

Trading activity around chapter 11 filing

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Table 4: Trading Behaviour for Emerging and Chapter 7 Filing Firms

NT/NTp is the average number of trades in month t prior to filing divided by the average monthly number of trades across month t-40 to month t-20 prior to chapter 11 filing. V/VTp is the value of trades in month t prior to filing divided by the average value of trades from month t-40 to t-20 prior to filing. OFILNT is the imbalance in the number of trades and OFILV is the imbalance in the value of trades.

M	<u>Aggregate</u>								<u>Small</u>				<u>Medium</u>				<u>Large</u>			
	NT/NTp	NT/NTp	V/VTp	V/VTp	OFILNT	OFILNT	OFILV	OFILV	OFILNT-S	OFILNT-S	OFILV-S	OFILV-S	OFILNT-M	OFILNT-M	OFILV-M	OFILV-M	OFILNT-L	OFILNT-L	OFILV-L	OFILV-L
	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7	Emerge	Cpt 7
-15	2.340	0.948	1.221	1.228	0.011	0.002	0.026	0.048	0.000	-0.012	0.012	0.004	0.020	0.009	0.044	0.008	-0.001	0.010	0.017	0.034
-14	2.163	0.994	1.356	1.250	0.038	0.031	0.056	0.070	0.035	0.055	0.043	0.053	0.028	0.009	0.042	0.037	0.031	0.103	0.086	0.185
-13	2.073	0.937	1.285	1.143	0.023	0.030	0.032	0.048	0.020	0.013	0.030	0.036	0.025	0.050	0.031	0.053	-0.003	-0.069	0.024	-0.047
-12	2.175	0.776	1.465	1.105	0.004	0.047	0.025	0.101	0.020	0.053	0.022	0.080	0.031	0.061	0.042	0.082	-0.020	0.095	0.008	0.136
-11	2.011	1.182	1.493	1.183	0.021	0.051	0.054	0.027	0.020	0.019	0.034	0.022	0.038	0.047	0.048	0.047	-0.007	-0.068	0.038	-0.052
-10	2.092	0.795	1.484	0.980	0.034	0.041	0.044	0.052	0.017	0.031	0.028	0.039	0.006	0.034	0.015	0.067	0.020	-0.068	0.027	-0.023
-9	2.170	0.912	1.521	1.249	0.021	0.040	0.028	0.059	0.011	0.050	0.029	0.054	0.012	0.025	0.019	0.031	-0.011	-0.001	-0.005	0.019
-8	2.122	0.925	1.406	1.195	0.024	0.060	0.034	0.057	0.023	0.001	0.030	-0.006	0.022	0.004	0.032	0.036	-0.034	0.043	-0.019	0.050
-7	2.454	0.674	1.650	0.917	0.044	0.024	0.027	0.077	0.046	0.039	0.050	0.044	0.031	0.060	0.042	0.070	0.012	0.027	0.026	0.047
-6	2.393	0.719	1.729	1.125	0.022	0.019	0.018	0.008	0.029	0.038	0.048	0.058	0.056	0.008	0.055	0.024	-0.003	-0.004	-0.015	-0.070
-5	2.231	0.841	1.815	1.169	0.029	-0.016	0.025	-0.017	0.039	-0.016	0.041	0.007	0.022	0.035	0.021	0.061	0.010	0.036	-0.002	-0.001
-4	2.118	1.055	1.561	1.324	0.034	0.057	0.026	0.076	0.023	0.022	0.027	0.025	0.022	0.014	0.010	0.014	-0.028	-0.043	-0.019	0.038
-3	1.884	0.640	2.219	1.423	0.027	0.044	0.011	0.034	0.035	0.046	0.037	0.032	0.006	0.073	0.004	0.035	-0.026	0.059	-0.013	0.048
-2	2.089	0.748	2.688	1.240	0.037	0.023	0.017	0.067	0.045	0.044	0.053	0.033	0.017	-0.028	0.009	-0.003	0.016	0.040	-0.009	0.137
-1	1.764	0.885	3.050	1.400	0.020	0.030	-0.000	0.110	0.025	0.045	0.026	0.062	0.046	0.019	0.043	0.067	0.007	0.130	-0.028	0.201
0	2.240	0.794	4.138	1.691	-0.001	0.017	-0.007	0.020	0.004	0.030	0.016	0.050	-0.014	0.002	-0.011	0.016	-0.015	0.027	-0.044	0.009

Table 5: Regression Results between Ownership/Trading and Firm Characteristics

This table presents the results from the following regression model estimated using the Fama-MacBeth methodology. Con is a constant, Spread is the quoted spread, Illiquidity is the Amihud illiquidity ratio, Lottery is the composite of three variable sorts lottery measure, LA and TA are net liquid assets and total assets less total liabilities per share scaled by the share price respectively, Size is the total value of assets, P/B is the market to book ratio, Age is the length of time the firm has existed, NI/AT is net income divided by total assets. Panel A provides the results across all firms while chapter 7 dummies provides the incremental effect. ** indicates significance at at least a 5% level while * indicates significance at a 10% level.

Panel A	Aggregate Ownership	Banks	Insurance	Investment Manager	Investment Advisor	Other	DED	TRA	QIX
Con	0.632 (1.78)*	-0.088 (-2.47)**	-0.125 (-1.48)	-0.193 (-2.19)**	-0.083 (-1.83)*	0.190 (2.43)**	0.006 (0.14)	0.045 (0.62)	0.058 (1.66)*
Spread	0.002 (0.06)	-0.008 (-0.47)	-0.008 (-0.31)	0.084 (2.26)**	0.023 (1.74)*	-0.089 (-2.71)***	0.055 (1.38)	-0.061 (-2.02)**	-0.081 (-2.6)***
Illiquidity	-0.172 (-1.46)	-0.133 (-1.35)	-0.028 (-0.83)	-0.213 (-1.6)	-0.037 (-1.55)	-0.042 (-1.53)	0.039 (0.88)	-0.207 (-2.15)**	-0.029 (-0.88)
Lottery	-0.157 (-2.65)***	-0.128 (-2.57)***	-0.178 (-2.35)**	-0.232 (-2.31)**	-0.093 (-2.05)**	0.073 (1.99)**	-0.175 (-2.48)**	-0.018 (-0.6)	0.004 (0.27)
LA	1.329 (1.5)	0.298 (1.71)*	0.236 (1.48)	0.017 (0.21)	0.066 (0.74)	-0.210 (-1.91)*	0.455 (2.06)**	-0.117 (-0.66)	-0.254 (-1.79)*
TA	0.547 (2.04)**	-0.132 (-1.74)*	-0.483 (-2.24)**	-0.288 (-1.97)**	-0.066 (-1.4)	0.462 (2.61)***	0.110 (1.97)**	-0.181 (-1.28)	0.045 (2.66)***
Size	-0.472 (-1.69)*	-0.427 (-2.46)**	-0.400 (-2.03)**	-0.567 (-2.4)**	-0.323 (-2.35)**	0.728 (2.3)**	-0.433 (-1.34)	0.427 (1.81)*	0.274 (2.06)**
P/B	-0.094 (-1.61)	0.088 (2.15)**	0.082 (1.42)	0.017 (0.17)	0.071 (1.43)	-0.104 (-1.4)	0.069 (1.39)	-0.058 (-0.76)	-0.046 (-1.42)
Age	-0.182 (-1.59)	0.176 (2.72)***	0.049 (1.17)	-0.076 (-2.48)**	-0.081 (-1.51)	0.013 (0.58)	0.088 (1.62)	0.004 (0.31)	-0.048 (-1.07)
NI/AT	0.236 (1.25)	0.128 (1.66)*	0.006 (0.06)	-0.254 (-1.36)	0.217 (1.72)*	0.067 (1.26)	-0.180 (-2.25)**	0.183 (2.22)**	0.171 (2.09)**

<u>Chapter 7 Dummy</u>									
Con	-0.586 (-1.66)*	0.092 (2.08)**	0.127 (1.67)*	0.217 (2.28)**	0.131 (2.32)**	-0.223 (-2.59)***	0.054 (1.01)	-0.043 (-0.58)	-0.053 (-1.18)
Spread	-0.077 (-1.39)	0.033 (0.65)	0.006 (0.21)	0.029 (0.44)	-0.044 (-1.87)*	-0.012 (-0.56)	0.036 (1.07)	0.060 (1.41)	-0.034 (-1.21)
Illiquidity	0.072 (0.49)	0.105 (1.1)	0.059 (1.43)	0.237 (1.54)	0.020 (0.45)	-0.131 (-1.75)*	-0.091 (-1.4)	0.059 (1.41)	-0.060 (-1.31)
Lottery	0.047 (1.11)	0.105 (2.24)**	0.067 (1.47)	0.115 (1.73)*	0.046 (1.24)	-0.005 (-0.28)	0.085 (1.86)*	0.019 (0.82)	0.014 (0.44)
LA	-1.296 (-1.54)	-0.164 (-1.05)	-0.145 (-0.98)	0.037 (0.43)	0.023 (0.2)	0.134 (1.51)	0.485 (1.95)**	0.059 (0.34)	0.298 (1.67)*
TA	-0.408 (-1.87)**	0.158 (1.88)*	0.462 (2.17)**	0.282 (0.97)	0.026 (0.71)	-0.397 (-2.55)**	0.130 (1.97)**	0.207 (1.46)	-0.382 (-2.52)**
Size	-0.614 (-1.9)*	0.388 (2.4)**	0.381 (2.18)**	0.464 (2.33)**	0.203 (2.2)**	-0.690 (-2.25)**	0.403 (1.25)	-0.426 (-1.81)*	-0.312 (-2.08)**
P/B	-0.005 (-0.06)	-0.057 (-1.12)	-0.220 (-1.72)*	-0.088 (-0.76)	-0.054 (-1.33)	0.055 (1.06)	0.038 (1.3)	0.035 (0.48)	0.136 (1.13)
Age	0.205 (1.58)	-0.076 (-2.38)**	-0.089 (-1.8)*	0.040 (2.16)**	0.040 (0.89)	0.044 (1.67)*	-0.109 (-1.78)*	-0.034 (-1.69)*	0.126 (1.91)*
NI/AT	-0.270 (-1.49)	-0.103 (-1.49)	0.008 (0.07)	0.263 (1.44)	-0.164 (-1.44)	-0.044 (-0.83)	0.202 (2.41)**	-0.166 (-2.25)**	-0.128 (-1.79)*
\bar{R}^2	-2.73%	5.44%	5.40%	6.45%	-0.60%	9.38%	1.77%	1.16%	8.00%
N	22506	22506	22506	22506	22506	22506	22506	22506	22506

Panel B	Total	Small	Medium	Large	Total	Small	Medium	Large
Con	0.004 (0.14)	0.022 (1.1)	0.009 (2.65)***	0.012 (1.73)*	-0.013 (-0.42)	0.022 (1.04)	0.006 (1.87)*	0.011 (1.76)*
Spread	0.017 (1.09)	0.001 (0.34)	0.000 (-0.24)	-0.011 (-1.38)	-0.004 (-0.34)	0.001 (0.13)	0.000 (-0.11)	0.002 (0.29)
Illiquidity	-0.201 (-1.26)	-0.065 (-0.89)	0.002 (0.59)	0.009 (0.37)	-0.195 (-1.17)	-0.057 (-0.83)	-0.010 (-0.9)	-0.021 (-0.68)
Lottery	-0.012 (-1.92)*	-0.007 (-1.01)	-0.004 (-2.36)**	-0.006 (-1.33)	-0.018 (-2.14)**	-0.006 (-1.04)	-0.004 (-1.89)*	-0.014 (-2.68)**
LA	0.091 (1.57)	0.062 (1.3)	-0.018 (-1.43)	-0.054 (-1.51)	0.049 (1.64)	0.056 (1.32)	-0.013 (-1.39)	-0.057 (-1.24)
TA	0.003 (0.35)	-0.003 (-0.29)	0.025 (1.29)	0.040 (1.48)	-0.012 (-1.37)	-0.003 (-0.22)	0.026 (1.32)	0.033 (1.24)
Size	0.029 (1.23)	0.032 (1.27)	0.004 (0.33)	0.020 (1.23)	0.063 (1.73)*	0.035 (1.29)	-0.002 (-0.12)	0.014 (0.98)
P/B	0.033 (0.69)	0.031 (1.23)	-0.001 (-0.42)	-0.006 (-1.42)	-0.033 (-0.95)	0.033 (1.3)	-0.001 (-0.29)	-0.006 (-1.4)
Age	-0.038 (-1.78)*	-0.037 (-1.98)**	-0.001 (-0.76)	-0.003 (-1.3)	-0.038 (-1.63)	-0.036 (-1.92)*	0.000 (-0.18)	-0.005 (-1.29)
NI/AT	0.006 (0.47)	0.047 (1.84)*	0.016 (1.77)*	0.008 (0.85)	-0.017 (-1.05)	0.051 (1.87)*	0.017 (1.69)*	-0.004 (-0.51)
<u>Chapter 7</u>	<u>Dummy</u>							
Con	0.020 (0.57)	-0.013 (-0.6)	-0.002 (-1.17)	0.003 (0.41)	0.034 (0.92)	-0.014 (-0.62)	0.000 (0.14)	0.015 (1.2)
Spread	-0.018 (-1.06)	0.004 (1.06)	0.002 (0.79)	0.006 (0.85)	0.000 (0.)	0.006 (1.24)	0.001 (0.3)	-0.016 (-1.52)
Illiquidity	0.257 (1.27)	0.059 (0.81)	-0.012 (-1.14)	-0.005 (-0.17)	0.221 (1.21)	0.049 (0.72)	0.000 (0.05)	0.081 (1.24)
Lottery	0.013 (1.78)*	0.004 (0.51)	0.005 (1.94)*	0.012 (1.97)**	0.023 (2.25)**	0.003 (0.43)	0.005 (1.8)*	0.014 (2.45)**
LA	-0.091 (-1.52)	-0.060 (-1.3)	0.017 (1.36)	0.040 (1.24)	0.058 (1.95)**	-0.055 (-1.35)	0.013 (1.4)	0.047 (1.08)
TA	-0.005 (-0.64)	0.000 (0.01)	-0.028 (-1.35)	-0.031 (-1.34)	0.016 (1.98)**	0.000 (-0.03)	-0.029 (-1.4)	-0.029 (-1.19)
Size	-0.033 (-1.35)	-0.046 (-1.56)	-0.004 (-0.33)	-0.008 (-0.53)	-0.049 (-1.49)	-0.049 (-1.53)	0.002 (0.11)	-0.008 (-0.57)

P/B	-0.001 (-0.02)	-0.005 (-0.17)	0.002 (0.9)	0.005 (1.13)	0.068 (1.52)	-0.008 (-0.28)	0.004 (1.36)	0.012 (2.)**
Age	0.039 (1.73)*	0.036 (1.85)*	0.001 (0.69)	0.009 (2.08)**	0.043 (1.67)*	0.035 (1.79)*	0.000 (-0.03)	0.011 (1.89)*
NI/AT	-0.003 (-0.28)	-0.047 (-1.79)*	-0.016 (-1.73)*	-0.007 (-0.74)	0.022 (1.21)	-0.051 (-1.83)*	-0.016 (-1.64)	0.000 (0.04)
R2_adj	0.89%	2.57%	1.36%	0.99%	2.94%	2.51%	1.35%	0.15%
Obs	21780	22506	22506	22506	21780	22506	22506	22506