory variables are similar to variables employed in **Eq. (2)** and **Eq. (3)** which we use to find the fitted value of expected aftermarket turnover. For the measurement of other explanatory variables for **Eq. (5)**, see in **Table 4**.

Chapter 6

Empirical results

In this section, we will show the results of two main sets of empirical tests to provide insights into the effect of expected turnover on issuer's disclosure decision of the uses of proceeds. The first set is the results for the Ordinary Least Squares (OLS) model of **Eq. (1)**, the results for the Binomial Logistic Regression (Logistic) model of **Eq. (4)**, and test the significance of each explanatory variable. The second set aims to test whether increased disclosure really creates higher turnover in aftermarket by using the OLS model of **Eq. (5)**.

6.1 Hypothesis 1: Measuring the impact of expected volume on the disclosure of the intended uses of proceeds

6.1.1 Results from OLS model

Table 6 shows the results of OLS regression based upon **Eq. (1)**. Since we estimate turnover of each IPO in 3 different approaches, we report the results in 3 different models. *Expected Turnover* in **model (1)** is from the expected turnover approach 1 (turnover is estimated from actual turnover of preceding IPOs matched by country and firm size). In **model (2)**, *Expected Turnover* is from the expected turnover approach 2 (turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables (the estimated regression)). In **model (3)**, we employ the actual run-up of market-wide turnover to estimate turnover (the expected turnover approach 3). Given the fluctuation of number of IPOs across country, years and industry as noted in **Appendix 1** and **Table 1**, we incorporate country, year, and industry fixed effects in all models to address concerns about unobservable time-invariant country- and industry-specific factors that drive IPO issuers to provide greater information on the uses of proceeds[10].

In all models, the coefficients of *Expected Turnover* show negative signs as expected, supporting *hypothesis 1*. The coefficient of *Expected Turnover* in **model (1)** is statistically significant at the 10% level whereas the *Expected Turnover*'s coefficient in

[10] The regression results for **Eq. (1)** excluding control variables and fixed effect are reported in **Appendix 5-7**.

model (2) is significant at the 5% level. In particular, the adjusted R-squared of 14.90% in **model (2)** is larger than 9.40% in **model (1)**. Such a large improvement in the adjusted R-squared indicates that the expected turnover from approach 2 provides better explanation for the determinants of the uses of proceeds disclosure. As shown in **model (3)** when we use actual run-up of market-wide turnover to estimate turnover, however, the coefficient of *Expected Turnover* is insignificant. The coefficients also remain insignificant regardless of the excluded control variables and fixed effects[11].

The results of *Expected Turnover*'s coefficients in **model (1)** and **(2)** provide us sufficient evidence to conclude that, when the information of preceding IPOs is used to estimate turnover, the degree of disclosure of the intended uses of proceeds increases as IPO firms anticipate at the time of issue a low aftermarket trading volume. Although insignificant, the same relationship also holds when we use the run-up of market-wide turnover to estimate turnover. A plausible explanation is that the market-wide turnover is not a proper estimation of single stock's turnover because it is driven by all publicly listed companies, and it includes companies that have very different characteristics from the IPO we are measuring. Whereas the expected turnover in approach 1 and 2 are set to specify criteria on firm-specific characteristics that help filter out those preceding IPOs that are irrelevant.

In relation to the control variables, each variable has consistent signs of coefficients across models, but the significance level differs across 3 models. *Leverage* is only variable that is statistically significant across all models, and it is positively correlated to the degree of disclosure of the use of proceed. The finding implies that debt burden is the motive for firms to disclose more to attract investors' interests since proceeds from IPO relate to their deleveraging. In our sample, 24.30% of IPOs citing in their prospectus the intended use of issue proceeds to pay down existing debt, implying that the recapitalization is one of important reason for companies to go public. Although insignificant in **model (1)** and **(2)**, the significance at 10% level in **model (3)** for *Insider Holdings* shows us that IPO firms with lower level of pre-IPO shareholders' holdings at the offering are likely to disclose more information. *Firm Size* and *dumTech* do not

[11] The regression results of **model (3)** excluding control variables and fixed effect are reported in **Appendix 7**.

show sign as expected. The coefficients for *Firm Size* show negative relations with level of the uses of proceeds disclosed, while the coefficients for dummy variable for tech firm report positive relations. The results of these two variables can be interpreted that smaller firms and tech firms are issuers characterized by greater ex-ante uncertainty. Due to this, the securities regulator imposes more stringent disclosure requirement, resulting in greater disclosure among these issuers **(Ekkayokkaya & Pengniti, 2012).**

Table 6: Ordinary least squares regressions of disclosure specificity 1

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover in model (1) is estimated from actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-0.536*	-0.040**	-0.014
	(0.099)	(0.038)	(0.529)
Ln(Firm Size)	-0.007	-0.004	-0.002
	(0.170)	(0.180)	(0.781)
Ln(Leverage)	0.014***	0.010*	0.015***
	(0.001)	(0.078)	(0.004)
Insider Holdings	-0.029	-0.004	-0.034*
	(0.143)	(0.911)	(0.092)
dumTech	0.089**	0.071	0.077**
	(0.011)	(0.293)	(0.025)
Constant	0.710***	0.617**	0.708***
	(0.000)	(0.015)	(0.000)
No. of observations	2,946	1,674	2,935
Adjusted R-squared (%)	9.44%	14.91%	9.53%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

6.1.2 Results from the Binomial Logistic model

Table 7 reports the results of Logistic model based upon **Eq. (4)**. Similar to the results in **Table 6** from OLS model, *Expected Turnover* variables across 3 models are from 3 approaches of turnover estimations, and we control for country, year, industry fixed effects[12]. In all models, the coefficients of *Expected Turnover* show signs as expected and are significant negative which are consistent with the results from OLS reported in **Table 6** and support hypothesis 1. The coefficients of *Expected Turnover* are significant at 1% level in **model (1)**, 5% in **model (2)**, and 10% in **model (3).** The results are more pronounce with the dependent variable as dummy variable of disclosure specificity as suggested by the improved significance level and higher pseudo R-squared across 3 models. The results from Logistic regression suggest that the issuing firm with an anticipation of low turnover choose to discriminate more concrete information rather than the general corporate purpose.

For the results for control variables, the coefficients of each variable are mixed across models and are insignificant, except for firm size where it is negatively correlated to level of disclosure, implying that smaller firm tends to disclose specific details on the uses of proceeds.

[12] The regression results for **Eq. (4)** excluding control variables and fixed effect are reported in **Appendix 8-10**.

Table 7: Binomial logistic regressions of disclosure specificity 1

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover in model (1) is estimated from the actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-2.562***	-0.606**	-0.209*
	(0.000)	(0.012)	(0.085)
Ln(Firm Size)	-0.077	-0.048	-0.009
	(0.378)	(0.691)	(0.939)
Ln(Leverage)	-0.045	0.011	-0.052
	(0.437)	(0.833)	(0.275)
Insider Holdings	-0.107	0.140	-0.196
	(0.573)	(0.624)	(0.383)
dumTech	0.029	-0.397	-0.237
	(0.866)	(0.508)	(0.111)
Constant	2.099***	3.147***	2.253***
	(0.000)	(0.000)	(0.000)
No. of observations	2,946	1,274	2,840
Pseudo R-squared (%)	19.98%	35.38%	20.40%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

	Frequency	Percentage
General corporate purpose	263	7.15%[13]
Specific disclosure	3,414	92.85%
Total	**3,677**	**100.00%**

[13] Only 4.5% of total Australian IPOs disclosed only general corporate purpose while there are 16.7% for Thai IPOs, 11.2% for Indonesian IPOs, 8.2% for Philippines IPOs, and 6.8% for Singaporean IPOs.

Some might argue that the frequency of issuers that disclosed only a general corporate purpose is much lower than issuers disclosed specifics of proceeds use (7.15% and 92.85%). This is called unbalanced sample where one of the two classes is extremely rare in the binary classification problem. **Xie, Manski, and Research (1989)** stated that unbalanced data only affect the intercept parameter of a Logistic model. On the other hand, **Schaefer (1983)** and **Scott and Wild (1986)** pointed out that the maximum likelihood estimates (MLE) of a Logistic model are biased only for small sample size. For our study, numbers of sample in minority group is large enough to predict outcomes without any omitted variable, and it is larger than total sample size of some previous literature that conducted logistic regression analysis we observe. We also search for previous literature on IPO that adopted logistic regression to find whether highly unbalanced sample is used. **Aruğaslan, Cook, and Kieschnick (2004)** studied IPO underpricing by comparing dual-class and single-class IPOs. In their study, the frequency of two groups was also very different where single-class IPO accounts for 90.47% while dual-class IPO accounts for only 9.53%.

In order to address this concern, we also run OLS regression with the dependent variable as a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. As shown in **Table 8**, the coefficients of *Expected Turnover* show negative signs across 3 models, which is consistent with the findings from previous OLS regression reported in **Table 6** and our *hypothesis 1*. In terms of significant level, as compared to the results in **Table 6**, the coefficient of *Expected Turnover* in **model (1)** becomes significant at 5% level comparing to 10% whereas the coefficient of *Expected Turnover* in **model (2)** becomes significant at 10% level comparing to 5%. In **model (3)**, The coefficient of Expected turnover remains insignificant regardless of change in regression technique. The results confirm that the relationship between expected turnover and the disclosure of the intended uses of proceeds is held regardless of the change in model specification to address concern over unbalanced sample.

Table 8: Ordinary least squares regressions of disclosure specificity 2

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose. Expected Turnover in model (1) is estimated from actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-0.463**	-0.025*	-0.020
	(0.011)	(0.095)	(0.308)
Ln(Firm Size)	-0.002	0.001	0.002
	(0.537)	(0.749)	(0.766)
Ln(Leverage)	-0.001	-0.000	-0.002
	(0.455)	(0.919)	(0.395)
Insider Holdings	0.006	0.016	-0.002
	(0.667)	(0.423)	(0.896)
dumTech	-0.003	-0.021	-0.011
	(0.822)	(0.319)	(0.360)
Constant	0.832***	0.736***	0.835***
	(0.000)	(0.006)	(0.000)
No. of observations	2,946	1,674	2,935
Adjusted R-squared (%)	8.94%	19.80%	9.31%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

Apart from the general corporate purpose that is considered as non-specific disclosure, the concern regarding a nontransparent disclosure of the use of proceeds for working capital has also been raised. **Wyatt (2014)** emphasizes that the practice of designating the use of proceeds for working capital with no explicit commitment is commonly observed in Australian IPOs. This concern has forced the Australian Securities and Investment Commission (ASIC) to set out the content requirements guideline. For example, if a significant portion of the funds will be allocated to working capital, issuers should explain what constitutes working capital. In this line, in early 2020, The Singapore Exchange Securities Trading Limited has also amended listing rules to enhance disclosure requirements for new offerings in which issuers must announce a breakdown with specific details on the use of the proceeds for working capital. For

IPOs in Thailand, Indonesia and Philippines, there is no specific requirements with respect to this issue. Although there is only 7.15% of total IPOs in our sample disclosed only a general corporate purpose, but there is 13% of them stating a purpose of the offering in the statement as for working capital.

We address this issue by providing alternative study where we classify both the general corporate purpose and working capital as a vague prospectus disclosure (non-specific disclosure). We employ a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed14. As reported in **Table 9**, the results are more pronounce as suggested by higher significance level of the coefficients of *Expected Turnover* in model (2) and model (3)[15]. The results confirm our conclusion earlier that the issuing firm with an anticipation of low turnover choose to discriminate more concrete information rather than general uses.

Together with the findings from OLS model reported in **Table 6**, the results suggest that there is greater disclosure of proceeds use specific in terms of both the extent and frequency when the aftermarket trading volume is expected to be low. The issuers with an anticipation of low aftermarket turnover not only reveal their plans to do with proceeds more but also provide specific details on each plan.

[15] The regression results excluding control variables and fixed effect are reported in **Appendix 11-13**.

Table 9: Binomial logistic regressions of disclosure specificity 2

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed. Expected Turnover in model (1) is estimated from the actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-2.361***	-0.640***	-0.076**
	(0.003)	(0.003)	(0.044)
Ln(Firm Size)	-0.106*	-0.061	-0.056
	(0.078)	(0.610)	(0.556)
Leverage	0.004	-0.020	0.022
	(0.931)	(0.664)	(0.571)
Insider Holdings	-0.090	0.036	-0.223
	(0.539)	(0.939)	(0.260)
dumTech	0.097	-0.744	-0.098
	(0.628)	(0.160)	(0.600)
Constant	1.859***	1.868	1.914***
	(0.001)	(0.191)	(0.003)
No. of observations	2,946	1,426	2,840
Pseudo R-squared (%)	19.54%	32.40%	19.16%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

	Frequency	Percentage
General corporate purpose and/or working capital	357	9.71%
Specific disclosure	3,320	90.29%
Total	**3,677**	**100.00%**

6.1.3 Robustness test

6.1.3.1 Alternative control variables

We use alternative variables to control for Issue size and leverage in **Eq. (1)** and **Eq. (4)** as follows:

- *Issue Size*: In the main regression, we adopt firm size to control for size of IPO that might have impact on issuer's disclosure decision. As for robustness test, we use issue size to directly control for size of IPO issuance (in terms of the proceeds raised) since some large firms only offer small portions of their existing shares in IPO stage. Larger IPOs in term of issue size are likely to provide more information since they have higher incentive for huge proceeds and need ensure that the issue is fully subscribed by the public. They could also get more benefits due to economies of scale.
- *Leverage*: We use total debt to total assets ratio at year of issuance to control for leverage. Issuing firms with high leverage are likely to ensure investors' subscription since it relates to their deleveraging, hence they have higher incentive to disclose more.

The results are given in **Table 10**. **Panel A** is an OLS model of **Eq. (1)** and **Panel B** is a Logistic model of **Eq. (4)**. The negative coefficients of *Expected Turnover* are estimated and are held across all models. For the results in **Panel A**, the *Expected Turnover*'s coefficients both in **model (1)** and **model (2)** are significant while it is insignificant in **model (3)** [16]. These findings are similar to the results previously shown in **Table 6**. In addition, the adjusted R-squared is also higher in all models, comparing to the results in **Table 6**. The robustness test in Panel A shows that our results from OLS model are robust despite different proxies for control variables incorporated in the model. For Panel B, the coefficients of *Expected Turnove*r become smaller in all models, making the coefficients in **model (2)** and **model (3)** become insignificant, comparing to 5% and 10% significance level reported in Table 7, respectively[17].

[16] The OLS regression results excluding control variables and fixed effect are reported in **Appendix 14-16**.
[17] The Logit regression results excluding control variables and fixed effect are reported in **Appendix 17-19**.

For the results of the alternative control variables, the coefficient of *Issue Size* in **model (3)** is positive and is statistically significant at 10%, indicating that larger issuers tend to provide more information on the proceeds uses. On the other hand, *Leverage* has inconsistent sign of coefficient with our prediction and is insignificant, suggesting the differences in financial leverage across firms are not associated with changes in the degree of disclosure.

Table 10: Robustness test for the regression of disclosure specificity: Alternative control variables

In both Panel A and Panel B, the expected turnover in model (1) is estimated from actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. Panel A is an OLS regression with the dependent variable as the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Panel B is a Logistic regression with the dependent variable as a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.
***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

Panel A: OLS regressions of the decision to disclose

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-0.459**	-0.039*	-0.021
	(0.034)	(0.053)	(0.267)
Ln(Issue Size)	0.006	0.008	0.012*
	(0.350)	(0.128)	(0.077)
Ln(Leverage)	-0.007	-0.010	-0.007
	(0.240)	(0.554)	(0.388)
Insider Holdings	0.001	0.041	-0.007
	(0.981)	(0.139)	(0.780)
dumTech	0.145**	0.112	0.116
	(0.026)	(0.391)	(0.139)
Constant	0.656***	0.592**	0.641***
	(0.000)	(0.017)	(0.000)
No. of observations	1,477	890	1,501
Adjusted R-squared (%)	11.46%	17.06%	11.40%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

Table 10 (continued)
Robustness test for the regression of disclosure specificity: Alternative control variables

Panel B: Logistic regressions of the decision to disclose

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-1.744***	-0.378	-0.141
	(0.002)	(0.151)	(0.278)
Ln(Issue Size)	-0.018	0.136	0.033
	(0.805)	(0.303)	(0.752)
Ln(Leverage)	-0.083	-0.166	-0.111
	(0.360)	(0.377)	(0.290)
Insider Holdings	0.048	0.306	-0.145
	(0.906)	(0.502)	(0.710)
dumTech	0.397	-0.179	0.022
	(0.280)	(0.842)	(0.956)
Constant	1.506***	1.937**	1.509***
	(0.000)	(0.042)	(0.003)
No. of observations	1,311	657	1,303
Pseudo R-squared (%)	17.83%	30.36%	17.31%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

	Frequency	Percentage
General corporate purpose	263	7.15%
Specific disclosure	3,414	92.85%
Total	**3,677**	**100.00%**

6.1.3.2 Alternative window periods for expected turnover estimations

Since our main independent variable, *Expected Turnover*, is an ex-ante aftermarket turnover which is conditional on information known at the time of the IPO. In our main disclosure specificity regression of **Eq. (1)** and **Eq. (4)** as shown the results in **Table 6** and **7**, we adopt the 36-month window period ending 3 months before the first trading date for expected turnover approach 1 and approach 2, and adopt the 24-month window period ending 3 months before the first trading date for expected turnover approach 3. As robustness test, we use alternative length of window periods for expected turnover estimations where we adopt 24-month window period for expected turnover approach 1 and approach 2, and 12-month window for expected turnover approach 3.

Starting with the results for robustness test of **Eq. (1) (OLS model)**[18], as reported in **Panel A** of **Table 11**, the sign of coefficients of *Expected Turnover* and other explanatory variables across 3 models is similar to our main regression reported in **Table 6**, expect **model (3)**. In **model (1)** and **model (2)**, the coefficients of *Expected Turnover* show negative signs which support *hypothesis 1*. However, the coefficients are smaller and become insignificant. Shorter window periods for expected turnover estimations reduce number of preceding IPOs used to estimate expected turnover. Except for Australia where there were 80 IPOs offered each year on average, Indonesia, Philippine, Singapore, and Thailand are relatively small IPO market where there were only 10-20 IPOs each year. For decision markers to justify their expected turnover, sufficient number of preceding IPOs is required. Hence, 24-month window period may not provide enough preceding IPOs for decision markers to estimate their expected turnover.

In **model (3)**, the sign of coefficient of *Expected Turnover* was reversed to positive sign and insignificant. One plausible explanation is that, since expected turnover approach 3 is estimated from actual run-up of market-wide turnover 1 year before the offering, IPO issues may not consider market turnover as an indicator for its aftermarket turnover but overall market activities around the offering period. IPO issues increase their disclosure of use of proceeds when anticipate high trading volume in the market in the hope of taking advantage of increased market activities.

As reported in **Panel B**, the results of robustness test for **Eq. (4) (Logistic model)**[19], the coefficients of *Expected Turnover* are consistently reported as negative sign and they become smaller across 3 models, making the *Expected Turnover* 's coefficient in **model (1)** becomes less significant at 5% and **model (2)** and **model (3)** become insignificant.

[18] The OLS regression results excluding control variables and fixed effect are reported in **Appendix 20-22**.
[19] The Logit regression results excluding control variables and fixed effect are reported in **Appendix 23-25**.

Table 11: Robustness test for the regression of disclosure specificity: Alternative window periods for turnover estimations

Panel A is an OLS regression with the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0 as the dependent variable. Panel B is a Logistic regression in which the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. In both Panel A and Panel B, the expected turnover in model (1) is estimated from actual turnover of preceding IPOs matched by country and firm size. In model (2), it is estimated by running regression on firm-specific characteristic variables. In model (3), we use a run-up of market-wide turnover as estimated turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

Panel A: OLS regressions

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-0.520	-0.010	0.001
	(0.129)	(0.620)	(0.934)
Ln(Firm Size)	-0.007	0.002	-0.005
	(0.139)	(0.690)	(0.202)
Ln(Leverage)	0.014***	0.007	0.017**
	(0.001)	(0.163)	(0.014)
Insider Holdings	-0.026	-0.034	-0.027
	(0.221)	(0.393)	(0.191)
dumTech	0.087**	0.072	0.084***
	(0.014)	(0.257)	(0.007)
Constant	0.718***	0.649**	0.692***
	(0.000)	(0.010)	(0.000)
No. of observations	2,900	1,801	2,945
Adjusted R-squared (%)	9.48%	12.98%	9.71%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

Table 11 (continued)
Robustness test for the regression of disclosure specificity: Alternative window periods for turnover estimations

Panel B: Logistic regressions

	Regression coefficients		
Explanatory variables	(1)	(2)	(3)
Expected Turnover	-2.147***	-0.075	-0.053
	(0.000)	(0.458)	(0.700)
Ln(Firm Size)	-0.082	0.026	-0.040
	(0.203)	(0.797)	(0.695)
Ln(Leverage)	-0.047	-0.004	-0.007
	(0.457)	(0.946)	(0.903)
Insider Holdings	-0.083	0.015	-0.132
	(0.661)	(0.947)	(0.518)
dumTech	-0.026	-0.178	-0.275
	(0.904)	(0.732)	(0.134)
Constant	2.158***	3.464***	2.071***
	(0.000)	(0.000)	(0.000)
No. of observations	2,900	1,496	2,945
Pseudo R-squared (%)	19.86%	35.47%	20.05%
Country fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Industry fixed effect	Yes	Yes	Yes

	Frequency	Percentage
General corporate purpose	263	7.15%
Specific disclosure	3,414	92.85%
Total	**3,677**	**100.00%**

6.2 Hypothesis 2: Measuring the impact of the disclosure of uses of proceeds on aftermarket turnover

Table 12 reports the regression results of **Eq. (5).** In all models, the coefficients of *Disclosure* are generally not consistent with *hypothesis 2* since it shows negative sign and is insignificant. The negative and insignificant sign remains regardless of the control variables and fixed effects included[20].

I provide two more sets of study to see whether the results would be different with different measurement of *Turnover* and *Disclosure* variable. The first alternative regression is to employ shorter and longer window periods for aftermarket turnover estimations. In our baselined regression reported in **Table 12**, we use average daily trading turnover in the first four weeks of trading as the dependent variable. As reported in **Appendix 27**, the dependent variable in **Panel A** is the actual turnover in aftermarket measured from average daily trading turnover in the first week of trading. In **Panel B**, we use average daily trading turnover in the first 8 weeks of trading to measure the dependent variable. The second alternative regression is to use a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed. The regression results are reported in **Appendix 28**. The results are consistent across 3 sets of study both in terms of the coefficients of *Disclosure* variable and other explanatory variables.

[20] The OLS regression results for **Eq. (5)** excluding control variables and fixed effect are reported in **Appendix 26**.

Table 12: Ordinary least squares regressions of the impact of the disclosure of uses of proceeds on aftermarket turnover

In all models, the dependent variable is the average daily trading turnover in the first 4 weeks of trading while the independent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. All explanatory variables are defined as in Table 4. The robust standard errors are clustered by country. Coefficients of year, industry and country dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients				
Explanatory variables	(1)	(2)	(3)	(4)	(5)
Disclosure	-0.012	-0.015	-0.007	-0.004	-0.004
	(0.264)	(0.271)	(0.324)	(0.363)	(0.376)
Ln(Firm Size)		0.001	-0.004	-0.003	-0.003
		(0.101)	(0.388)	(0.386)	(0.407)
Ln(Underpricing)		-0.004	0.003	0.004	0.003
		(0.104)	(0.405)	(0.340)	(0.346)
Insider Holdings		0.014	0.002	0.004	0.004
		(0.377)	(0.854)	(0.737)	(0.739)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.310)	(0.437)	(0.228)	(0.232)
dumPricing		-0.000	-0.003	-0.002	-0.002
		(0.981)	(0.335)	(0.346)	(0.369)
dumExchange		-0.065*	-0.023	-0.025	-0.025
		(0.088)	(0.233)	(0.193)	(0.186)
Constant	0.034	0.090*	0.044*	0.078	0.078
	(0.195)	(0.053)	(0.093)	(0.203)	(0.192)
No. of observations	3,143	1,978	1,978	1,978	1,978
Adjusted R-squared (%)	0.58%	18.05%	34.64%[21]	36.16%	36.17%
Country fixed effect			Yes	Yes	Yes
Year fixed effect				Yes	Yes
Industry fixed effect					Yes

We initially hypothesize that investors react favorably to additional contents in prospectus regarding the uses of proceeds. However, the results suggest that there is no convincing evidence or statistical difference between firm with higher details disclosure and lower details disclosure based on the magnitudes of actual aftermarket turnover. Though insignificantly, the negative relationship between number of uses of IPO proceeds disclosed and aftermarket turnover suggests us that issuing firms that provide

[21] Adjusted R-squared increases notably after incorporation of country fixed effect, illustrating explanatory power country-level factors have in explaining the level of trading turnover. Such unobservable time-invariant country characteristics include, for example, culture, history, response behavior, legal system, formal institutions, legal protection and enforcement that are not captured by available measures.

more information on uses of proceeds experience less turnover in aftermarket. There are two plausible explanations for this finding: 1) The information in the use of proceeds may already be adsorbed by investors during pre-IPO period. The extant literature suggests that the declarations on designated IPO fund uses create a more informed environment, boosting subscription demand **(Walker & Yost, 2008).** 2) Issuing firms that provide specific plans to do with proceeds are considered to be high-potential firms with concrete plans for future expansion. Therefore, investors who were allocated shares during IPO do not sell out their shares once shares are listed. As shown in **Table 2**, the percentage of free float shares after IPO are around 60% of total share outstanding on average. Hence, less shares sold by minority shareholders, less trading turnover in the aftermarket.

Moreover, the insignificant coefficients of Disclosure variable could be due to investors' perception on information contents of each use-of-proceeds items. Plenty of studies conclude that investors perceive firm's disclosure of the uses of proceeds differently. On the one hand, the intended uses of proceeds serve as a proxy for the ex-ante uncertainty **(Beatty & Ritter, 1986).** High-risk issuers tend to disclose a higher number of the uses of proceed than well-established issuers, hence investors demand more discount (higher underpricing) from the issuers with higher numbers of use of proceeds disclosed. Another stand of literature argues that the increased disclosure of uses of proceeds leads to an increase in the IPO offer price and less underpricing because it reduces expected uncertainty regarding true value of securities in aftermarket **(Ekkayokkaya & Pengniti, 2012; Leone et al., 2007).**

On grounds of this, the positive relationships between the disclosure of the uses of proceeds and aftermarket turnover that come from investors' favorable reactions may be offset by negative relationship that come from investors' unfavorable reactions.

For the results for control variables, as reported in **model (5).** *Underpricing* and *Market Turnover* show sign as expected. Though insignificant, the results show positive relations between the aftermarket turnover and underpricing, consistent with previous literature's argument that underpricing creates ownership dispersion and leads to an increase in trading volume in secondary market **(Booth & Chua, 1996).** The coefficient

of *Market Turnover* is positive, suggesting that higher market turnover 1 month prior to first trading date of given IPO increases trading volume when IPO is listed in the market. *For Firm Size, Insider Holdings, dumPricing and dumExchange,* the coefficient of each variable is inconsistent with our prediction. *Firm Size, dumPricing* and *dumExchange* is negatively related to trading turnover while *Insider Holdings* is positively related. Small firm employing fixed price method, traded on alternative exchange and has high percentage of insider holdings after offering is likely to be associated with more uncertainty and higher asymmetric information. One plausible explanation to these findings is that investors who were allocated IPO shares immediately sell their shares once the stocks are traded since there is an uncertainty about firms' outlook, making trading turnover relatively high during the first 4 weeks of trading.

Chapter 7

Conclusion

Our study aims to provide empirical evidence to support the idea of signaling in a situation with high information asymmetry. We attempt to understand how IPO issuers' concern with their aftermarket trading volume may affect their disclosure decision of the uses of proceeds. The sample consists of IPOs between January 1, 2000 and December 31, 2019 from 5 countries, including Australia, Indonesia, Philippine, Singapore, and Thailand.

We hypothesize that the degree of disclosure of the uses of proceeds increases as IPO firms anticipate at the time of issue low aftermarket trading volume. This relationship assumes the disclosure is utilized to signal the growth potential of the company and to gain interests from the market participant through a reduction of asymmetry information. In addition, we examine the capital market consequence of the disclosure on the actual turnover where we predict that firms with highly detailed disclosure would experience high volume of trading in the aftermarket. This prediction is to confirm theoretical literature's argument that the corporate disclosure improves liquidity by reducing the information asymmetry.

We have two key empirical findings. First, we document a positive relation between the degree of disclosure of the uses of proceeds and the expected trading turnover. The results are more pronounce when the expected turnover is estimated using the information of preceding IPOs. The findings suggest that IPO issuer makes use of trading information of preceding IPOs with characteristics similar to itself to predict trading turnover and increases its disclosure of uses of proceeds to address the anticipated low trading volume accordingly. Our results are robust to alternative model specifications.

Second, we find no convincing evidence that the greater disclosure of what the firms plan to do with the money from the IPO improves their trading volume in the aftermarket. We conclude that the information content may already be adsorbed during the subscription period and the issuing firms with specific plans to do with proceeds are

high-growth potential firms, hence, investors who allocated IPO shares may sell out less shares once shares are listed. Moreover, we provide plausible explanation that investors perceive differently to each use-of-proceeds item.

For future research, it is interesting to study the nature of the information embedded in each uses of proceeds. For example, raising fund for acquiring another company provides more concrete reason than raising fund for a general corporate purpose. Investment for a growth in operating cash flows may signal a more preferable future prospect than the repayment of existing debt. This data will require manual collection from each IPO prospectus, but I believe that the use of proceeds disclosure categories will provide incremental information that can help us understand its relationship with trading activities better.

Appendix

Country abbreviation

AU	Australia	SG	Singapore
IN	Indonesia	TH	Thailand
PH	Philippine		

Appendix 1: Distributions of number of uses of proceeds disclosed by country

No[22]	Country											
	AU	%	IN	%	PH	%	SG	%	TH	%	Total	%
1	285	*13.0%*	56	*17.0%*	15	*15.3%*	72	*12.5%*	133	*27.5%*	561	*15.3%*
2	951	*43.4%*	139	*42.2%*	36	*36.7%*	209	*36.3%*	158	*32.6%*	1,493	*40.6%*
3	646	*29.5%*	92	*28.0%*	32	*32.7%*	186	*32.3%*	119	*24.6%*	1,075	*29.2%*
4	205	*9.4%*	34	*10.3%*	9	*9.2%*	79	*13.7%*	55	*11.4%*	382	*10.4%*
5	65	*3.0%*	8	*2.4%*	4	*4.1%*	25	*4.3%*	15	*3.1%*	117	*3.2%*
6	28	*1.3%*	0	*0.0%*	0	*0.0%*	5	*0.9%*	3	*0.6%*	36	*1.0%*
7	9	*0.4%*	0	*0.0%*	2	*2.0%*	0	*0.0%*	1	*0.2%*	12	*0.3%*
Total	**2,189**	***100.0%***	**329**	***100.0%***	**98**	***100.0%***	**576**	***100.0%***	**484**	***100.0%***	**3,676**	***100.0%***

[22] Number of uses of IPO proceeds disclosed

[23] Number of uses of IPO proceeds disclosed

Industry code			
1	Basic Materials	5	Financial
2	Communications	6	Industrial
3	Consumer	7	Technology
4	Energy	8	Utilities

Appendix 2: Distributions of number of uses of IPO proceeds disclosed by industry

No[23]	Industry																	
	1	*%*	**2**	*%*	**3**	*%*	**4**	*%*	**5**	*%*	**6**	*%*	**7**	*%*	**8**	*%*	**Total**	*%*
1	81	*9.1%*	47	*20.9%*	121	*13.0%*	39	*13.0%*	149	*28.0%*	84	*16.4%*	28	*12.1%*	11	*22.9%*	560	*15.3%*
2	435	*48.7%*	69	*30.7%*	345	*37.1%*	161	*53.5%*	185	*34.8%*	197	*38.6%*	79	*34.2%*	18	*37.5%*	1,489	*40.6%*
3	267	*29.9%*	66	*29.3%*	286	*30.8%*	68	*22.6%*	131	*24.6%*	160	*31.3%*	82	*35.5%*	15	*31.3%*	1,075	*29.3%*
4	72	*8.1%*	30	*13.3%*	136	*14.6%*	21	*7.0%*	52	*9.8%*	47	*9.2%*	21	*9.1%*	3	*6.3%*	382	*10.4%*
5	23	*2.6%*	12	*5.3%*	31	*3.3%*	8	*2.7%*	11	*2.1%*	16	*3.1%*	15	*6.5%*	1	*2.1%*	117	*3.2%*
6	11	*1.2%*	1	*0.4%*	6	*0.6%*	4	*1.3%*	2	*0.4%*	6	*1.2%*	6	*2.6%*	0	*0.0%*	36	*1.0%*
7	5	*0.6%*	0	*0.0%*	4	*0.4%*	0	*0.0%*	2	*0.4%*	1	*0.2%*	0	*0.0%*	0	*0.0%*	12	*0.3%*
Total	**894**	***100%***	**225**	***100.0%***	**929**	***100.0%***	**301**	***100.0%***	**532**	***100.0%***	**511**	***100.0%***	**231**	***100.0%***	**48**	***100.0%***	**3,671**	***100.0%***

[24] Number of uses of IPO proceeds disclosed

Appendix 3: Distributions of number of uses of IPO proceeds disclosed by year

No[24]	Year																					
	2000	%	2001	%	2002	%	2003	%	2004	%	2005	%	2006	%	2007	%	2008	%	2009	%	2010	%
1	51	*28%*	31	*25%*	36	*30%*	52	*30%*	95	*31%*	40	*15%*	33	*13%*	38	*12%*	16	*12%*	18	*19%*	14	*9%*
2	69	*37%*	53	*43%*	43	*36%*	66	*39%*	117	*39%*	125	*46%*	105	*42%*	141	*46%*	62	*46%*	30	*31%*	70	*45%*
3	49	*26%*	32	*26%*	35	*29%*	34	*20%*	60	*20%*	62	*23%*	69	*27%*	73	*24%*	27	*20%*	34	*35%*	47	*31%*
4	13	*7%*	4	*3%*	6	*5%*	14	*8%*	23	*8%*	29	*11%*	18	*7%*	27	*9%*	19	*14%*	6	*6%*	19	*12%*
5	3	*2%*	2	*2%*	0	*0%*	4	*2%*	6	*2%*	11	*4%*	15	*6%*	16	*5%*	9	*7%*	7	*7%*	2	*1%*
6	0	*0%*	0	*0%*	0	*0%*	1	*1%*	2	*1%*	4	*1%*	6	*2%*	7	*2%*	1	*1%*	1	*1%*	2	*1%*
7	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	2	*1%*	5	*2%*	4	*1%*	1	*1%*	0	*0%*	0	*0%*
Total	**185**	***100%***	**122**	***100%***	**120**	***100%***	**171**	***100%***	**303**	***100%***	**273**	***100%***	**251**	***100%***	**306**	***100%***	**135**	***100%***	**96**	***100%***	**154**	***100%***

No	Year (continued)																			
	2011	%	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%	Total	%
1	21	*12%*	13	*9%*	30	*19%*	16	*9%*	15	*9%*	7	*5%*	8	*4%*	7	*4%*	11	*8%*	552	*15%*
2	82	*47%*	94	*69%*	75	*49%*	77	*43%*	63	*38%*	50	*32%*	66	*32%*	47	*26%*	32	*24%*	1,467	*41%*
3	59	*34%*	25	*18%*	35	*23%*	56	*31%*	68	*40%*	65	*42%*	80	*39%*	71	*39%*	65	*50%*	1,046	*29%*
4	9	*5%*	4	*3%*	9	*6%*	23	*13%*	17	*10%*	30	*19%*	42	*21%*	39	*22%*	20	*15%*	371	*10%*
5	4	*2%*	1	*1%*	4	*3%*	6	*3%*	4	*2%*	2	*1%*	6	*3%*	12	*7%*	2	*2%*	116	*3%*
6	0	*0%*	0	*0%*	1	*1%*	1	*1%*	1	*1%*	1	*1%*	2	*1%*	5	*3%*	1	*1%*	36	*1%*
7	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	0	*0%*	12	*0%*
Total	**175**	***100%***	**137**	***100%***	**154**	***100%***	**179**	***100%***	**168**	***100%***	**155**	***100%***	**204**	***100%***	**181**	***100%***	**131**	***100%***	**3,600**	***100%***

Appendix 4: Descriptive statistics of IPOs by number of uses of proceeds disclosed.

The sample consists of 3,677 IPOs made during 2000-2019. All variables are defined as in Chapter 5 Methodology

		Total	Number of uses of proceeds disclosed (item)						
			1	2	3	4	5	6	7
	Number of issues	N=3,677	N=561	N=1,494	N=1,075	N=382	N=117	N=36	N=12
Panel A: Issuer characteristics									
Firm size (USD mn)	Mean	129.70	257.13	106.80	100.90	120.50	156.41	51.49	112.32
	Median	13.70	23.01	11.52	13.17	15.50	12.07	5.36	26.46
Issue size (USD mn)	Mean	46.46	69.75	39.89	45.36	40.19	51.61	32.45	65.01
	Median	6.81	8.34	5.90	7.05	8.08	7.17	5.54	12.66
Leverage (%)	Mean	36.43	25.31	29.18	39.38	64.85	38.34	116.72	13.01
	Median	10.77	15.57	5.20	16.02	21.45	14.75	5.03	4.54
Insider holdings (%)	Mean	40.44	37.02	40.87	41.02	43.76	39.42	32.78	25.33
	Median	43.00	37.00	44.00	43.00	49.00	43.00	32.00	29.50
Underpricing (%)	Mean	38.30	28.90	46.70	38.40	27.70	19.90	24.90	-1.30
	Median	3.70	0.00	4.70	5.00	4.90	3.80	4.00	-11.30
Panel B: Expected turnover									
Approach 1 (time)	Mean	0.03	0.04	0.02	0.02	0.03	0.03	0.02	0.02
	Median	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Approach 2 (time)	Mean	0.02	0.02	0.03	0.00	0.03	0.02	0.01	0.02
	Median	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Approach 3 (%)	Mean	25.40	32.50	23.80	23.00	22.50	27.20	27.90	161.70
	Median	23.60	29.80	25.10	19.70	19.00	31.90	40.80	60.30
Panel C: Aftermarket turnover									
First 8 weeks of trading (time)	Mean	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01
	Median	0.00	0.01	0.00	0.00	0.01	0.01	0.00	0.00
First 4 weeks of trading (time)	Mean	0.02	0.03	0.02	0.02	0.02	0.02	0.01	0.02
	Median	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00
First week of trading (time)	Mean	0.06	0.08	0.06	0.05	0.05	0.05	0.02	0.04
	Median	0.01	0.02	0.01	0.01	0.02	0.02	0.01	0.01

Appendix 5: Ordinary least squares regressions of disclosure specificity 1: Expected turnover approach 1

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.912***	-1.086***	-0.951***	-0.869**	-1.105***	-0.516	-0.953***	-0.907**	-0.536*
	(0.002)	(0.001)	(0.003)	(0.016)	(0.002)	(0.115)	(0.004)	(0.012)	(0.099)
Ln(Firm Size)		-0.015***	-0.010	-0.012**	-0.014***	-0.007	-0.009	-0.013**	-0.007
		(0.008)	(0.181)	(0.048)	(0.007)	(0.192)	(0.221)	(0.027)	(0.170)
Ln(Leverage)		0.018**	0.020***	0.015***	0.016**	0.017***	0.018***	0.012***	0.014***
		(0.015)	(0.003)	(0.003)	(0.011)	(0.001)	(0.002)	(0.005)	(0.001)
Insider Holdings		-0.008	0.021	-0.038	-0.014	-0.026	0.016	-0.044	-0.029
		(0.785)	(0.566)	(0.221)	(0.635)	(0.165)	(0.682)	(0.140)	(0.143)
dumTech		0.048	0.047	0.052	0.086**	0.051	0.083**	0.099**	0.089**
		(0.138)	(0.140)	(0.112)	(0.023)	(0.114)	(0.024)	(0.015)	(0.011)
Constant	0.941***	0.949***	0.932***	0.764***	0.947***	0.725***	0.929***	0.747***	0.710***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,024	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946
Adjusted R-squared (%)	1.14%	1.92%	2.35%	8.15%	2.29%	9.19%	2.68%	8.50%	9.44%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 6: Ordinary least squares regressions of disclosure specificity 1: Expected turnover approach 2

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.010*	-0.014*	-0.011**	-0.028	-0.018*	-0.033**	-0.017**	-0.036*	-0.040**
	(0.064)	(0.055)	(0.021)	(0.168)	(0.053)	(0.050)	(0.027)	(0.098)	(0.038)
Ln(Firm Size)		-0.015**	-0.003	-0.006	-0.012	-0.005	-0.002	-0.006	-0.004
		(0.019)	(0.684)	(0.223)	(0.228)	(0.121)	(0.869)	(0.181)	(0.180)
Ln(Leverage)		0.012	0.022***	0.011**	0.009	0.013***	0.018***	0.007*	0.010*
		(0.206)	(0.000)	(0.014)	(0.111)	(0.009)	(0.004)	(0.070)	(0.078)
Insider Holdings		-0.040	0.008	0.024	-0.045	-0.003	0.002	0.016	-0.004
		(0.362)	(0.867)	(0.560)	(0.365)	(0.930)	(0.961)	(0.674)	(0.911)
dumTech		0.036	0.037	0.032	0.070	0.038	0.076	0.082	0.071
		(0.636)	(0.570)	(0.577)	(0.517)	(0.456)	(0.420)	(0.198)	(0.293)
Constant	0.954***	0.985***	0.968***	0.661**	0.987***	0.636**	0.960***	0.629**	0.617**
	(0.000)	(0.000)	(0.000)	(0.019)	(0.000)	(0.014)	(0.000)	(0.019)	(0.015)
No. of observations	1,693	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674
Adjusted R-squared (%)	-0.05%	0.34%	4.06%	10.51%	0.96%	14.36%	4.78%	11.27%	14.91%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 7: Ordinary least squares regressions of disclosure specificity 1: Expected turnover approach 3

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual run-up of market-wide turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.
***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.009	-0.013	-0.012	-0.019	-0.014	-0.014	-0.013	-0.019	-0.014
	(0.760)	(0.688)	(0.689)	(0.519)	(0.667)	(0.565)	(0.673)	(0.488)	(0.529)
Ln(Firm Size)		-0.012	-0.005	-0.009	-0.007	-0.003	-0.002	-0.006	-0.002
		(0.178)	(0.649)	(0.113)	(0.424)	(0.553)	(0.858)	(0.219)	(0.781)
Ln(Leverage)		0.014**	0.020***	0.013***	0.013***	0.017***	0.018***	0.011***	0.015***
		(0.029)	(0.000)	(0.004)	(0.009)	(0.002)	(0.000)	(0.003)	(0.004)
Insider Holdings		-0.033	0.015	-0.058*	-0.035	-0.030	0.008	-0.062*	-0.034*
		(0.165)	(0.629)	(0.076)	(0.216)	(0.103)	(0.798)	(0.063)	(0.092)
dumTech		0.040	0.037	0.047	0.066	0.044	0.066	0.084**	0.077**
		(0.211)	(0.247)	(0.133)	(0.140)	(0.168)	(0.116)	(0.021)	(0.025)
Constant	0.910***	0.934***	0.918***	0.751***	0.942***	0.715***	0.922***	0.746***	0.708***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,408	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935
Adjusted R-squared (%)	0.00%	0.51%	1.73%	7.72%	0.96%	9.31%	2.09%	8.01%	9.53%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 8: Binomial logistic regressions of disclosure specificity 1: Expected turnover approach 1

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-8.034***	-9.073***	-4.842***	-8.898***	-8.611***	-2.574***	-4.525***	-8.922***	-2.562***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)
Ln(Firm Size)		-0.174**	-0.074	-0.212***	-0.119**	-0.108	-0.028	-0.174***	-0.077
		(0.032)	(0.574)	(0.002)	(0.026)	(0.332)	(0.779)	(0.000)	(0.378)
Ln(Leverage)		-0.056*	-0.003	-0.079**	-0.056	-0.031	-0.014	-0.091**	-0.045
		(0.067)	(0.949)	(0.017)	(0.179)	(0.559)	(0.724)	(0.042)	(0.437)
Insider Holdings		0.129	0.720***	-0.340*	0.109	-0.057	0.665**	-0.384**	-0.107
		(0.504)	(0.007)	(0.070)	(0.578)	(0.781)	(0.010)	(0.044)	(0.573)
dumTech		-0.368***	-0.384***	-0.241	-0.316*	-0.230	-0.291	0.097	0.029
		(0.000)	(0.000)	(0.229)	(0.099)	(0.152)	(0.279)	(0.550)	(0.866)
Constant	2.957***	3.684***	3.484***	2.535***	3.923***	2.018***	3.658***	2.649***	2.099***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,024	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946
Pseudo R-squared (%)	3.37%	5.38%	7.74%	15.59%	6.35%	19.48%	8.52%	16.36%	19.98%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 9: Binomial logistic regressions of disclosure specificity 1: Expected turnover approach 2

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.341	-0.336	-0.092	-0.431*	-0.204	-0.630***	-0.111**	-0.396	-0.606**
	(0.279)	(0.221)	(0.121)	(0.072)	(0.352)	(0.005)	(0.012)	(0.106)	(0.012)
Ln(Firm Size)		-0.133	0.114	-0.144	-0.051	-0.097	0.167	-0.094	-0.048
		(0.365)	(0.464)	(0.266)	(0.688)	(0.443)	(0.264)	(0.418)	(0.691)
Ln(Leverage)		-0.142***	0.075*	-0.082**	-0.128***	0.028	0.048	-0.104***	0.011
		(0.002)	(0.069)	(0.022)	(0.000)	(0.549)	(0.249)	(0.009)	(0.833)
Insider Holdings		-0.147	0.837***	0.136	-0.122	0.176	0.758***	0.090	0.140
		(0.769)	(0.000)	(0.674)	(0.806)	(0.578)	(0.000)	(0.775)	(0.624)
dumTech		-0.459*	-0.343**	-0.526*	-0.791	-0.314	-0.335	-0.612*	-0.397
		(0.051)	(0.047)	(0.096)	(0.126)	(0.291)	(0.587)	(0.077)	(0.508)
Constant	2.856***	3.742**	4.632***	1.579	4.280***	3.041***	4.664***	1.809*	3.147***
	(0.000)	(0.010)	(0.000)	(0.146)	(0.006)	(0.001)	(0.000)	(0.089)	(0.000)
No. of observations	1,693	1,674	1,674	1,274	1,674	1,274	1,674	1,274	1,274
Pseudo R-squared (%)	0.11%	2.31%	23.10%	18.03%	5.31%	34.52%	24.88%	19.67%	35.38%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 10: Binomial logistic regressions of disclosure specificity 1: Expected turnover approach 3

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual run-up of market-wide turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.
***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.212	-0.269	-0.274	-0.355	-0.279	-0.225*	-0.273	-0.347*	-0.209*
	(0.338)	(0.265)	(0.254)	(0.110)	(0.227)	(0.071)	(0.227)	(0.099)	(0.085)
Ln(Firm Size)		-0.098	-0.013	-0.105	-0.024	-0.042	0.037	-0.054	-0.009
		(0.449)	(0.942)	(0.319)	(0.819)	(0.768)	(0.788)	(0.527)	(0.939)
Ln(Leverage)		-0.104***	-0.013	-0.113***	-0.082**	-0.039	-0.020	-0.111***	-0.052
		(0.000)	(0.800)	(0.000)	(0.010)	(0.428)	(0.604)	(0.002)	(0.275)
Insider Holdings		-0.227	0.481*	-0.560***	-0.178	-0.146	0.432	-0.559***	-0.196
		(0.267)	(0.078)	(0.000)	(0.421)	(0.555)	(0.123)	(0.000)	(0.383)
dumTech		-0.405***	-0.447***	-0.296	-0.705***	-0.300	-0.641**	-0.332*	-0.237
		(0.000)	(0.000)	(0.191)	(0.005)	(0.123)	(0.030)	(0.086)	(0.111)
Constant	2.678***	3.503***	3.436***	2.377***	4.036***	1.976***	3.844***	2.777***	2.253***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,408	2,935	2,935	2,840	2,935	2,840	2,935	2,840	2,840
Pseudo R-squared (%)	0.39%	2.09%	6.90%	14.25%	4.30%	19.53%	8.39%	15.54%	20.40%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 11: Binomial logistic regressions of disclosure specificity 2: Expected turnover approach 1

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-6.927***	-8.133***	-4.787***	-7.003***	-7.659***	-2.477***	-4.319***	-6.947***	-2.361***
	(0.000)	(0.000)	(0.002)	(0.000)	(0.000)	(0.004)	(0.001)	(0.000)	(0.003)
Ln(Firm Size)		-0.148**	-0.100	-0.185***	-0.092**	-0.140*	-0.049	-0.147***	-0.106*
		(0.027)	(0.365)	(0.001)	(0.026)	(0.097)	(0.549)	(0.000)	(0.078)
Ln(Leverage)		0.001	0.024	-0.010	0.005	0.005	0.024	-0.015	0.004
		(0.966)	(0.376)	(0.775)	(0.926)	(0.880)	(0.540)	(0.746)	(0.931)
Insider Holdings		0.430**	0.653**	0.022	0.423**	-0.046	0.605**	-0.007	-0.090
		(0.023)	(0.025)	(0.945)	(0.018)	(0.751)	(0.029)	(0.982)	(0.539)
dumTech		-0.129	-0.149	-0.063	0.016	-0.059	-0.054	0.248	0.097
		(0.413)	(0.360)	(0.760)	(0.935)	(0.760)	(0.802)	(0.154)	(0.628)
Constant	2.506***	2.839***	2.686***	2.097***	3.045***	1.672***	2.905***	2.241***	1.859***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
No. of observations	3,024	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946
Pseudo R-squared (%)	2.31%	3.52%	4.66%	15.98%	4.52%	19.13%	5.60%	16.57%	19.54%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 12: Binomial logistic regressions of disclosure specificity 2: Expected turnover approach 2

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed Expected Turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.396	-0.383	-0.148**	-0.447*	-0.254	-0.669***	-0.156***	-0.393	-0.640***
	(0.272)	(0.239)	(0.045)	(0.063)	(0.348)	(0.001)	(0.006)	(0.116)	(0.003)
Ln(Firm Size)		-0.127	0.071	-0.119	-0.053	-0.097	0.105	-0.064	-0.061
		(0.377)	(0.701)	(0.328)	(0.673)	(0.491)	(0.552)	(0.495)	(0.610)
Ln(Leverage)		-0.128***	0.058	-0.079*	-0.102***	-0.010	0.039	-0.083***	-0.020
		(0.000)	(0.193)	(0.053)	(0.000)	(0.845)	(0.282)	(0.007)	(0.664)
Insider Holdings		-0.192	0.628	0.182	-0.125	0.066	0.554	0.177	0.036
		(0.777)	(0.132)	(0.719)	(0.846)	(0.891)	(0.196)	(0.707)	(0.939)
dumTech		-0.425*	-0.364***	-0.506***	-0.809*	-0.352**	-0.570	-0.752**	-0.744
		(0.052)	(0.000)	(0.007)	(0.052)	(0.023)	(0.276)	(0.034)	(0.160)
Constant	2.542***	3.383**	3.691***	1.040	4.012**	1.463	3.988***	1.551	1.868
	(0.000)	(0.014)	(0.000)	(0.432)	(0.013)	(0.247)	(0.000)	(0.318)	(0.191)
No. of observations	1,693	1,674	1,674	1,426	1,674	1,426	1,674	1,426	1,426
Pseudo R-squared (%)	0.15%	2.22%	19.53%	17.52%	5.12%	31.70%	20.86%	18.89%	32.40%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 13: Binomial logistic regressions of disclosure specificity 2: Expected turnover approach 3

The sample consists of IPOs made during 2000-2019. In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed. Expected Turnover is estimated from actual run-up of market-wide turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.140	-0.161	-0.171	-0.246*	-0.168	-0.098***	-0.171	-0.229*	-0.076**
	(0.462)	(0.424)	(0.406)	(0.059)	(0.376)	(0.005)	(0.374)	(0.063)	(0.044)
Ln(Firm Size)		-0.096	-0.057	-0.113	-0.027	-0.091	-0.005	-0.064	-0.056
		(0.427)	(0.715)	(0.264)	(0.784)	(0.462)	(0.969)	(0.426)	(0.556)
Ln(Leverage)		-0.029	0.030	-0.025	-0.006	0.019	0.037	-0.017	0.022
		(0.424)	(0.324)	(0.536)	(0.908)	(0.592)	(0.230)	(0.718)	(0.571)
Insider Holdings		0.108	0.457*	-0.230	0.166	-0.180	0.417	-0.217	-0.223
		(0.458)	(0.069)	(0.375)	(0.292)	(0.331)	(0.104)	(0.410)	(0.260)
dumTech		-0.198	-0.224	-0.146	-0.251	-0.134	-0.277	-0.060	-0.098
		(0.348)	(0.266)	(0.570)	(0.409)	(0.570)	(0.320)	(0.805)	(0.600)
Constant	2.300***	2.681***	2.611***	1.981***	3.069***	1.578***	2.980***	2.314***	1.914***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.003)
No. of observations	3,408	2,935	2,935	2,840	2,935	2,840	2,935	2,840	2,840
Pseudo R-squared (%)	0.17%	0.80%	3.74%	14.25%	2.81%	18.20%	5.43%	15.39%	19.16%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 14: Robustness test for the regression of disclosure specificity: Alternative control variables for OLS regression & Expected turnover approach 1

We use alternative variables to control for size and leverage in Eq. (1). In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.912***	-1.109***	-0.769***	-1.042***	-1.103***	-0.450**	-0.766***	-1.044***	-0.459**
	(0.002)	(0.007)	(0.003)	(0.006)	(0.007)	(0.042)	(0.003)	(0.007)	(0.034)
Ln(Issue Size)		0.015**	0.020**	0.000	0.016***	0.006	0.020***	0.002	0.006
		(0.044)	(0.020)	(0.976)	(0.009)	(0.466)	(0.007)	(0.810)	(0.350)
Ln(Leverage)		-0.011**	-0.013**	-0.009	-0.007	-0.010*	-0.009	-0.005	-0.007
		(0.040)	(0.020)	(0.161)	(0.235)	(0.061)	(0.110)	(0.473)	(0.240)
Insider Holdings		0.042	0.098**	-0.021	0.035	0.005	0.090**	-0.028	0.001
		(0.122)	(0.028)	(0.262)	(0.134)	(0.877)	(0.021)	(0.133)	(0.981)
dumTech		0.062	0.054	0.063*	0.132	0.056	0.131	0.154**	0.145**
		(0.178)	(0.233)	(0.097)	(0.137)	(0.152)	(0.124)	(0.020)	(0.026)
Constant	0.941***	0.915***	0.917***	0.701***	0.906***	0.680***	0.901***	0.677***	0.656***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,024	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477
Adjusted R-squared (%)	1.14%	2.38%	3.06%	10.13%	2.82%	11.22%	3.43%	10.49%	11.46%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 15: Robustness test for the regression of disclosure specificity: Alternative control variables for OLS regression & Expected turnover approach 2

We use alternative variables to control for size and leverage in Eq. (1). In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.010*	-0.006	-0.010	-0.030	-0.009	-0.032*	-0.015	-0.037*	-0.039*
	(0.064)	(0.324)	(0.109)	(0.122)	(0.264)	(0.073)	(0.121)	(0.081)	(0.053)
Ln(Issue Size)		0.017	0.019*	0.003	0.021	0.005	0.020	0.007	0.008
		(0.129)	(0.080)	(0.517)	(0.178)	(0.143)	(0.182)	(0.161)	(0.128)
Ln(Leverage)		-0.011	-0.020	-0.008	-0.006	-0.014	-0.016	-0.003	-0.010
		(0.507)	(0.168)	(0.641)	(0.768)	(0.399)	(0.306)	(0.858)	(0.554)
Insider Holdings		0.025	0.090*	0.047*	0.024	0.036	0.088*	0.046**	0.041
		(0.508)	(0.098)	(0.051)	(0.538)	(0.181)	(0.091)	(0.013)	(0.139)
dumTech		0.038	0.023	0.027	0.105	0.026	0.106	0.129	0.112
		(0.651)	(0.744)	(0.647)	(0.554)	(0.589)	(0.534)	(0.315)	(0.391)
Constant	0.954***	0.914***	1.006***	0.602**	0.896***	0.656**	0.959***	0.533**	0.592**
	(0.000)	(0.001)	(0.000)	(0.039)	(0.001)	(0.015)	(0.000)	(0.043)	(0.017)
No. of observations	1,693	890	890	890	890	890	890	890	890
Adjusted R-squared (%)	-0.05%	-0.04%	5.34%	12.15%	0.37%	16.56%	5.67%	12.92%	17.06%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 16: Robustness test for the regression of disclosure specificity: Alternative control variables for OLS regression & Expected turnover approach 3

We use alternative variables to control for size and leverage in Eq. (1). In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual run-up of market-wide turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.009	-0.028	-0.028	-0.025	-0.029	-0.020	-0.029	-0.026	-0.021
	(0.760)	(0.396)	(0.370)	(0.301)	(0.362)	(0.306)	(0.346)	(0.263)	(0.267)
Ln(Issue Size)		0.022**	0.025***	0.009*	0.025***	0.011*	0.026**	0.012*	0.012*
		(0.011)	(0.009)	(0.083)	(0.010)	(0.079)	(0.013)	(0.080)	(0.077)
Ln(Leverage)		-0.007	-0.012*	-0.005	-0.003	-0.009	-0.008	-0.002	-0.007
		(0.370)	(0.080)	(0.602)	(0.714)	(0.195)	(0.268)	(0.859)	(0.388)
Insider Holdings		0.018	0.085*	-0.039**	0.017	-0.002	0.076*	-0.041**	-0.007
		(0.403)	(0.068)	(0.036)	(0.424)	(0.930)	(0.067)	(0.029)	(0.780)
dumTech		0.053	0.043	0.054	0.087	0.046	0.089	0.120	0.116
		(0.341)	(0.395)	(0.236)	(0.438)	(0.277)	(0.418)	(0.122)	(0.139)
Constant	0.910***	0.865***	0.896***	0.654***	0.876***	0.659***	0.891***	0.645***	0.641***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,408	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501
Adjusted R-squared (%)	0.00%	0.75%	2.21%	9.52%	1.31%	11.20%	2.59%	9.87%	11.40%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 17: Robustness test for the regression of disclosure specificity: Alternative control variables for Logistic regression & Expected turnover approach 1

We use alternative variables to control for size and leverage in Eq. (4). In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-8.034***	-7.486***	-3.548***	-8.128***	-7.242***	-1.717***	-3.377***	-8.184***	-1.744***
	(0.000)	(0.001)	(0.000)	(0.004)	(0.000)	(0.006)	(0.000)	(0.003)	(0.002)
Ln(Issue Size)		0.080	0.147*	-0.094	0.123***	-0.048	0.173***	-0.049	-0.018
		(0.226)	(0.084)	(0.143)	(0.000)	(0.518)	(0.004)	(0.485)	(0.805)
Ln(Leverage)		-0.106	-0.145	-0.083	-0.059	-0.115	-0.100	-0.044	-0.083
		(0.192)	(0.106)	(0.301)	(0.445)	(0.202)	(0.236)	(0.612)	(0.360)
Insider Holdings		0.482***	1.025***	-0.104	0.460***	0.091	0.969***	-0.182*	0.048
		(0.000)	(0.002)	(0.260)	(0.000)	(0.832)	(0.001)	(0.080)	(0.906)
dumTech		-0.154	-0.262	-0.032	-0.022	-0.109	0.029	0.390	0.397
		(0.577)	(0.325)	(0.936)	(0.930)	(0.797)	(0.909)	(0.168)	(0.280)
Constant	2.957***	2.559***	2.849***	1.630***	2.759***	1.581***	2.889***	1.686***	1.506***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,024	1,477	1,477	1,311	1,477	1,311	1,477	1,311	1,311
Pseudo R-squared (%)	3.37%	4.02%	6.90%	12.13%	5.53%	17.03%	8.17%	13.33%	17.83%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 18: Robustness test for the regression of disclosure specificity: Alternative control variables for Logistic regression & Expected turnover approach 2

We use alternative variables to control for size and leverage in Eq. (4). In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual turnover from preceding IPOs conditioning on firm-specific characteristic variables. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.341	-0.015	0.002	-0.174*	0.022	-0.380	-0.007	-0.179*	-0.378
	(0.279)	(0.861)	(0.954)	(0.091)	(0.715)	(0.300)	(0.826)	(0.093)	(0.151)
Ln(Issue Size)		0.280***	0.389***	0.084	0.304***	0.110	0.408***	0.111	0.136
		(0.008)	(0.002)	(0.309)	(0.005)	(0.172)	(0.003)	(0.312)	(0.303)
Ln(Leverage)		-0.140	-0.293***	-0.146	-0.086	-0.204	-0.266**	-0.086	-0.166
		(0.153)	(0.000)	(0.178)	(0.460)	(0.156)	(0.014)	(0.492)	(0.377)
Insider Holdings		0.341	1.027**	0.386	0.357	0.283	0.932***	0.361	0.306
		(0.477)	(0.036)	(0.214)	(0.295)	(0.574)	(0.004)	(0.244)	(0.502)
dumTech		-0.333	-0.413*	-0.437	-0.491	-0.210	-0.270	-0.197	-0.179
		(0.321)	(0.086)	(0.310)	(0.326)	(0.541)	(0.699)	(0.733)	(0.842)
Constant	2.856***	1.957*	4.095***	0.754	2.175	2.247**	3.806***	0.476	1.937**
	(0.000)	(0.063)	(0.000)	(0.402)	(0.109)	(0.023)	(0.000)	(0.629)	(0.042)
No. of observations	1,693	890	854	688	890	657	854	688	657
Pseudo R-squared (%)	0.11%	2.16%	19.34%	15.85%	4.31%	29.37%	20.85%	17.36%	30.36%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 19: Robustness test for the regression of disclosure specificity: Alternative control variables for Logistic regression & Expected turnover approach 3

We use alternative variables to control for size and leverage in Eq. (4). In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual run-up of market-wide turnover. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.212	-0.230	-0.264	-0.306	-0.245	-0.157	-0.259	-0.300*	-0.141
	(0.338)	(0.253)	(0.206)	(0.108)	(0.189)	(0.223)	(0.192)	(0.091)	(0.278)
Ln(Issue Size)		0.162	0.192	0.017	0.206*	0.018	0.213*	0.055	0.033
		(0.258)	(0.211)	(0.886)	(0.063)	(0.890)	(0.095)	(0.602)	(0.752)
Ln(Leverage)		-0.096	-0.154*	-0.093	-0.066	-0.127	-0.122	-0.072	-0.111
		(0.182)	(0.071)	(0.264)	(0.389)	(0.204)	(0.160)	(0.436)	(0.290)
Insider Holdings		0.085	0.659**	-0.341**	0.143	-0.123	0.634**	-0.335**	-0.145
		(0.680)	(0.037)	(0.036)	(0.420)	(0.774)	(0.042)	(0.047)	(0.710)
dumTech		-0.207	-0.282	-0.138	-0.491	-0.146	-0.433	-0.094	0.022
		(0.558)	(0.371)	(0.758)	(0.217)	(0.752)	(0.232)	(0.767)	(0.956)
Constant	2.678***	2.250***	2.737***	1.433***	2.654***	1.431***	2.934***	1.648***	1.509***
	(0.000)	(0.002)	(0.000)	(0.000)	(0.003)	(0.000)	(0.000)	(0.005)	(0.003)
No. of observations	3,408	1,501	1,501	1,303	1,501	1,303	1,501	1,303	1,303
Pseudo R-squared (%)	0.39%	1.34%	5.77%	10.91%	3.27%	16.22%	7.22%	12.24%	17.31%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 20: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for OLS regression & Expected turnover approach 1

In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size offered within 24-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.934***	-1.111***	-0.984***	-0.864**	-1.126***	-0.510	-0.983***	-0.894**	-0.520
	(0.002)	(0.001)	(0.003)	(0.019)	(0.001)	(0.145)	(0.003)	(0.014)	(0.129)
Ln(Firm Size)		-0.016***	-0.010	-0.013*	-0.015***	-0.007	-0.010	-0.013**	-0.007
		(0.008)	(0.118)	(0.068)	(0.002)	(0.183)	(0.123)	(0.043)	(0.139)
Ln(Leverage)		0.018**	0.020***	0.015***	0.016**	0.017***	0.018***	0.012***	0.014***
		(0.015)	(0.003)	(0.002)	(0.011)	(0.001)	(0.001)	(0.003)	(0.001)
Insider Holdings		-0.002	0.026	-0.033	-0.008	-0.022	0.020	-0.040	-0.026
		(0.953)	(0.510)	(0.274)	(0.804)	(0.265)	(0.619)	(0.190)	(0.221)
dumTech		0.048	0.047	0.052	0.085**	0.050	0.082**	0.096**	0.087**
		(0.151)	(0.153)	(0.139)	(0.031)	(0.141)	(0.034)	(0.016)	(0.014)
Constant	0.942***	0.950***	0.933***	0.772***	0.948***	0.732***	0.931***	0.757***	0.718***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	2,976	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Adjusted R-squared (%)	1.19%	2.00%	2.41%	8.22%	2.35%	9.25%	2.72%	8.53%	9.48%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 21: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for OLS regression & Expected turnover approach 2

In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from firm-specific characteristic variables of preceding IPOs offered within 24-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	0.002	0.002	0.003	-0.008	0.001	-0.009	0.002	-0.010	-0.010
	(0.808)	(0.828)	(0.666)	(0.647)	(0.884)	(0.637)	(0.817)	(0.614)	(0.620)
Ln(Firm Size)		-0.011**	-0.001	-0.001	-0.009	0.001	0.000	-0.001	0.002
		(0.016)	(0.932)	(0.818)	(0.322)	(0.716)	(0.978)	(0.801)	(0.690)
Ln(Leverage)		0.010	0.019***	0.007	0.006	0.010**	0.015***	0.003	0.007
		(0.260)	(0.000)	(0.137)	(0.200)	(0.025)	(0.007)	(0.484)	(0.163)
Insider Holdings		-0.055	-0.010	-0.012	-0.062	-0.030	-0.018	-0.023	-0.034
		(0.280)	(0.846)	(0.801)	(0.267)	(0.421)	(0.743)	(0.604)	(0.393)
dumTech		0.043	0.043	0.038	0.079	0.040	0.083	0.083	0.072
		(0.548)	(0.488)	(0.483)	(0.442)	(0.403)	(0.352)	(0.172)	(0.257)
Constant	0.955***	0.983***	0.966***	0.663**	0.982***	0.666**	0.957***	0.637**	0.649**
	(0.000)	(0.000)	(0.000)	(0.014)	(0.000)	(0.010)	(0.000)	(0.013)	(0.010)
No. of observations	1,820	1,801	1,801	1,801	1,801	1,801	1,801	1,801	1,801
Adjusted R-squared (%)	-0.05%	0.25%	3.70%	9.16%	0.73%	12.51%	4.32%	9.74%	12.98%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 22: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for OLS regression & Expected turnover approach 3

In all models, the dependent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. Expected Turnover is estimated from actual run-up of market-wide turnover 12-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance.
***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	0.001	0.002	0.000	0.001	0.001	0.002	-0.000	0.000	0.001
	(0.942)	(0.944)	(0.992)	(0.967)	(0.962)	(0.890)	(0.991)	(0.998)	(0.934)
Ln(Firm Size)		-0.015**	-0.008	-0.012***	-0.011	-0.007	-0.005	-0.010**	-0.005
		(0.040)	(0.357)	(0.007)	(0.149)	(0.105)	(0.558)	(0.016)	(0.202)
Ln(Leverage)		0.016***	0.022***	0.014***	0.015***	0.019***	0.020***	0.013***	0.017**
		(0.006)	(0.001)	(0.001)	(0.001)	(0.005)	(0.004)	(0.002)	(0.014)
Insider Holdings		-0.019	0.028	-0.048	-0.023	-0.023	0.021	-0.053	-0.027
		(0.518)	(0.448)	(0.177)	(0.499)	(0.218)	(0.583)	(0.129)	(0.191)
dumTech		0.042	0.038	0.050*	0.073*	0.046	0.074*	0.091***	0.084***
		(0.148)	(0.181)	(0.076)	(0.086)	(0.103)	(0.060)	(0.006)	(0.007)
Constant	0.908***	0.929***	0.915***	0.736***	0.935***	0.704***	0.916***	0.728***	0.692***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,423	2,945	2,945	2,945	2,945	2,945	2,945	2,945	2,945
Adjusted R-squared (%)	-0.03%	0.56%	1.93%	7.77%	0.95%	9.46%	2.27%	8.07%	9.71%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 23: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for Logistic regression & Expected turnover approach 1

In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual turnover of preceding IPOs matched by country and firm size offered within 24-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-7.666***	-8.589***	-4.393***	-8.166***	-8.115***	-2.165***	-4.124***	-8.118***	-2.147***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ln(Firm Size)		-0.176***	-0.068	-0.215***	-0.123***	-0.108	-0.025	-0.179***	-0.082
		(0.005)	(0.534)	(0.001)	(0.000)	(0.226)	(0.735)	(0.000)	(0.203)
Ln(Leverage)		-0.067**	-0.008	-0.092***	-0.063	-0.036	-0.017	-0.101**	-0.047
		(0.030)	(0.863)	(0.001)	(0.144)	(0.549)	(0.706)	(0.017)	(0.457)
Insider Holdings		0.138	0.756***	-0.335	0.131	-0.029	0.697***	-0.369	-0.083
		(0.581)	(0.005)	(0.150)	(0.605)	(0.886)	(0.008)	(0.129)	(0.661)
dumTech		-0.400***	-0.423***	-0.288	-0.361	-0.272*	-0.336	0.039	-0.026
		(0.000)	(0.000)	(0.179)	(0.108)	(0.089)	(0.249)	(0.865)	(0.904)
Constant	2.949***	3.701***	3.500***	2.607***	3.952***	2.066***	3.678***	2.739***	2.158***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	2,976	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Pseudo R-squared (%)	3.13%	5.24%	7.95%	15.01%	6.18%	19.43%	8.64%	15.75%	19.86%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 24: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for Logistic regression & Expected turnover approach 2

In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from firm-specific characteristic variables of preceding IPOs offered within 24-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.041	-0.026	0.007	-0.114	0.005	-0.083	0.016	-0.097	-0.075
	(0.536)	(0.601)	(0.878)	(0.164)	(0.898)	(0.417)	(0.726)	(0.169)	(0.458)
Ln(Firm Size)		-0.120	0.124	-0.107	-0.043	-0.021	0.174	-0.053	0.026
		(0.401)	(0.408)	(0.351)	(0.732)	(0.840)	(0.226)	(0.596)	(0.797)
Ln(Leverage)		-0.163***	0.065	-0.163***	-0.148***	0.011	0.039	-0.177***	-0.004
		(0.000)	(0.178)	(0.009)	(0.000)	(0.843)	(0.407)	(0.001)	(0.946)
Insider Holdings		-0.283	0.788***	-0.245	-0.255	0.056	0.707***	-0.272	0.015
		(0.606)	(0.002)	(0.575)	(0.640)	(0.846)	(0.003)	(0.503)	(0.947)
dumTech		-0.432*	-0.334**	-0.509	-0.687	-0.249	-0.197	-0.635*	-0.178
		(0.058)	(0.044)	(0.107)	(0.179)	(0.364)	(0.725)	(0.064)	(0.732)
Constant	2.912***	3.864***	4.761***	1.759	4.311***	3.480***	4.709***	1.975*	3.464***
	(0.000)	(0.009)	(0.000)	(0.122)	(0.006)	(0.000)	(0.000)	(0.070)	(0.000)
No. of observations	1,820	1,801	1,801	1,496	1,801	1,496	1,801	1,496	1,496
Pseudo R-squared (%)	0.01%	2.47%	23.71%	17.38%	5.19%	34.59%	25.47%	18.92%	35.47%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 25: Robustness test for the regression of disclosure specificity: Alternative window periods for expected turnover estimations for Logistic regression & Expected turnover approach 3

In all models, the dependent variable is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if only a general corporate purpose is disclosed. Expected Turnover is estimated from actual run-up of market-wide turnover 12-month window period ending 3 months before the first trading date. All other explanatory variables are defined as in Table 5. The robust standard errors are clustered by country. Coefficients of country, year and industry dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Expected Turnover	-0.104	-0.142	-0.150	-0.146	-0.155	-0.056	-0.161	-0.149	-0.053
	(0.621)	(0.529)	(0.497)	(0.422)	(0.480)	(0.686)	(0.444)	(0.381)	(0.700)
Ln(Firm Size)		-0.126	-0.044	-0.140	-0.050	-0.082	0.012	-0.080	-0.040
		(0.268)	(0.774)	(0.127)	(0.577)	(0.528)	(0.922)	(0.263)	(0.695)
Ln(Leverage)		-0.077***	0.023	-0.087***	-0.056*	0.005	0.016	-0.085***	-0.007
		(0.001)	(0.705)	(0.001)	(0.071)	(0.933)	(0.755)	(0.004)	(0.903)
Insider Holdings		-0.100	0.623***	-0.520**	-0.071	-0.101	0.580**	-0.520**	-0.132
		(0.689)	(0.007)	(0.027)	(0.787)	(0.648)	(0.011)	(0.018)	(0.518)
dumTech		-0.415***	-0.471***	-0.294	-0.724***	-0.305*	-0.650**	-0.391*	-0.275
		(0.000)	(0.000)	(0.148)	(0.004)	(0.072)	(0.019)	(0.060)	(0.134)
Constant	2.606***	3.370***	3.344***	2.185***	3.867***	1.843***	3.679***	2.566***	2.071***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
No. of observations	3,423	2,945	2,945	2,945	2,945	2,945	2,945	2,945	2,945
Pseudo R-squared (%)	0.07%	1.57%	7.11%	13.16%	3.35%	19.45%	8.19%	14.24%	20.05%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 26: Ordinary least squares regressions of the impact of the disclosure of uses of proceeds on aftermarket turnover

In all models, the dependent variable is average daily trading turnover in the first 4 weeks of trading while the independent variable is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. All explanatory variables are defined as in Table 4. The robust standard errors are clustered by country. Coefficients of year, industry and country dummies are not reported. In parentheses is p-value for statistical significance.

***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients								
Explanatory variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Disclosure	-0.012	-0.015	-0.007	-0.013	-0.016	-0.004	-0.007	-0.013	-0.004
	(0.264)	(0.271)	(0.324)	(0.258)	(0.257)	(0.363)	(0.329)	(0.254)	(0.376)
Ln(Firm Size)		0.001	-0.004	0.001	0.000	-0.003	-0.004	0.001	-0.003
		(0.101)	(0.388)	(0.158)	(0.546)	(0.386)	(0.394)	(0.446)	(0.407)
Ln(Underpricing)		-0.004	0.003	-0.003	-0.004*	0.004	0.003	-0.003	0.003
		(0.104)	(0.405)	(0.178)	(0.090)	(0.340)	(0.416)	(0.171)	(0.346)
Insider Holdings		0.014	0.002	0.014	0.012	0.004	0.002	0.012	0.004
		(0.377)	(0.854)	(0.335)	(0.418)	(0.737)	(0.856)	(0.373)	(0.739)
Market Turnover		-0.000	0.000	-0.000	-0.000	0.000	0.000	-0.000	0.000
		(0.310)	(0.437)	(0.381)	(0.311)	(0.228)	(0.483)	(0.385)	(0.232)
dumPricing		-0.000	-0.003	0.001	-0.000	-0.002	-0.002	0.000	-0.002
		(0.981)	(0.335)	(0.885)	(0.946)	(0.346)	(0.362)	(0.918)	(0.369)
dumExchange		-0.065*	-0.023	-0.066*	-0.062*	-0.025	-0.022	-0.063*	-0.025
		(0.088)	(0.233)	(0.092)	(0.095)	(0.193)	(0.223)	(0.098)	(0.186)
Constant	0.034	0.090*	0.044*	0.121	0.086**	0.078	0.043*	0.119	0.078
	(0.195)	(0.053)	(0.093)	(0.109)	(0.047)	(0.203)	(0.074)	(0.105)	(0.192)
No. of observations	3,143	1,978	1,978	1,978	1,978	1,978	1,978	1,978	1,978
Adjusted R-squared (%)	0.58%	18.05%	34.64%	19.70%	18.49%	36.16%	34.63%	20.01%	36.17%
Country fixed effect			YES			YES	YES		YES
Year fixed effect				YES		YES		YES	YES
Industry fixed effect					YES		YES	YES	YES

Appendix 27: Robustness test for ordinary least squares regressions of the impact of the disclosure of uses of proceeds on aftermarket turnover: Alternative window periods

The dependent variable in Panel A is actual aftermarket turnover measured from average daily trading turnover in the first week of trading. In Panel B, the dependent variable is turnover measured from average daily trading turnover in the first 8 weeks of trading. In all models, Disclosure is the natural logarithm of (1+number of uses of IPO proceeds disclosed in a prospectus) with general corporate purpose counted as 0. All explanatory variables are defined as in Table 4. The robust standard errors are clustered by country. Coefficients of year, industry and country dummies are not reported. In parentheses is p-value for statistical significance.
***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients				
Explanatory variables	(1)	(2)	(3)	(4)	(5)
Panel A: Turnover measured from average daily trading turnover in the first week of trading					
Disclosure	-0.029	-0.037	-0.016	-0.009	-0.009
	(0.294)	(0.277)	(0.357)	(0.421)	(0.435)
Ln(Firm Size)		0.003	-0.009	-0.009	-0.009
		(0.117)	(0.388)	(0.388)	(0.407)
Ln(Underpricing)		-0.007	0.010	0.012	0.012
		(0.113)	(0.315)	(0.233)	(0.235)
Insider Holdings		0.032	0.004	0.006	0.007
		(0.455)	(0.893)	(0.822)	(0.810)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.330)	(0.535)	(0.229)	(0.236)
dumPricing		-0.005	-0.009	-0.006	-0.005
		(0.751)	(0.189)	(0.419)	(0.435)
dumExchange		-0.180*	-0.074	-0.079	-0.078
		(0.091)	(0.197)	(0.176)	(0.174)
Constant	0.083	0.241*	0.124*	0.196	0.198
	(0.219)	(0.057)	(0.092)	(0.177)	(0.169)
Observations	3,136	1,975	1,975	1,975	1,975
Adjusted R-squared (%)	0.51%	17.62%	32.52%	34.01%	33.93%
Country fixed effect			YES	YES	YES
Year fixed effect				YES	YES
Industry fixed effect					YES
Panel B: turnover measured from average daily trading turnover in the first eight weeks of trading					
Disclosure	-0.008	-0.010	-0.005	-0.003	-0.003
	(0.268)	(0.275)	(0.326)	(0.339)	(0.353)
Ln(Firm Size)		0.001*	-0.002	-0.002	-0.002
		(0.086)	(0.385)	(0.382)	(0.416)
Ln(Underpricing)		-0.003*	0.002	0.002	0.002
		(0.083)	(0.490)	(0.419)	(0.428)
Insider Holding		0.009	0.002	0.002	0.002
		(0.384)	(0.838)	(0.752)	(0.753)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.308)	(0.458)	(0.243)	(0.252)
dumPricing		-0.000	-0.002	-0.002	-0.002
		(0.919)	(0.212)	(0.310)	(0.335)
dumExchange		-0.040*	-0.013	-0.015	-0.015
		(0.095)	(0.275)	(0.232)	(0.224)
Constant	0.022	0.057*	0.027	0.048	0.048
	(0.190)	(0.056)	(0.105)	(0.202)	(0.189)
Observations	3,146	1,980	1,980	1,980	1,980
Adjusted R-squared (%)	0.69%	18.47%	35.78%	37.18%	37.22%
Country fixed effect			YES	YES	YES
Year fixed effect				YES	YES
Industry fixed effect					YES

Appendix 28: Robustness test for ordinary least squares regressions of the impact of the disclosure of uses of proceeds on aftermarket turnover: Alternative explanatory variable (disclosure variable)

The dependent variable in Panel A is actual aftermarket turnover measured from average daily trading turnover in the first week of trading. In Panel B, the dependent variable is turnover measured from average daily trading turnover in the first 8 weeks of trading. In all models, Disclosure is a dummy variable equal to 1 if an issue's prospectus disclosures specifics of proceeds use and 0 if the general corporate purpose and/or working capital are disclosed. All explanatory variables are defined as in Table 4. The robust standard errors are clustered by country. Coefficients of year, industry and country dummies are not reported. In parentheses is p-value for statistical significance. ***Significant at the 0.01 level, **Significant at the 0.05 level, and *Significant at the 0.10 level.

	Regression coefficients				
Explanatory variables	(1)	(2)	(3)	(4)	(5)
Panel A: Turnover measured from average daily trading turnover in the first week of trading					
Disclosure	-0.043	-0.051	-0.010	-0.001	-0.001
	(0.290)	(0.182)	(0.459)	(0.955)	(0.964)
Ln(Firm Size)		0.002	-0.009	-0.009	-0.009
		(0.111)	(0.385)	(0.391)	(0.409)
Ln(Underpricing)		-0.006*	0.011	0.012	0.012
		(0.079)	(0.323)	(0.241)	(0.241)
Insider Holdings		0.033	0.005	0.006	0.007
		(0.452)	(0.890)	(0.822)	(0.808)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.321)	(0.539)	(0.241)	(0.249)
dumPricing		-0.003	-0.009	-0.007	-0.006
		(0.868)	(0.253)	(0.416)	(0.437)
dumExchange		-0.178*	-0.074	-0.079	-0.078
		(0.091)	(0.197)	(0.171)	(0.169)
Constant	0.096	0.252*	0.118	0.188	0.190
	(0.213)	(0.051)	(0.111)	(0.199)	(0.192)
Observations	3,136	1,975	1,975	1,975	1,975
Adjusted R-squared (%)	0.66%	17.61%	32.40%	33.96%	33.88%
Country fixed effect			YES	YES	YES
Year fixed effect				YES	YES
Industry fixed effect					YES
Panel B: Turnover measured from average daily trading turnover in the first 4 weeks of trading					
Disclosure	-0.018	-0.023	-0.008	-0.004	-0.004
	(0.291)	(0.194)	(0.331)	(0.632)	(0.631)
Ln(Firm Size)		0.001	-0.004	-0.003	-0.003
		(0.127)	(0.380)	(0.384)	(0.406)
Ln(Underpricing)		-0.003*	0.003	0.004	0.004
		(0.056)	(0.415)	(0.347)	(0.352)
Insider Holding		0.015	0.002	0.004	0.004
		(0.378)	(0.841)	(0.736)	(0.737)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.301)	(0.405)	(0.233)	(0.237)
dumPricing		0.001	-0.003	-0.002	-0.002
		(0.869)	(0.438)	(0.381)	(0.410)
dumExchange		-0.065*	-0.022	-0.025	-0.025
		(0.087)	(0.236)	(0.189)	(0.182)
Constant	0.040	0.097**	0.044	0.077	0.077
	(0.201)	(0.050)	(0.113)	(0.221)	(0.210)
Observations	3,143	1,978	1,978	1,978	1,978
Adjusted R-squared (%)	0.79%	18.26%	34.57%	36.12%	36.14%
Country fixed effect			YES	YES	YES
Year fixed effect				YES	YES
Industry fixed effect					YES

Appendix 28 (continued)
Robustness test for ordinary least squares regressions of the impact of the disclosure of uses of proceeds on aftermarket turnover: Alternative explanatory variable (disclosure variable)

Panel C: turnover measured from average daily trading turnover in the first eight weeks of trading					
Disclosure	-0.012	-0.016	-0.007	-0.005	-0.005
	(0.291)	(0.200)	(0.300)	(0.446)	(0.438)
Ln(Firm Size)		0.001	-0.002	-0.002	-0.002
		(0.120)	(0.372)	(0.375)	(0.411)
Ln(Underpricing)		-0.002**	0.002	0.002	0.002
		(0.048)	(0.496)	(0.424)	(0.433)
Insider Holding		0.010	0.002	0.002	0.002
		(0.385)	(0.822)	(0.750)	(0.750)
Market Turnover		-0.000	0.000	0.000	0.000
		(0.300)	(0.407)	(0.241)	(0.249)
dumPricing		0.000	-0.002	-0.002	-0.001
		(0.894)	(0.362)	(0.328)	(0.352)
dumExchange		-0.040*	-0.013	-0.015	-0.014
		(0.095)	(0.279)	(0.230)	(0.223)
Constant	0.026	0.062*	0.029	0.049	0.049
	(0.197)	(0.052)	(0.122)	(0.214)	(0.200)
Observations	3,146	1,980	1,980	1,980	1,980
Adjusted R-squared (%)	0.98%	18.83%	35.75%	37.17%	37.23%
Country fixed effect			YES	YES	YES
Year fixed effect				YES	YES
Industry fixed effect					YES

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