

**WITHDRAWN AND (NOT) REISSUED U.S. AND CANADIAN IPO'S AND SEO'S**

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## ABSTRACT

Withdrawn and (not) Reissued U.S. and Canadian IPOs and SEOs

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Between 1993 and 2009, 14.69% and 12.34% of all public equity offerings announced in the U.S. and Canada were eventually withdrawn, respectively. Less than 10% of all cancelled IPOs are eventually completed versus over 20% of all withdrawn SEOs. We measure the impact of issuer riskiness, issuer characteristics and timing of the offerings on the likelihoods of IPO and SEO cancellations and subsequent return of these offerings. We find that the dotcom and subprime crises have a greater positive influence on the probability of withdrawal in the United States than in Canada. Our results suggest that greater post-announcement changes in market and economic conditions tend to increase the probability of withdrawal and that good general market conditions subsequent to announcement and to withdrawal are positively related to the completion and reissue of offerings, respectively. Overall, cancellation of initial and seasoned equity offerings is driven by different firm- and issue-specific factors and the effect of these variables varies across countries.

An analysis of stock price performance of successfully returning offerings on the three days centered on their announcements suggests that second-time successful SEOs underperform a sample of contemporaneous offerings by 2.09% and 5.76% in the U.S. and Canada, respectively. Overall, underpricing on the day of issue is not affected by prior offering cancellation. However, over the long-term, we find that U.S. equity offerings underperform their profitability-matched sample of contemporaneous offerings.

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# WITHDRAWN AND (NOT) REISSUED U.S. AND CANADIAN IPO's AND SEO's

## 1. INTRODUCTION

While the cancellations of public offerings have been extensively studied for American IPOs and SEOs,<sup>1</sup> much less evidence exists for Canadian public offerings. Although the proportion of offerings withdrawn is significantly lower on the Canadian versus American market, Canadian offerings provide a small market test of the generalizability of the reasons for issue withdrawal and the subsequent future of such issuers.<sup>2</sup> Thus, the purpose of this study is to examine the commonalities and differences in the public offering withdrawal phenomena in the North American market.

Our contribution to the existing literature is three-fold. First, given the recent focus of the literature on withdrawn IPOs returning to the market, we not only examine seasoned equity offerings or SEOs but we are the first, to the best of our knowledge, to analyze the performance of second-time successful SEOs. Second, we examine Canadian equity issues that are withdrawn and (not) reissued to provide a comparison for the U.S. empirical evidence. Finally, we examine these issues during a period that includes both the subprime and the dotcom crises.

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<sup>1</sup> E.g. Brau and Fawcett, 2006; Busaba, Benveniste and Guo, 2001; Clarke, Dunbar and Kahle, 2001; Dunbar and Foerster, 2008; Mikkleson and Partch, 2001

<sup>2</sup> Despite major variation in terms of size and structure (i.e., industry representation and offering size), the American and Canadian public equity markets are quite similar in terms of procedures and regulations, offering similar options to filing issuers. The option to underwrite an offering and over-allotment options are available in both countries. The overallotment option grants the underwriter the option to purchase an additional percentage (generally 15%) of the shares offered for issue on a particular market to meet excess demand. Nevertheless, Chung, Kryzanowski and Rakita (2000) find that overallotment options are less frequently used for Canadian versus US IPOs.

The empirical portion of this paper is divided in two parts. The first part employs a probit methodology to identify the determinants of IPO and SEO withdrawal and (successful) reissue in Canada and in the U.S. This section tests whether the determinants identified by Dunbar and Forster (2008) as affecting the probability of U.S. IPOs being cancelled and subsequently (successfully) reissued do affect alternative samples in a similar manner. Our results suggest that the generalizability of the American model for IPOs may be limited, and that the withdrawal and reissue of IPOs and SEOs are driven by an array of different factors that are somewhat country specific. The second empirical portion of this paper consists of a series of event studies designed to measure the consequences of prior withdrawal on the short- and long-term performance of returning public offerings. The goal of this analysis is to determine whether the market incorporates the information of prior withdrawal at the time of announcement and issue of returning offerings. We find that returning SEOs generally outperform contemporaneous first-time successful offerings at the of announcement of the returning offerings. In contrast, we find evidence that returning IPOs and SEOs generally underperform their matching samples over a longer horizon.

The remainder of this thesis is organized as follows. In the next section, we review the relevant literature. In section three, the sample and data collection are described. In section four, we examine the determinants of offering cancellation and subsequent reissue using a probit procedure. In section five, we study the factors favouring successful reissue of previously withdrawn offerings. Section six presents the results of the analysis of initial returns and long-term performance of returning offerings relative to the performance of contemporaneous matching samples of first-time successful offerings. In Section seven, we present our conclusions and recommendations.

## **2. LITERATURE REVIEW**

### **2.1 Why Firms Undertake Public Equity Offerings**

Many reasons are advanced to explain a company's decision to undertake a public financing through an IPO or SEO. Scott (1976) and Modigliani and Miller (1963) argue that firms go public to minimize their cost of capital, while Zingales (1995) and Mello and Parsons (2000) propose that IPOs provide an opportunity for insiders to make money and gain personally. Alternative reasons include the facilitation of takeover activity by using shares as a currency for acquisition transactions, improved reputation and publicity, and the increase in shareholder base.

Brau and Fawcett (2006) conduct a survey of 336 CFOs of American companies that either never attempted, completed, or withdrew their IPOs to test theories regarding the reasons for going public, the timing of issues, and underwriter choice. They find that the major reason for going public for issuers who eventually completed or withdrew their IPOs is the "creation of public shares for acquisitions". They find that IPOs are a way to enhance the reputation for high-tech firms, rather than a way to finance their operations.

### **2.2 Timing of Equity Offerings**

A number of factors can hinder the success of equity offerings, and in particular of IPOs. Taulli (2001) finds that inexperienced management teams, legal proceedings, market and customer base, business model, negative gross margins, operational systems, going concern, limited history of profitable operations, unsuccessful prior public offering, competition, risk of low-priced stock, default on outstanding debt and recent transition to a new business model are potential factors that may affect the success of a proposed IPO.

Given the risks and significant costs involved in public offerings, many researchers suggest that overall market conditions are the prevailing determinant in the decision to go public (Ritter

and Welch, 2002). Brau and Fawcett (2006) find that current market conditions are the most important determinant in the timing decisions for samples of completed and withdrawn offers. When timing their issues, managers of issuing companies give more importance to market and stock returns rather than to the IPO market itself. Brau and Fawcett (2006) also find that industry conditions and the need for external capital influence the IPO timing decision. Choe, Masulis and Nanda (1993) find that firms prefer to go public when “other good firms” are issuing, which leads to IPO waves. The Pecking Order Theory (Myers, 1984) argues that issuers seek external equity financing when they have no other way to attract funds.

Benninga, Helmantel and Sarig (2005) find that buyouts, or the decision to become private, coincide with periods of relatively low stock prices. The ‘window of opportunity’ hypothesis (Loughran and Ritter, 1995) for SEOs states that firms announce SEOs in times of superior stock price performance in an attempt to reduce the size of the negative stock price reaction generally observed with SEO announcements. Loughran and Ritter (1995) argue that issuers attempt SEOs when their stocks are overpriced, which is not supported empirically by Clarke, Dunbar and Kahle (2001).

### **2.3 Cancellation of Equity Offerings**

Unfavourable market conditions are cited as the main reason for withdrawing public offerings. Brau and Fawcett (2006) find that unfavourable market and industry conditions are factors influencing the decision to withdraw an IPO. Busaba, Benveniste and Guo (2001) examine whether characteristics available to investors can explain the ex-ante probability that offerings will be withdrawn for a sample of U.S. IPOs filed with the SEC between 1990 and 1992. They find that determinants of the probability of withdrawal include the level of debt and annual revenues of the issuing entity prior to announcement, and the intended use of the proceeds of the offering. Extending this study to a more contemporaneous period (1985-2000), Dunbar and

Foerster (2008) find that the probability of withdrawal is a function of the issuer size (+), the intention to use the proceeds to repay debt (+),<sup>3</sup> if the issuer is backed by venture capitalists prior to the announcement of the new offering (-), and if the issuer is in the technology industry (-). The latter results are consistent with the argument by Brau and Fawcett (2006) that technology firms undergo IPOs to enhance their reputation.<sup>4</sup> Dunbar and Foerster (2008) somewhat confirm the conjecture by Choe, Masulis and Nanda (1993) that the state of the IPO market is important for timing, since IPO market activity prior to the announcement of the new offerings increases the probability that the IPOs will eventually be withdrawn.

Clarke, Dunbar and Kahle (2001) examine the determinants of SEO withdrawals. They find that the market capitalization of the issuer in the month of status, his market-to-book ratio, and the sales made by insiders significantly affect the probability that an SEO will eventually be cancelled. They also find that cancelled offers tend to have smaller offering sizes than completed offers and that issuers cancelling their offerings are significantly smaller than those completing their offerings. They find evidence of lower excess returns prior to announcement, at announcement, and between filing and status, that increases the probability of withdrawal. Their results are consistent with Mikkeson and Partch (2001) and Frinjs, Navissi, Tourani-Rad and Tsai (2006) who find significant negative abnormal returns prior to the filing of cancelled SEOs. Frinjs *et al.* (2006) also find that stock price performance of cancelled offers during the decision period (between announcement and cancelation) is poor for completed and withdrawn SEOs and much worse for withdrawn SEO issuers.

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<sup>3</sup> This result is *a priori* not significant for SEOs. Clarke, Dunbar and Kahle (2001) find that different stock price behaviors between completed and withdrawn SEOs influence the ex-ante probability of withdrawal. In contrast, Mikkeson and Partch (1998) find no evidence that SEOs issued for the purpose of repaying debt (or to finance capital expenditures) display different stock price behaviors prior to the announcements of the new issues whether or not they are subsequently completed or withdrawn.

<sup>4</sup> Therefore, they have less of an incentive to cancel an offering since it would constitute bad publicity for them and harm their reputation.

Shangguan and Vasudevan (2008) compare the operating and stock price performances of a group of withdrawn SEO issuers to that of a group of companies that issued equity over the period 1986-2000. Using an event-study framework, they find that withdrawing issuers have more negative returns around the announcement dates. They argue that both successful and withdrawing issuers are overvalued at the time of announcement but that the extent of this overvaluation is greater for withdrawing companies. In the year preceding the announcement of the offering, they find that withdrawing issuers are smaller in size with higher sales and book-to-market ratios than successful issuers. Table 1 provides an overview of the variables studied in the above-mentioned research papers on IPO and SEO withdrawals and display the effects found for these variables.

**[Please Refer to Table 1]**

Jensen and Pugh (1995) state that issuers announce their SEOs when their stocks are overpriced and that the withdrawal announcements signal to investors that the stock prices are no longer overvalued. They conclude that withdrawal generally occurs after periods of poor market performance. Shangguan and Vasudevan (2008) do not find supporting evidence that withdrawn offerings are no longer overvalued and propose instead that issuers withdraw their offerings because they are unable to sell their securities at the offer prices.

The market reaction to SEO withdrawals usually has a negative impact on the stock prices of the issuers. Jensen and Pugh (1995) find that the market reaction of SEOs intended to finance capital expenditures is less positive than for SEOs intended to provide funds for debt repayment. They find however that the stock price reaction at withdrawal is not significantly different when the reason for cancelation is or is not market conditions.

## **2.4 The Future of Withdrawn Offerings**

Shangguan and Vasudevan (2008) briefly address the case of the future of withdrawing IPO issuers and find that many of these companies are subsequently acquired or go bankrupt. They make no mention of withdrawing issuers reattempting issues following the cancelation of their offerings. An emerging literature has recently examined withdrawn U.S. IPOs that were subsequently re-offered for trading. While some studies attempt to explain the conditions allowing these offerings to be reattempted (Dunbar and Foerster, 2008), other studies examine the performance of these offerings once they start trading on the secondary markets (Lian, 2009). The results of the Dunbar and Foerster (2008) study of returning IPOs are summarized in Table 2. The variables used as well as their effect on the ex-ante probability of reissue are presented. Dunbar and Foerster (2008) find that issuers that are venture-backed at the time of the first offering, and whose underwriters are of high reputation, are more likely to be reissued ultimately. The activity on the IPO market after withdrawal (measured by the number of new filings made in the subsequent year) has a positive influence on the probability of reissue, while positive returns on the general market after withdrawal tend to lessen the chances of reissue. Dunbar and Foerster (2008) also examine underwriter switching between the withdrawal of the first offer and the announcement of the second offer. They find that issuers that are eventually successful tend to switch to underwriters of higher rank (result is not significant), while issuers that turn to an underwriter of lesser reputation are less able to complete their second-time offerings (the change of rank is significantly lower).

**[Please Refer to Table 2]**

While the option to withdraw is deemed valuable for successful underwritten IPOs (as suggested by Busaba, Benveniste and Guo, 2001; and Busaba, 2006), one might ask what the consequences are when this option is actually exercised. Does the market punish issuers that

withdrew their IPOs at the time of their subsequent successful issue? Lian (2009) addresses this issue by studying the stock price performance of first-time successful IPOs versus second-time successful IPOs (IPOs by issuers returning to the market after the first attempted IPO was withdrawn). He does not find evidence of different long-run operating and stock returns post-IPO but finds evidence of lower pre-IPO financials for second-time offerings. Lian (2009) finds that second-time IPOs are discounted from the time of offer to the time of issue, supporting the hypothesis that the negative information conveyed by the first withdrawn offer is incorporated at the time of the second offer. He finds significantly lower filing prices for second-time IPOs at the announcements of the offerings, and of lower offer prices at the times of issue. After controlling for underwriter switching between the 1<sup>st</sup> and 2<sup>nd</sup> offers, he finds that, although 78% of his sample switches underwriters, underwriter switching does not completely reduce the extent of this valuation discount.

Canadian offerings and U.S. SEOs filed on the market represent a non-negligible portion of all the offerings withdrawn from the North American market. Although a significant portion of these offerings is eventually re-offered for trading, very little evidence regarding their fate is available. Thus, this study attempts to fill this gap and to provide insight into the future of returning Canadian IPOs and North American SEOs, and more particularly on their performance.

### **3. SAMPLE AND DATA**

#### **3.1 Identification of the Sample and Collection of the Data**

Our initial sample consists of completed and withdrawn IPOs and SEOs announced between January 1, 1993 and December 31, 2009 by American and Canadian companies. The American and Canadian samples are drawn from the Securities Data Corporation (SDC) Database and the Financial Post (FP) New Issues Database, respectively. Consistent with the existing literature,

American (Canadian) deals offered out of the United States (Canada), unit offerings, Depositary Receipts, limited partnerships, REITs, closed-end funds and non-common equity offerings are removed from the sample. Over-the-counter offerings are also removed due to the absence of price information as are flow-through offerings due to their tax treatment.

To identify reissuing companies, we match (by CUSIP or name) the sample of withdrawn issues to the sample of completed and registered offerings.<sup>5</sup> A company appearing at least twice in the sample of withdrawn deals, and not reappearing in the sample of completed deals, is classified as an unsuccessful reissuing company. A company appearing in both the sample of withdrawn deals and in the sample of registered offerings, but for which the status of the second offering is still pending at this time, is marked as a non-reissuing company. A company appearing in the sample of withdrawn deals and in the sample of completed or registered deals is classified as a successful reissuing company, provided that the deal subsequent to the withdrawn offer is a public offer of common equity. If not, the issuer is classified as non-reissuing.<sup>6</sup>

The statuses of the offerings are then confirmed by examining the prospectuses of the reissuing companies. Withdrawn issues that are not identified as such (i.e., because no news or registration of withdrawal was found) are dropped from the sample. The announcement and status dates (the days on which the final decisions as to whether the issuers will complete or cancel their offers) are verified and corrected if needed. The announcement day is taken as the day on which the preliminary prospectus is filed or the day on which the issuer makes an official announcement

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<sup>5</sup> While our sample of withdrawn offerings spans January 1993 through December 2009, we extend, for the purpose of matching, the sample period of completed and registered offers by six months. This allows us to somewhat reduce the bias introduced by withdrawn issues prior to the end of 2009 that reissued thereafter. Four issuers are found to have successfully reissued over this six month period. SDC reports the name of the company at the time of issue. In order to find all issues by one particular entity, we obtain its historical names from the Financial Post New Issues Database for a Canadian issuer and from SEC EDGAR for an American issuer.

<sup>6</sup> In order to check the accuracy of our matching procedure and to identify potentially missing deals, we go through the prospectuses of all issuers classified as reissuing to check whether the deal identified as the reissue is the first qualifying deal following the withdrawal. Withdrawn offerings for which the subsequent offer is missing and not available on SEC or SEDAR are included in the descriptive statistics but cannot be used in the comparative analysis of first- and second-time offerings (sections 5 and 6).

of a new issue, whichever is earliest. The status date is the earlier of the day on which the final prospectus is filed or the day on which an official withdrawal statement is made.

Missing prospectus information (i.e., amount filed, number of primary and secondary shares filed, mid filing price, offer price, main underwriter, market of issue, type of security, use of proceeds) is hand collected from the SEC EDGAR database and from SEDAR. The reason for issue withdrawal is collected from withdrawal statements (i.e., RW forms) on the SEC EDGAR database. Such information could not be found for the Canadian sample of withdrawn offerings.

Pre-offering accounting information is hand-collected from prospectuses, Compact D, Stock Guide or Lexis Nexis when not available on Compustat. For all the companies in our samples of completed and withdrawn offerings, we collect the amount of sales revenue, operating performance (measured by the operating income before depreciation), net income and total assets for the fiscal year preceding the announcement of the offering. For our sub-sample of SEOs, we further collect the amount of debt prior to the announcement of the new issue and the book value of the issuer at the end of the fiscal year preceding the announcement.

Stock price information for the American and Canadian samples is extracted from the Center for Research in Security prices (CRSP) Database and from the Canadian Financial Markets Research Centre (CFMRC) database, respectively. Stock price information of issuers announcing SEOs is collected for the day prior to announcement and the day prior to the withdrawal of the offering. For both sub-samples of IPOs and SEOs, stock prices are collected for the issuers for the 36-month period following the issuance of the new or additional shares. CFMRC is also used to extract the CAD/USD exchange rate for the period 1993-2010.<sup>7</sup> The 3-month Canadian T-bill rate and the 10-year government bond yield is obtained from CFMRC, and the 1-month American

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<sup>7</sup> The Canadian sample consists of issuers reporting their results either in terms of Canadian Dollars or in American Dollars. In order to allow comparisons within the Canadian sample, and with the American sample, we convert all values expressed in CAD in USD using the daily exchange rate.

T-bill rate and 10-year treasury yield are obtained from the Fama-French Database and Bloomberg, respectively.

A material number of observations in our SEO sample are lost due to our inability to find accounting *and* stock price information for the issuing entities. Similarly, a non-negligible number of observations for withdrawn issues are lost because no information is available on issue size. This can occur when an issue is withdrawn even before a final prospectus is issued or when the filing price or when the size of the offer is not disclosed in the preliminary prospectus.

As a result, our sample consists of 11,789 qualifying U.S. public offerings and 3,370 Canadian offerings. The next section presents a general description of the two samples and provides information on the general trends affecting the U.S. and Canadian public equity markets between 1993 and 2009.

## **3.2 Sample Characteristics**

### **3.2.1 Issue Activity**

Table 3 reports the total number of public equity offerings announced between January 1, 1993 and December 31, 2009, as well as the number of reissuing companies for the American (Panel A) and Canadian (Panel B) IPOs and SEOs. Tables 4 and 5 present the annual distribution of completed, withdrawn and reissued public offerings over the 1993-2009 period.

### **[Please Refer to Tables 3 to 5]**

As reported in table 3, the public equity market in the U.S. is about three times the size of that in Canada. Nearly one-half of the offerings in both countries are IPOs (46.22% in the U.S. and 47.77% in Canada). Our initial sample is largely comparable to that of Kim and Weisbach (2008) who identify a total of 9,230 and 3,749 issues by American and Canadian companies, respectively, between 1990 and 2000 (50% and 62%, respectively, of which are IPOs). They find

that average proceeds of American IPOs and SEOs between 1990 and 2005 are consistently higher than their Canadian counterparts (280.3 and 487.5 million dollars in the U.S. versus 15.4 and 74.1 million in Canada).

The proportion of withdrawn public offers is somewhat similar between the two countries at 14.69% of the American offerings and 12.34% of the Canadian offerings. Over 20% of IPOs are withdrawn in both markets (24.37 % and 20.76% in the U.S. and Canada, respectively), while only about 5% of all SEOs are cancelled on each market (4.66% in Canada and 6.37% in the U.S.). In Canada, 87.66% of all offerings, 79.19% of IPOs, and 93.90% of SEOs are completed, and 9.62% of withdrawn offerings are eventually reissued (6.59% of IPOs and 21.95% of SEOs). In the U.S., 85.31% of all offerings, 75.63% of IPOs, and 93.63% of SEOs are completed, and 15.24% of all offerings withdrawn are eventually reissued (12.27% of IPOs and 25.00% of SEOs). Virtually all reissues of SEOs are eventually successful (97.03% and 94.44% of the American and Canadian samples of returning SEOs, respectively). Consistent with Lian (2009), we find that about 9.19% of American withdrawn IPOs are eventually successfully reissued. A relatively lower proportion (4.79%) of Canadian withdrawn IPOs is subsequently successfully reissued.

As reported in table 4, the dotcom and subprime crises had a significant impact on the American IPO (not SEO) market (significantly higher number of IPOs between 1997 and 2000, lower number of offerings in 2008 and 2009). In Canada, we find a significantly higher number of offerings between 1996 and 1998, as reported in table 5. However, the subprime crisis is clearly observable, with an abnormally low number of offerings in 2009. The Canadian SEO market displays abnormal volume in 1996-1997 and 1999-2000, as well as in 2008.

### 3.2.2 Decision Period

The average lengths of the decision periods are reported in table 6. The decision period is the time (in days) between the announcement of an offering and the date at which the final status of the offering is announced. On average, American issuing entities disclose the final status of both their IPOs and SEOs significantly later than Canadian issuers (135.17 days versus 67.16 days for Canadian issuers). While successful American IPOs are declared completed much earlier than successful SEOs (97.58 days vs. 128.23 days), the inverse is observed in the Canadian case (84.82 days for IPOs vs. 24.66 days for SEOs). The cancelation of SEOs on both the American and Canadian markets is announced sooner than for IPOs. However, issuers of withdrawn offerings that eventually return to the market appear to have shorter decision periods as compared to cancelled offerings that are never reissued or that are returning unsuccessfully (i.e., over 50 days shorter on average for both the American and Canadian samples).

**[Please Refer to Table 6]**

### 3.2.3 Reissue Delays

The delay of reissue is the period of time between the announcement of the cancellation of an offering and the announcement of a new offering by the same issuing entity. Our sample of returning issuers (regardless of the final status of their new offerings) consists of 253 American companies and 38 Canadian companies.<sup>8</sup> Of the attempted reissues, 82.60% (81.58%) turn out to be successful in the U.S. (in Canada) (Table 3). Table 7 presents the delays within which successful returning offerings are announced. Panel A suggests that American and Canadian issuers return on average to the market within the two years following the withdrawal of their initial offerings (647.99 days for American issuers versus 571.81 days for Canadian issuers). 50%

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<sup>8</sup> Table 5 displays the yearly distributions of public offerings based on their final status. 33 deals are followed by a *successful* reissue but only 31 companies are responsible for these offers. Two issuers withdrew their offerings twice before being successful. The proportion of successful reissues relative to the total number of reissues is based on the number of companies to not bias this proportion upwards.

of returning Canadian IPOs are usually announced in the eight months following the original withdrawals, versus 14 months for returning U.S. IPOs. Panel B reveals that 80% of successful returns to the market are announced within less than two years (668 days), while only about 65% of American issuers are able to return within such a delay. Following Dunbar and Foerster (2008), we study in the next section the factors affecting the probabilities of cancellation and of subsequent reissue of the offerings previously identified

**[Please Refer to Table 7]**

#### **4. DETERMINANTS OF OFFERING WITHDRAWALS AND REISSUES**

In this section, we examine possible determinants of the ex-ante probability of withdrawal and of subsequent reissue of an offering. We perform a series of probit regressions in order to capture the influence of firm riskiness, issue characteristics and market conditions on these ex-ante probabilities. These possible determinants are tested at the time of announcement and around decision time. Our first model is based on information available at the time of announcement only, and it attempts to capture the potential timing and/or sizing or pricing mistakes that might explain IPO and SEO withdrawals. Our second model is based on information available at announcement and at the time of cancelation in order to capture the possible effect of timing of the decision on the probability of reissuing a withdrawn offering.

##### **4.1 Methodology and Potential Determinants**

Using a framework similar to Dunbar and Foerster (2008), we examine the variables that potentially affect the probabilities of withdrawals and of reissues. Our variables are classified into three categories: issuer riskiness, issue characteristics, and timing of the offering. The timing of the offering incorporates market conditions around the offering announcements, the strength of

competition at the time of the offerings and prior to their cancelations, and the periods of time between the announcements and the decisions regarding the final status of the offers.

#### 4.1.1 Issuer riskiness

Firm riskiness is proxied by the age of the issuing firm at time of announcement.<sup>9</sup> Ritter (1983) argues that advancing age reduces information asymmetry. Freeman *et al.* (1983) find that newer firms have a greater chance of failure, which he refers to as the “liability of newness”. We therefore expect older firms to be less likely to withdraw their offerings. However, we expect less and more experienced issuers to be equally likely to reattempt an offering following an issue cancelation, within various delays however.<sup>10</sup> While older (more experienced) issuers are expected to reissue within shorter delays, we cannot exclude the possibility that younger issuers will eventually recover from an offering cancelation. We collect the age variable from a number of sources: the age of U.S. issuers is retrieved from Loughran and Ritter’s (2004) file that gathers the founding dates of 9,098 IPOs completed between 1975 and 2009. Founding years not reported on this file are collected from prospectuses and from Mergent Online when not available in SEC filings. Consistent with Loughran and Ritter’s (2004) methodology, we use the earliest incorporation date as a proxy for founding year. For the Canadian sample, we collect all founding dates from the SEDAR database and the Financial Post Database. When not available in either source, Mergent Online is used.<sup>11</sup>

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<sup>9</sup> Venture-backing is an alternative measure of riskiness. Venture-backed issuers benefit from the resources and expertise of VCs. They are therefore better monitored and in turn, less risky. Foerster and Dunbar (2008) find that the presence of VCs prior to the announcement of an IPO decreases the probability that the offering will be withdrawn, as well as increases the probability that withdrawn deals will be re-offered. Data limitations do not allow us to confirm this finding and to test it for our samples of IPOs and SEOs.

<sup>10</sup> This argument is not verified in this study.

<sup>11</sup> Withdrawn IPOs never reattempted are not easily identifiable since they remain private over our sample period. The founding dates of these issuers is therefore not found, which creates a representation bias in our sample with an over-representation of reissued withdrawn deals and an under-representation of withdrawn offerings never reissued.

High-tech firms tend to be the object of greater information asymmetry at the announcement date, due partly to the nature of the business. We use the Loughran and Ritter (2004) classification of technology firms, assigning a value of 1 to the technology dummy to issuers whose SIC code is 3571, 3575, 3578, 3661, 3663, 3669, 3671, 3672, 3674, 3675, 3677, 3678, 3679, 3823, 3825, 3826, 3827, 3829, 3841, 3845, 4812, 4813, 4899, and 7371, 7372, 7373, 7374, 7375, 7378, and 7379. Based on the Brau and Fawcett (2006) argument that technology firms undergo IPOs to enhance their reputation, we expect the technology dummy to have a negative (positive) influence on the probability of withdrawal (reissue), considering the negative (positive) impact such an event would have on the issuer's image. This relationship is less obvious in the case of SEOs, whose reputation is already established.

Clarke, Dunbar and Kahle (2001) suggest that SEOs that are overvalued at time of announcement are more likely to be cancelled if the overvaluation is corrected by insider transactions during the decision period ('window of opportunity' hypothesis). We measure the level of overvaluation by the book-to-market (BM) ratio, measured by dividing the book value of the outstanding shares at the end of the fiscal year just preceding the announcement by the market value of the issuer's stock on the day prior to announcement. Lower BM ratio issuers are more likely to complete their offerings, assuming that no insider trading occurs between the announcements and the times at which the decisions are made. However, we expect issuers with a lower BM ratio at withdrawal to be more likely to attempt reissue to take advantage of their overvaluations in the market.<sup>12</sup>

The price-earnings (P/E) ratio, measured as the stock price on the day prior to announcement divided by the earnings per share announced at the end of the fiscal year just prior to announcement, provides information about the growth opportunities of the issuer. A greater P/E ratio conveys greater growth opportunities for the issuer, which in turn might translate into more

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<sup>12</sup> This variable was not calculated as part of this study and our analysis does not test this expectation.

risk and uncertainty for the investors regarding the true value of the company (Chen *et al.*, 2004). We therefore expect the P/E ratios of issuers undergoing SEOs to have a positive (negative) impact on the probability of withdrawal (reissue).

We argue that issuers with a high leverage, proxied by the debt to asset ratio, are more likely to complete their offerings in an attempt to raise sufficient amounts of equity to repay their debts. This argument relies on the Pecking Order Theory and assumes that, at this point, all alternative sources of financing have been used by the issuer.<sup>13</sup>

Net Income / Sales, measured at the end of the fiscal year preceding the announcement, is a measure of an issuer's profitability and of its ability to turn revenues into profit in an efficient manner. We expect issuers with greater net income-to-sales ratios to attract more investors and, in turn, to be more likely to be able to complete their offerings.

Jensen and Pugh (1995) document different market reactions to alternative uses of proceeds announced by issuers of SEOs. Busaba, Benveniste and Guo (2001) and Dunbar and Foerster (2008) find that issuers announcing that their proceeds are to be used to retire debt are more likely to withdraw their public offerings. We therefore include two dummy variables to capture the effects of alternative stated uses of proceeds on the probabilities of the withdrawals of IPOs and SEOs. These dummies are DEBT\_DUMMY variable (set as 1 when the proceeds are to be used for debt, 0 otherwise) and DVPT\_DUMMY variable (set as 1 when CAPEX, expansion, and development are cited, 0 otherwise). While we expect the DEBT\_DUMMY to have a positive influence in our model, the influence of the DVPT\_DUMMY is indeterminate (+ if it conveys growth and more business opportunities, and – if it contains additional risk). Based on the

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<sup>13</sup> Myers (1984) stipulates that companies prioritize their sources of financing, preferring internal sources to debt, and debt to equity financing. He argues that public equity financing is the least valued source of financing by investors, since it conveys the idea that the company attempts to take advantage of its overvaluation on the market by exploiting investors.

Pecking Order Theory, we would expect issuers looking to use their equity offering to repay debt (DEBT\_DUMMY=1) to be more likely to eventually re-attempt an offering.

#### 4.1.2. Issue characteristics

Given the limited resources of the pool of issuers, we would expect larger offerings to be more likely to be withdrawn, based on the rationale that the issuer would be more likely to have difficulty selling the totality of the shares offered. We use two alternative measures of offering size. The first is the gross amount filed by the issuer (i.e., filing price multiplied by the number of shares offered). The second measure is the amount of proceeds the issuer will receive. It accounts for the underwriting fees and filing fees the issuer pays at time of filing. A variable capturing the size of the offering relative to the average size of all issues announced in the prior month is also developed.<sup>14</sup> We expect abnormally large (small) offerings (relative to the average offering size on the market) to be more (less) likely to be withdrawn. The effect of a greater offering size on the probability of reissue is indeterminate. We expect a positive effect if offering size is related to a greater need for financing. If a greater offering size is the result of a sizing mistake, it might as well punish the issuer (-) or encourage the issuer to make a new lower sized offering (+).

If the offering is offered for trading on a major venue (i.e., NYSE in the United States, TSX for Canada), we assign a one to a dummy variable designed to capture this characteristic. We argue that the prestige associated with listing on a major public market decreases the issuer's incentive to cancel an offering, and increases the issuer's incentive to eventually re-attempt an offering on this market in case of withdrawal.

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<sup>14</sup> The variable measuring the size of the offering relative to the average size of the offerings on the market is given by:

$1 + \left( \frac{\text{Amount filed} - \text{Average offer size over past } X \text{ months}}{\text{Average offer size over past } X \text{ months}} \right)$ . A value of 1 indicates that the filing amount is of similar size to the average offer size on the market over the past X months. A value greater (less) than one indicates that the filing size is greater (smaller) than the market average.

Brau and Fawcett (2006) report that issuing firms choose their lead underwriter based on overall reputation, the quality and reputation of the research department and industry expertise and connections of the underwriter. Dunbar and Foerster (2008) find that underwriter reputation measured by the presence of the underwriter in the market and in the industry, have a positive effect on the probability of withdrawal. We account for the choice of the lead underwriter by assigning a rank to the offering underwriter based on the rankings of Loughran and Ritter (2004).<sup>15</sup> Issuers having an underwriter of higher reputation are expected to be more likely to complete their offerings, based on the rationale that underwriters of higher reputation are able to obtain better terms on the equity market and/or sell more of the issuer's shares. The effect of underwriter ranking at the time of the first offering is however not expected to have any effect on the probability of reissue.<sup>16</sup>

As an alternative to the underwriter's ranking as a determinant of withdrawal, we test the effect of the type of offering on the ex-ante probability that an offering is withdrawn. In best efforts offerings, the agency or underwriter agrees to use its "best efforts" to sell the securities to the public, with no guarantee that all of the issue will be sold. In bought deals (available in Canada only), the underwriters bear some of the risk as they buy a portion of the shares filed with the intention to sell them to the public at a price superior to the price filed. In the case of firm commitments, price is determined at the end of a marketing period during which the underwriter sizes the market to determine at what price investors would be willing to purchase the securities. We do not expect bought deals to increase the probability of withdrawal, since most of the risk is borne by the underwriter rather than the issuing entity itself.

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<sup>15</sup> <http://bear.warrington.ufl.edu/ritter/ipodata.htm>

<sup>16</sup> However, we expect issuers with underwriters of lesser reputation to be more likely to choose an underwriter of higher reputation if and when reissuing. This hypothesis is not tested in this particular model but will be addressed in a later section.

We measure the differential between the mid filing price and the market price of the SEO issuer on the day prior to announcement. The effect of this price differential is indeterminate. While greater positive price differentials might be a sign of undervaluation of the issuer's stock (thus attracting investors and increasing the probability of SEO completion or reissue), it might also be the result of a pricing mistake by the issuer and its underwriter, in which case it is likely that the offering will eventually be cancelled.

#### 4.1.3 Timing of the Offering

Market conditions and the intensity of the IPO market at the time of offering and of withdrawal can influence the decision to withdraw and reissue an offering. We use the cumulative returns on the CRSP (CFMRC) equal-weighted index over the 2 months preceding the announcement of the offering to account for general market conditions prior and subsequent to the offer. Changes in general market conditions are captured by measuring the differential in cumulative returns between the time of announcement and two months thereafter. Alternately, we test the effect of excess returns (as calculated using the Fama-French model) on the market prior and subsequent to announcement or withdrawal on the ex-ante probabilities of withdrawal and reissue.<sup>17</sup> We anticipate poor market conditions around announcement to be a positive determinant of the probability of withdrawal, and issuers that withdrew their offerings in a more favourable market climate to be more likely to eventually reissue.

We test the effect of both short- and long-term rates (proxied by the risk-free rate and the yield on the long-term government bond, respectively) on the probability of withdrawal and of reissue. Higher short-term rates imply higher costs of borrowing from alternative sources for issuers, increasing the probability of offering completion or reissue. As outlined by Dunbar and

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<sup>17</sup> The Canadian data for the Fama-French model is retrieved from: [http://expertise.hec.ca/professorship\\_information\\_financiere\\_strategique/fama-french-canadian-factors/](http://expertise.hec.ca/professorship_information_financiere_strategique/fama-french-canadian-factors/). American Fama-French factors are available at [http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html)

Foerster (2008), long-term rates capture long-term market trends. Thus, long-rates are more positive during expansionary periods, making the withdrawal of offerings less likely. The effect of the corporate bond spread, measured as the difference between BAA and AAA rated bonds, is tested, as suggested by Dunbar and Foerster (2008). They argue that the effect of this variable on the probability is unclear. Greater spreads entail greater default probabilities on the market, increasing the level of uncertainty of the issuers and increasing in turn the probability of withdrawal (decreasing the probability of reissue). Alternatively, greater spreads can imply that access to capital is more limited, encouraging issuers to raise capital through the equity market, increasing the probability of IPO completion or reissue. We expect the corporate bond spread to have a similar effect on the probability of SEO withdrawal and reissue. We add two dummy variables to account for a material increase in IPO activity before and around the dotcom bubble (equal to one for 1997-2000 and zeros otherwise) and for the slowdown in activity during the credit crisis (equal to one for 2008-2009 and zeros otherwise).

The activity on the public new equity issues market is measured by the total numbers of offerings announced and withdrawn in the two months prior to the announcement dates. As a proxy for competition, we measure the number of offerings made by companies in the same one-digit industry as the issuer, as well as the relative size of the announced offer relative to the average size of the market offers. According to Dunbar and Foerster (2008), offer intensity on the IPO market can have two opposite effects on the probability of withdrawal. More issuers are likely to be unable to meet their demand requirements if demand and capital are limited. On the other hand, greater intensity allows for more information spillovers, allowing for more accurate valuations of the offerings, increasing in turn the likelihood of the completion of the offerings.

International exchange conditions, measured by the exchange rate between the American and Canadian currencies, are incorporated into the model to capture the potential effect of favourable/unfavourable exchange rates on the IPO activity of the country studied. We expect

that, for our sample of Canadian deals, the probability of withdrawal will be greater when the exchange rate favours Canada since this is likely to decrease demand from U.S. investors.

We test for the length of the decision period as a potential determinant of the probability of reissue. Mikkleson and Partch (1988) and Frinjs, Navissi, Tourani-Rad and Tsai (2006) find that decision periods are shorter for completed SEOs than for withdrawn offers. Longer decision periods are associated with higher real and opportunity costs for an issuer, making it more difficult and longer for the firm to recover fully. Therefore, we expect issuers withdrawing their offerings after shorter periods to be more likely to reissue, or at least to reissue within shorter delays.

We do not systematically include the subprime dummy in the reissue model due to data availability. Our sample of withdrawn reissues spans January 1993 through December 2009. Based on the way we constructed our sample, an issuer withdrawing on December 31<sup>st</sup>, 2009 was only allowed six months to reattempt an offering. While this likely reduced the bias towards non-reissuing companies for the year 2009, we are unable to eliminate it completely. As an attempt to not further bias the results of our second model, we choose to not include the subprime dummy.

#### 4.1.4 Methodology

We use a probit regression methodology to measure the effect of the potential determinants of offering cancelation or reissue. In Model (1) [Model (2)], we set the dependant variable to one when the offering is withdrawn (reissued), and zero otherwise. The probability of withdrawal is measured at time of announcement of the original offering, while the probability of reissue is measured at the time of cancelation of the offer. Market conditions and competition on the public equity market, which are included in models (1) and (2), are measured around announcement and withdrawal dates, respectively.

Variations of the following full models are applied to the sample of respectively IPOs and SEOs based on data availability:<sup>18</sup>

*Probability (WITHDRAWAL = 1)*

$$\begin{aligned}
 &= f(\alpha_0 + \alpha_1 \text{AGE} + \alpha_2 \text{TECHNOLOGY} + \alpha_3 \text{DEBTDUMMY} \\
 &+ \alpha_4 \text{DVPTDUMMY} + \alpha_5 \text{OFFERSIZE} + \alpha_6 \text{OFFERPRICE} \\
 &+ \alpha_7 \text{REL.OFFERSIZE} + \alpha_8 \text{EXCHANGE} + \alpha_9 \text{UNDERWRANK} \\
 &+ \alpha_{10} \text{DOTCOM} + \alpha_{11} \text{SUBPRIME} + \alpha_{12} \text{CUMUL.RET} + \alpha_{13} \text{EXC.RET} \\
 &+ \alpha_{14} \text{INT.RATES} + \alpha_{15} \text{CORP.SPREAD} + \alpha_{16} \text{FOREX} + \alpha_{17} \text{CUMUL.RET} \\
 &+ \alpha_{18} \text{FOREX.DIFF} + \alpha_{19} \text{PRE.ANNC.COMPETITION} \\
 &+ \alpha_{20} \text{POST.ANNC.COMPETITION} + \alpha_{21} \text{CONTROL.VARIABLES})
 \end{aligned}$$

(1)

*Probability (REISSUE = 1)*

$$\begin{aligned}
 &= f(\alpha_0 + \alpha_1 \text{AGE} + \alpha_2 \text{TECHNOLOGY} + \alpha_3 \text{DEBTDUMMY} \\
 &+ \alpha_4 \text{DVPTDUMMY} + \alpha_5 \text{OFFERSIZE} + \alpha_6 \text{OFFERPRICE} + \alpha_7 \text{EXCHANGE} \\
 &+ \alpha_8 \text{UNDERWRANK} + \alpha_9 \text{DOTCOM} + \alpha_{10} \text{SUBPRIME} + \alpha_{11} \text{CUMUL.RET} \\
 &+ \alpha_{12} \text{EXC.RET} + \alpha_{13} \text{INT.RATES} + \alpha_{14} \text{CORP.SPREAD} + \alpha_{15} \text{FOREX} \\
 &+ \alpha_{16} \text{CUMUL.RET} + \alpha_{17} \text{FOREX.DIFF} + \alpha_{18} \text{PRE.ANNC.COMPETITION} \\
 &+ \alpha_{19} \text{CONTROL.VARIABLES})
 \end{aligned}$$

(2)

where all the variables are as previously defined. We measure the marginal effect of each of the potential determinants by averaging the estimated marginal effect of each determinant on every individual observation included in the model. The goodness-of-fit of each model is measured by McFadden's pseudo R-Squared:

$$R^2 = 1 - \frac{\ln \hat{L}(M_{full})}{\ln \hat{L}(M_{intercept})}$$

(3)

$\ln \hat{L}(M_{full})$  is the log likelihood of the estimated model with all the variables, while

$\ln \hat{L}(M_{intercept})$  is the log likelihood of the model with only an intercept as the independent

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<sup>18</sup> The specification of the models presented is based on the availability of data and on the overall significance of the model. Only those models that are statistically significant (likelihood ratio < 0.10) are presented here. Univariate tests for all potentially relevant variables are included.

variable. A small  $R^2$  reveals that the model with all the variables is far superior to the model with only an intercept as the independent variable. The results of equations (1) to (3) are reported in the next section and are supported by a series of univariate tests on the tested variables.

## **4.2 Empirical Results**

### **4.2.1 Univariate and probit model results for American IPOs**

For the period 1993-2009, 24.37% of the filed American IPOs are eventually withdrawn. The univariate and multivariate model results for withdrawn American IPOs are reported in panels A and B of Table 8, respectively. Completed IPOs are announced by older issuers. Issuers whose intent is to use the proceeds of their offerings for debt repayment or business expansion are less likely to cancel their offerings. IPOs of greater size relative to their industry and to the market are more likely to be completed. A greater percentage of issuers making an offering on the NYSE complete than withdraw their offers. This is consistent with the argument that the enhanced reputation associated with trading on a major venue encourages issuers to complete their offerings.

**[Please Refer to Table 8]**

Greater percentages of offerings announced during the dotcom and subprime periods are withdrawn than completed. Withdrawn IPOs are generally announced during times of lower excess returns on the market and greater risk-free rates. Withdrawn IPOs are filed at times of greater corporate bond spreads, consistent with the argument that investors face greater uncertainty and offerings are less likely to be completed when default probabilities are greater. The foreign exchange rate is on average greater (i.e., when the USD is stronger than the CAD) at announcement of withdrawn IPOs. The announcement of completed IPOs is followed by a greater cumulative return differential over the market index and positive excess returns, and lower corporate spreads and foreign exchange rate differentials. This suggests that market stability

around the time of announcement contributes to IPO completion. Activity on the public equity market is greater in the issuers' industries prior to the announcements of withdrawn IPOs. Post-filing activity on the market is less intense for withdrawn offerings than for completed IPOs.

The multivariate results for model (1) in Panel B of Table 8 partially confirm the results from Panel A. The probability of withdrawal is negatively related to the issuer's age (experience). This is consistent with the "liability of newness" argument by Freeman *et al.* (1983). The use of proceeds towards debt repayment and business expansion has a negative impact on the probability of cancellation. Underwriters of greater rankings (greater reputation and expertise) contribute to IPO completion, as expected. Gross offering size is positively related to the probability of withdrawal, confirming our expectation that issuers of larger offerings are less likely to sell the totality of their shares to a pool of investors with limited resources.

IPO withdrawal is positively related to the corporate bond spread (higher default probabilities) and to changes in the risk-free rate and corporate bond spread (greater instability in general market and economic conditions) at times of announcement. Issuers announcing their offerings during the subprime period (2008-2009) are more likely to withdraw them, as a likely result of the generally slow activity on equity markets and poor market conditions associated with this period. Greater pre-announcement activity on the public equity market contributes to IPO withdrawal, confirming the argument that, in times of greater activity, the pool of investors is not able to fulfill demand given limited resources. The positive effect of the dotcom period on the probability of withdrawal further supports this argument.

Greater post-announcement competition in the industry has a negative impact on IPO withdrawal, consistent with the argument that issuers (as well as investors) benefit from information spillovers, and the more accurate pricing of securities during periods of increased activity. Lower cumulative excess returns subsequent to withdrawal, along with lower changes in

cumulative returns, higher borrowing rates and default probabilities, are positively related to the probability of withdrawal, suggesting that more favourable post-announcement market conditions influence issuers' ability to complete their offerings.

Results of preliminary univariate tests and multivariate analysis of the determinants of IPO reissues are reported in Panels A and B of Table 9, respectively. On the American market, 15.29% of withdrawn IPOs are reissued. A comparison of the sample of reattempted versus non-attempted offerings following withdrawal of the original offerings finds that issuers with more experience (age) are more likely to reattempt an offering and technology firms are more likely to announce a reissue than to not return. Underwriter's reputation and expertise, proxied by the underwriter's ranking, is greater for returning offerings, as expected. Withdrawn offerings originally announced during the dotcom period are less likely to be reattempted.

**[Please Refer to Table 9]**

Offerings that are withdrawn at times of lower corporate bond spreads and of greater returns on long-term government bonds are more likely to be reattempted. Likewise, IPOs whose withdrawals are immediately followed by greater changes in corporate bond spreads are more likely to re-attempt offerings. Activity on the public equity market just prior to withdrawal is less intense for non-returning offerings. Post-withdrawal IPO activity in the industry of the issuer is positively related to the IPO's return.

Issuer and issue characteristics have a positive influence on the probability of reissue. Withdrawn IPOs by older issuers (greater experience) operating in the technology industry are more likely to return to the market, in support of Brau and Fawcett's (2006) reputation argument. IPOs underwritten by underwriters of higher rank (greater reputation and expertise) are more likely to be reattempted, as expected.

Greater returns on long-term government bonds (capturing periods of general market expansion) on withdrawal days are positively related to the probability of reissue. Lower cumulative excess returns on the market prior to withdrawal (less favourable general market conditions), along with lower short-term rates (decreased cost of alternative sources of financing) are positively related to the probability of reissue. IPOs initially announced during the 1997-2000 period (dotcom bubble) are less likely to be reattempted following their withdrawal. This result is most likely related to the nature of the issuers withdrawing over this period (i.e., a majority of dot-com companies) and the saturation in the Internet sector towards the end of the dotcom period.

The multivariate results neither confirm the influence of pre- and post-withdrawal activity on the IPO market nor that overall market conditions following withdrawal have any impact on the probability of return. Variables capturing post-withdrawal long-term conditions might be able to better explain the return phenomenon of withdrawn IPOs.

#### 4.2.2 Univariate and probit model results for Canadian IPOs

The univariate and multivariate results for model (1) for the sample of Canadian IPOs are presented in Table 10, Panels A and B, respectively. Between 1993 and 2009, 20.76% of Canadian filed IPOs were eventually withdrawn. Univariate results suggest that issuers of withdrawn offerings are significantly younger than successful issuers. Technology firms are more likely to complete their IPOs, as expected. A greater percentage of issuers whose intent is to use the proceeds of their offering towards debt repayment completed their offerings, and a greater proportion of issuers planning on using the proceeds towards business expansion withdrew their IPOs. Completed IPOs are of greater size (in terms of number of shares filed and mid-filing price) than withdrawn offerings. Completed IPOs are on average 1.34 (9.71) times the size of market (industry) offerings, while withdrawn offerings are 2.22 times smaller (17.38 times larger) than

the average market (industry) offering over the two months preceding the announcement of the new proposed issue. A greater proportion of IPOs offered on the basis of best efforts is withdrawn than completed.

**[Please Refer to Table 10]**

A greater proportion of IPOs announced during the subprime period is withdrawn than completed. No such result is found for the dotcom period, contrary to the American sample of IPOs. Completed Canadian IPOs are announced in times of greater excess returns on the market and higher short- and long-interest rates. Post-announcement market conditions (measured as the cumulative return differential and excess returns on the market) are more positive for completed IPOs than for withdrawn offerings. The changes in risk-free and foreign exchange rates are, in absolute terms, greater for the sample of withdrawn IPOs. Pre- and post-announcement activity on the IPO market and in the issuer's industry is more intense for completed IPOs.

Results of the multivariate analysis of IPO withdrawals partially confirm the univariate test results. As expected, technology firm IPOs are more likely to be completed, consistent with the argument that technology firms undergo IPOs to build and/or enhance their reputation and are thus less likely to cancel them. Issuers intending to devote the proceeds of their IPOs to business expansion are less likely to cancel their offerings. We find no evidence confirming that age (experience) and debt repayment have a significant impact on IPO withdrawal. Greater offering size relative to the industry increases the probability of IPO cancelation, suggesting that overly large offerings relative to issuers of the same industry are perceived as being more risky by investors and are in turn less likely to attract the funds necessary to complete the offering. This result somewhat conflicts with the finding that lower expected proceeds, in terms of both mid filing price and number of shares offered, are more likely to be withdrawn. Best efforts offerings, more risky to the company than bought deals and guaranteed offerings, increase the probability of withdrawal.

Multivariate results do not support the univariate results of a negative effect of general market conditions prior to announcement (measured by the excess returns on the market and risk-free rate). However, a higher long-term rate on the day of announcement is negatively related to the probability of withdrawal. Greater post-announcement changes in market conditions and in long-term government bond returns decrease the probability of IPO cancelation. This suggests that better short- and long-term improvements in market conditions contribute to the success of IPOs. More intense market activity over the two months following the announcements is negatively related to the probability of IPO cancelation. This result confirms that information spillovers resulting from greater activity enable issuers to make a better valuation of their stock.<sup>19</sup> Unlike the univariate results, activity on the IPO market prior to announcement is not related to IPO withdrawal.

Withdrawn IPOs are then examined at time of withdrawal on the basis on the eventual status of the offering, and reattempted offerings are compared to non-returning IPOs. Our descriptive statistics suggest that 8.38% of Canadian withdrawn IPOs are eventually reattempted (Table 5, Panel B). The univariate and multivariate model results are reported in Table 11, Panels A and B, respectively. Overall, we find that market conditions prior to and after withdrawal do not differ between the samples of returning and non-returning issuers. The issuer's experience, measured as the age at announcement of the original offering, is greater for non-returning offerings. A greater proportion of issuers intending to use the proceeds of their offerings for debt or business expansion is returning than non-returning. Offering size, in terms of number of shares filed and filing price, is greater for returning IPOs than for non-returning IPOs.

**[Please Refer to Table 11]**

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<sup>19</sup> In many instances, IPO issuers do not disclose their offering prices in their preliminary prospectuses. They use the information on the market to set their final offering prices in subsequent filings.

Only those univariate results related to issuer characteristics for IPO reissue are confirmed by the multivariate analysis reported in Panel B.<sup>20</sup> Age (experience) is a negative determinant of IPO reissue, contrary to our expectations and to the American case. We attribute this result to the presence of Junior Capital Pool Companies (or JPC) in our sample. JPCs are junior industrial or natural resource issuers who have not made an IPO yet and have no business or assets in place. The Province of Alberta, in which these structures are exclusively available, provides relaxed requirements to these start-up companies to allow them to obtain financing. Issuers whose intent is to expand their business with the proceeds from the offering are less likely to return to the market. Offerings withdrawn during the subprime period are less likely to be reissued. We suspect this result to be due to the short period of time our model allows for deals near the end of the studied period to return. Contrary to the case of American IPOs, we find that greater excess returns on the Canadian market just prior to withdrawal increase the probability of reissue, suggesting that better general market conditions at withdrawal contribute to issuers' ability to rebuild their finances and/or reputations following the cancellations of their IPOs. Similarly, lower foreign exchange rates (international exchange conditions more in favour of the Canadian market) are positively related to the probability of reissue, consistent with our expectations. However, higher risk-free rates (i.e., higher alternative costs of borrowing) do not encourage IPO reissue in Canada. This result is contrary to our expectations, while consistent with U.S. results. Immediate post-withdrawal market conditions, along with activity on the public equity market, are not related to IPO reissue. This finding of no relation is consistent with the case for American IPOs.

#### 4.2.3 Univariate and probit model results for American SEOs

We estimate model (2) for the samples of completed and withdrawn American SEOs. Only 6.37% of the U.S. SEOs in our sample were withdrawn. The univariate and multivariate results

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<sup>20</sup> The results associated with the technology proceeds for debt variables are insignificant and not reported. As presented in Panel A, 0% of technology firms returned, and 0% of returning issuers intended to use their proceeds for debt.

are reported in Table 12, Panels A and B, respectively. Completed SEOs are announced by significantly older issuers. Similar to the case of U.S. IPOs, we find that a greater proportion of SEOs made to repay debt or to finance expansion are completed than withdrawn. Valuation and accounting ratios do not differ between issuers of completed and withdrawn offerings. The offering size of completed offerings is constantly greater than the size of withdrawn SEOs, in absolute terms and relative to the average market and industry offerings. Consistent with our expectations, completed SEOs are underwritten by underwriters of greater reputation (i.e., higher ranking). The differentials between the mid-filing price and the closing price on the days prior to the announcements are more positive for completed offerings than for withdrawn SEOs, suggesting a greater undervaluation of completed deals versus withdrawn offerings.

**[Please Refer to Table 12]**

A greater percentage of SEOs announced during the dotcom period was withdrawn than completed, as a result of greater competition on the public equity market during this period. Unlike the case of U.S. IPOs, we find that a smaller proportion of SEOs announced during the subprime period are withdrawn than completed, suggesting that this period was not as unfavourable for SEOs as for IPOs. Completed SEOs are announced in times of greater cumulative excess returns on the market, lower risk-free rates, greater corporate bond spreads and foreign exchange rates more favourable for the U.S. Changes in market conditions following the withdrawals are of greater magnitude for withdrawn SEOs. We find that the announcement of withdrawn SEOs is followed by a period of greater changes in cumulative returns on the market index, greater increases in the risk-free rate, positive changes in corporate bond spreads and greater increases in the foreign exchange rate. Similar to American IPOs, completed SEOs are immediately followed by periods of positive excess returns on the market, versus negative for withdrawn SEOs. The activities on the public equity market and in the industries of the issuers are greater pre- than post-announcement for withdrawn SEOs.

Univariate results are only partially supported by the multivariate analysis. Greater issuer riskiness, in terms of experience (-), industry (-), leverage (+), profitability (-), and overvaluation (-), is not related to the probability of withdrawal, contrary to our expectations (in parentheses). Greater gross offering sizes increase the probability of withdrawal, consistent with the limited pool of resources of investors. However, offering size relative to the market and to the industry is negatively related to the probability of withdrawal, suggesting that greater relative SEOs are not perceived as being more risky by investors and that overly large offerings (relative to the market and industry) are not as negatively perceived as overly large IPOs. The negative relation between the filing price and the probability of withdrawal suggests that issuers performing better on the market are perceived as being less risky and more attractive investments by investors.

Greater pre-announcement excess returns on the market and lower corporate bond spreads (lower default probabilities) increase the probability of SEO completion, as expected. Greater exchange rates (to the advantage of the U.S. market) increase the probability of withdrawal. This might be explained by investors taking advantage of the stronger USD to pursue international investment opportunities. Greater cumulative excess returns post-announcement (better market conditions) increase the likelihood of SEO completion, while greater changes in cumulative returns (greater instability in the local market) and greater foreign exchange differentials (that advantage the USD) increase the probability of withdrawal, supporting the results of the univariate analysis. Similarly, a more intense public equity market and in the issuer's industry prior to announcement increases the probability of withdrawal, consistent with the limited resources of investors. Similar to the case of U.S. IPOs, more intense post-announcement competition in the issuer's industry decreases the probability of cancellation. This supports the hypothesis that greater information spillovers related to increased activity allow for a more accurate valuation of the offered security.

A return to market occurs for 26.73% of the U.S. withdrawn SEOs. We apply Model (2) to the sample of withdrawn SEOs, differentiating between returning and non-returning offerings. Results of the univariate and multivariate tests are presented in Table 13, Panels A and B, respectively.<sup>21</sup> We find that reissued IPOs are significantly more overvalued at time of withdrawal than non returning offerings. Exchange conditions at withdrawal are more advantageous to reissued SEOs versus non-returning offerings. Activity on the public equity market in the issuer's industry is more intense subsequent to the withdrawal of non-reattempted SEOs. Greater post-withdrawal competition might be more harmful to the withdrawing issuer's ability to recover from the cost and loss of reputation associated with a SEO cancelation, making the issuer less likely to reattempt such an equity offering.

**[Please Refer to Table 13]**

As expected, we find support in our multivariate analysis that a lower book-to-market ratio at withdrawal (greater SEO overvaluation) is significantly positively related to SEO reissue. This supports our argument that SEOs overvalued at the times of their withdrawals have incentives to proceed to new offerings in order to take advantage of the overvaluations of their stocks on the market. A more positive foreign exchange rate at withdrawal (i.e., a stronger USD relative to the CAD) contributes to SEO reissue. This result supports our finding that public SEO reissue is more likely when the local currency of the issuer is relatively stronger, as supported by the case of Canadian IPO reissue.

#### 4.2.4 Univariate and probit model results for Canadian SEOs

4.66% of Canadian SEOs announced between 1993 and 2009 are withdrawn. We apply Model (1) to the samples of completed and withdrawn Canadian SEOs. Results of the univariate and

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<sup>21</sup> Post-withdrawal conditions are not included in the featured model as they cause the model to become insignificant. An alternative model including post-withdrawal conditions and excluding pre-withdrawal conditions was tested but none of the estimated coefficients were significant.

multivariate analysis are reported in Table 14, Panels A and B, respectively. A greater proportion of offerings by technology firms are completed than withdrawn. Similar to the American case, we find that a greater proportion of completed SEOs offerings are intended to be used to reduce indebtedness, consistent with our expectations. The P/E ratio, capturing the growth opportunities of issuers, is negative for withdrawn offerings, versus positive for completed SEOs. This highlights a difference in earnings between the two samples. Filing size relative to the industry is greater for completed SEOs, as opposed to the sample of IPOs but consistent with the sample of American SEOs. A greater proportion of best efforts offerings is withdrawn than completed.

**[Please Refer to Table 14]**

SEOs announced during the dotcom period appear to be more likely to be withdrawn. We find that withdrawn offerings are generally announced in times of higher risk-free rates, not supporting the hypothesis that higher short-rates (i.e., higher borrowing costs) encourage offering completion. Alternative measures of market conditions pre- and post-announcement do not differ between the samples of completed and withdrawn offerings. However, we find that the announcement of completed offerings is preceded by a significantly greater level of activity on the public equity market in the issuer's industry.

Most of the univariate results are supported by the multivariate analysis. Technology firms are thus less likely to cancel their offerings in an effort to maintain their reputation. This finding is consistent with the Canadian IPO case but not comparable to the U.S. results. Despite our expectation that issuers with greater price-earnings ratios (i.e., greater growth opportunities) are more likely to be withdrawn due to their riskiness, we do not find evidence supporting this hypothesis. A decrease in P/E ratios is for this particular sample positively related to SEO withdrawal. We suspect that this result is due to the relative over-representation of issuers with negative earnings in the subsample of withdrawn SEOs.

A greater offering size relative to the industry is negatively related to the probability of withdrawal, consistent with our finding for the sample of withdrawn U.S. SEOs. We find support that best efforts offerings, more risky to the company than bought deals and guaranteed offerings, are positively related to the probability of withdrawal, consistent with the argument that riskier offerings are more likely to be cancelled.

We find no evidence that market conditions prior to announcement, as well as post-filing conditions, have any significant influence on the probability of withdrawal. However, greater pre-announcement competition on the public equity market in the issuer's industry increases the probability of completion. This suggests that the information spillovers occurring prior to announcement of SEOs contribute to an accurate pricing of the offers, which, in turn, increases their probability of success.

Model (2) is applied to the samples of reissued and non-returning Canadian SEOs. 23.17% of all Canadian SEOs announced between 1993 and 2009 were withdrawn and subsequently reattempted. Results of the univariate and multivariate tests are presented in Table 15, Panels A and B, respectively. Issuer riskiness and issue characteristics do not differ between both samples. However, we find that market conditions at announcement are significantly different between returning and non-returning offerings. Canadian SEOs announced during the dotcom period are less likely to be reattempted, and returning offerings are usually withdrawn at time of greater long interest rates. Based on the rationale that long interest rates capture the general long-term direction of the market, we can infer that better long-run conditions on the market contribute to an issuer's ability to propose a new SEO. The length of the decision period for the withdrawn offerings is significantly longer for non-returning offerings, as suggested by the descriptive statistics of Table 6, Panel B.

**[Please Refer to Table 15]**

Multivariate results provide additional insight on the probability of Canadian SEO reissue. Higher risk-free rates (higher costs of borrowing) and greater foreign exchange rates (greater USD relative to CAD) at withdrawal are positively related to the probability of reissue. The greater borrowing rates encourage issuers to reattempt their SEOs as other sources of financing are more costly. We find that a relatively lower CAD makes SEO reissue more likely. Canadian investments are indeed cheaper to American investors, giving an incentive to Canadian issuers to re-issue their offerings in an attempt to benefit from this increased demand coming from the United States. Canadian SEOs announced during the dotcom period are less likely to be reissued, as expected and observed in the case of U.S. IPOs.

Our multivariate results support the univariate finding that lengthier decision periods at the times of the first failed offerings decrease the probability of SEO reissue.<sup>22</sup> We argue that longer decision periods incur greater actual and opportunity costs for the issuing entities, making it more difficult (thus lengthier) for the issuers to recover in terms of financials.

### **4.3 Concluding Remarks**

Overall, the models derived from Dunbar and Foerster (2008) seem better suited to depict withdrawal of U.S. IPO than U.S. SEOs and Canadian IPOs and SEOs. Our findings suggest that the U.S. market was more significantly affected by the dotcom bubble and subprime crisis than the Canadian market. General market conditions subsequent to announcement and to withdrawal are positively related to the success of public offerings. Cumulative return differentials on the market index have a negative effect on IPO withdrawals across countries, and a positive impact on SEO withdrawals in both Canada and the U.S. Similarly, greater post-announcement changes in market and economic conditions (i.e., greater rate differentials) tend to increase the probability of withdrawal. SEO reissues are positively related to a stronger USD at time of withdrawal. The

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<sup>22</sup> This relation is not significant for the samples of American IPOs and SEOs, and Canadian IPOs.

strength of the local currency is a significant positive determinant of the reissue of Canadian IPOs.

Once a withdrawn offering is reissued, the returning issuer has no guarantee of success. As described in Section 3, not all returning issuers eventually complete their offerings. New variables, including the change in market conditions relative to the first offering or the new characteristics of the issue, influence the final outcome. In the next section we study the determinants of successful reissue in an attempt to determine if information regarding the first failed offering has any influence on the final outcome of the new (subsequent) offering.

## **5. DETERMINANTS OF SUCCESSFUL REISSUE**

In this section, we identify the determinants of successful versus unsuccessful reissue. Based on Tables 4 and 5, Panel C, a multivariate analysis of the determinants of successful reissue of SEOs is not feasible since virtually all reissues of SEOs are eventually successful (94.05% and 94.44% of the American and Canadian sample of returning SEOs, respectively).<sup>23</sup> Thus, this section focuses on the determinants of successful reissue of IPOs.

### **5.1 Methodology and Potential Determinants**

Using the sample of withdrawn IPOs that were subsequently reissued, we examine issuer characteristics at the times of the announcements of the first and second issues and attempt to

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<sup>23</sup> With regard to the reasons for SEO withdrawals, three out of seven issuers (all of them American) claim that their offerings were cancelled due to their inability to sell enough shares. One cancelled the reissue for administrative reasons (the registration was never declared effective). No reason was advanced for the remaining three issuers. Univariate tests on the sample of U.S. reissues suggest that unsuccessful reissuers made lower offerings as compared to their first failed offerings (versus positive changes in proceeds for successful returning issuers,  $t = -3.11$ ), reported significantly lower filing prices in their prospectuses than successful returning issuers ( $t = -4.34$ ) and announced their offerings in times of negative excess returns on the market (versus positive for successful issuers,  $t = -1.81$ ). We also find that unsuccessful reissues are on average attempted 1.44 years after becoming public, versus a significantly longer average of 5.97 years for successful reissues ( $t = -1.87$ ). No tests could be run on the Canadian data.

identify the determinants of successful reissues. By reproducing an analysis similar to Model 1 when we replace the dependant variable by the status of the second issue, we study the effect of issuer characteristics at announcement of the new offering, of corrections in issue characteristics (relative to offer size, offer price, market, underwriter, etc.), and of market conditions on this ex-ante probability. We test for the issue and issuer characteristics and for market conditions, as described in section 4, and add variables that are likely to affect the success of a returning issuer.

Rather than testing for underwriter switching (Dunbar and Foerster, 2008; Lian, 2009), we focus on the changes in the ranking of the underwriter chosen at the time of the first and second offerings. Our rationale is that underwriter switching does not guarantee that the issuer benefits from better certification (i.e., higher ranking). While short reissue delays likely indicate the ability of a company to quickly recover from a bad decision (positive information), we expect successful re-issuers to announce their new offerings after longer delays, after allowing their companies time to rebuild confidence, funds, gain experience, and to allow the market to somewhat forget the negative information associated with failed offerings. We systematically include the lengths of the decision periods in days as a possible determinant of the probability of successful return. The purpose is to determine whether issuers that take longer amounts of time to announce their withdrawals are punished or rewarded by the market and “allowed” to make new successful offerings at future dates.

Variations of equation (3) are applied to the samples of American IPO reissues.<sup>24</sup>

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<sup>24</sup> Since no model fits the Canadian sample of IPOs due to its small size, we only report univariate results for this sample.

*Probability (SUCCESS = 1)*

$$\begin{aligned} &= f(\alpha_0 + \alpha_1 IPO + \alpha_2 AGE + \alpha_3 UNDERW. RANK + \alpha_4 CHANGE. RANK \\ &+ \alpha_5 PROC. REVISION + \alpha_6 EXC. RET + \alpha_7 INT. RATES \\ &+ \alpha_8 CORP. SPREAD + \alpha_9 FOREX + \alpha_{10} RET. DIFF + \alpha_{11} RATES. DIFF \\ &+ \alpha_{12} SPREAD. DIFF + \alpha_{13} FOREX. DIFF \\ &+ \alpha_{14} PRE. ANNC. COMPETITION + \alpha_{15} POST. ANNC. COMPETITION) \end{aligned}$$

(4)

## 5.2 Empirical Results

The univariate and probit model results for the American sample of reattempted offerings categorized by their eventual status are reported in Table 16, Panels A and B, respectively. Of the American returning IPOs, 75.30% are eventually successful. The univariate analysis of the characteristics of (un)successful returning IPOs suggests that successful American reissues are generally announced by older issuers ( $t=-1.97$ ), and prior to periods of greater activity in the issuer's industry. Decision delays of the previous failed offerings are significantly shorter for successful reissues, confirming our argument that longer decision delays during the first offerings somewhat affect the issuers' abilities to recover.

**[Please Refer to Table 16]**

Multivariate results do not support the finding that experience is a significant determinant of successful reissue. Positive changes in the underwriter ranking relative to the first offering are a positive determinant of successful return of American IPOs. However, the ranking itself appears to have a negative effect on the probability of success.

Higher risk-free rates (difficult access to alternative sources of financing) and corporate bond spreads (making access to alternative sources of financing more difficult) at the time of announcement have a positive impact on the probability of success. This suggests that when access to financing is more expensive, issuers have more of an incentive to complete their offerings. More positive excess returns on the market, coupled with foreign exchange conditions

to the advantage of the U.S. market, make returning IPOs more likely to succeed. This is consistent with our argument that more positive market conditions surrounding the announcement of an offering contribute to the completion of the offering.

We find evidence of a significant effect of pre- and post-announcement activity on the public equity market on the probability of success of returning IPOs. Results are somewhat conflicting, with greater pre-announcement market (industry) competition decreasing (increasing) the probability of success, and post-announcement market (industry) competition increasing (decreasing) the likelihood of success. The relative marginal effect of industry activity is greater than that of market activity, outlining the greater importance of industry competition.

Eventual success occurs for 72.72% of Canadian returning IPOs. Univariate results for the Canadian sample of returning IPOs are presented in Table 17. The significance of the tests is greatly reduced due to the sample size. The filing size of unsuccessful reissues is significantly smaller than that of successful reissues, suggesting that smaller offerings are perceived as being more risky by investors. Pre-announcement competition on the public equity market and in the industry is greater for successful reissues, confirming the positive effect of information spillovers on the issuers' abilities to correctly price their offerings. We find that the lengths of the decision periods of the new offerings are significantly greater for unsuccessful offerings, potentially indicating the greater difficulties for issuers of unsuccessful offers to find willing investors.

**[Please Refer to Table 17]**

In the next section, we assess the consequences of prior withdrawals of successfully returning public offerings on the initial and long-term performances of these issuers.

## 6. INITIAL AND LONGER-TERM PERFORMANCES OF SECOND- VERSUS FIRST-TIME SUCCESSFUL IPO's AND SEO's

In this section, we examine the consequences of IPO and SEO withdrawals on the stock price performance of the new offerings. Following Lian (2008), we compare the offerings previously withdrawn to matching samples of first-time successful offerings (i.e., offerings that were not previously withdrawn). Our purpose is to determine whether returning IPOs and SEOs are somewhat weakened by their past history and underperform their contemporaneous initially successful offerings as a result.

### 6.1 Matching Procedure

We match each second-time successful public offering to a first-time successful public offering (i.e., a public offering that was not preceded by an offer withdrawal). We match second-time successful IPOs (SEOs) to IPOs (SEOs) in the same industry (2-digit SIC whenever possible, 1-digit SIC if not). The matching offering has to have been announced within three months of the announcement of the second-time successful deal. We require the market capitalization of the matching company to be within 50 and 200% of the market capitalization of the second-time successful issuer. Market capitalization is measured by multiplying the number of outstanding shares *after* the completion of the offer by the offer price (Financial Post definition).<sup>25</sup>

In the absence of a match based on the above criteria, we relax the industry specification and match our samples of first- and second-time IPOs by market capitalization (within 75 and 125%) and market timing. In case of multiple possible matching observations, we match by closest level

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<sup>25</sup> The number of shares outstanding is provided by SDC for the American sample of successful deals. In case this data point is missing for companies in the sample of second-time successful offers, we obtain the number of outstanding shares from CRSP. For the Canadian sample, the market capitalization is readily available on FP. In case this information is not available for some of our companies in the sample of second-time successful offers, we obtain the number of outstanding shares from CFMRC.

of debt at announcement for the debt-matched sample, and closest profitability for the profitability-matching sample.<sup>26</sup> The issuers for which no match could be found using either method are dropped from the sample. We are able to match 103 U.S. IPOs,<sup>27</sup> 90 U.S. SEOs, 6 Canadian IPOs and 13 Canadian SEOs.<sup>28</sup> All the companies included in our sample started trading within 1 to 2 days following the announcement of the final status of the offering.

## **6.2 Short-term performance of first- and second-time successful SEOs around their announcements**

The stock market reaction to SEO announcements is, on average, negative. This adverse price reaction is the result of information asymmetries existing between insiders and investors at the time of filing. Asquith and Mullins (1986) document U.S. stock price declines ranging between 2 and 3% of the stock prices of U.S. SEO issuers. Kryzanowski, Lazrak and Rakita (2010) observe a similar pattern for Canadian public SEOs. In an attempt to detect the potential consequences of previous SEO withdrawals on performance, we proceed to a study of short-term abnormal returns of second-time successful SEOs versus matching samples of first-time successful offerings. We use a conventional two-step event study methodology to measure the cumulative abnormal returns (CARs) around announcements of the new offerings and between announcements and completions. We calculate abnormal returns relative to the estimation period spanning day -301 to

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<sup>26</sup> Matching by market capitalization and book-to-market ratio at the times of the events is conventionally prescribed in the literature. In this instance, we choose to match at time of announcement in an attempt to provide additional insight on the sample of second-time successful SEOs compared to first-time successful offerings. Matching on the basis of profitability and debt is used due to the frequent unavailability of book-to-market ratios of Canadian companies.

<sup>27</sup> Out of 114 qualifying U.S. IPOs, five are issued over the course of 2010 and do not allow for a long-term event study and are therefore not included in the analysis. Since no match could be found for one offering, it is excluded from the analysis. Five of these 108 remaining offerings do not find a match.

<sup>28</sup> Only 27 Canadian issuers could be matched. One of these issuers is dropped due to unavailable stock prices. Seven issuers (from the sample or from the control group) have an offering price inferior to \$1 and are thus removed from the sample.

day -46 before the event. Abnormal returns are calculated in excess of the three-factor Fama-French Model.<sup>29</sup>

#### 6.2.1 Cumulative Abnormal Returns around SEO Announcements

Provided that the event of prior cancelation has been incorporated by the market at announcement of the new offering, we should not find evidence of significant differences in performance between the samples of first- and second-time successful SEOs. Panels A and B of Table 18 report the abnormal performances of returning and their matching samples of non-returning offerings around offering announcements for the American and Canadian samples, respectively. In the 30- and 45-day periods preceding their announcements, we find no evidence that returning offerings experience abnormal performance on either the Canadian or the U.S. markets. In the five-day period centered on the announcement ([-2, +2] subperiod), we find that first- and second-time successful U.S. SEOs underperform their benchmark, but no cross-sample difference in performance is evidenced. While returning offerings do not exhibit abnormal returns over the three-day window centered on the announcements, they do outperform their profitability-matched sample by 2.09%. Over the 30 days following announcement, we find evidence of underperformance of non-returning U.S. SEOs relative to their benchmarks, while returning SEOs do not experience significant underperformance over the period.<sup>30</sup>

#### **[Please Refer to Table 18]**

Based on Panel B of Table 18, we find that returning and non-returning Canadian SEOs do not experience significant abnormal performance around the announcements of their offerings.

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<sup>29</sup> As a robustness test, we run similar tests using the CRSP and CFMRC value-weighted indices as a benchmark in our estimation of cumulative and compounded abnormal returns (BHAR). Results are similar for each of the individual samples. However, the differences in mean CARs between second-time successful U.S. IPOs and their matched first-time successful offerings is not significant when using the Market Model to estimate Cumulative Abnormal Returns.

<sup>30</sup> One-tailed Student t-tests on the cross sample differences in performance suggest that over the 11-, 5-, and 3-day windows centered on the announcements, returning SEOs significantly outperform their debt-matched sample of first-time successful offerings. Similarly, we find evidence that over the 30 days following announcement ([+1,+30] subperiod) the cumulative abnormal returns on returning SEOs are less negative than that of non-returning offerings.

Similarly, we find no evidence of significant difference in short-term performance between the groups of first- and second-time successful offerings.<sup>31</sup>

Overall, our results do not support the argument that the information relative to prior withdrawal is fully incorporated by the market at announcement of the new offering in the case of U.S. SEOs and suggest that returning issuers generally experience significantly less negative abnormal returns immediately around announcement than first-time successful issuers.

#### 6.2.2 Abnormal Returns between the Announcement and Completion of the Offerings

As a robustness test, we examine their cumulative performances of returning versus first-time successful SEOs between the announcements of the offerings and the announcements of their final status. Our purpose is to determine whether the outperformance of returning issuers persists until the completion of the offerings.

Panels A and B of Table 19 present the stock price performances of returning and non-returning SEOs between the initial and completion announcements for the samples of U.S. and Canadian SEOs, respectively. We find significant negative underperformance of Canadian and U.S. SEOs over this period of time, as previously found by Phelps and Kremer (1992) and Frijns *et al.* (2006) for U.S. SEOs. Panel A suggests that second-time successful issuers perform better than first-time successful issuers over this period. Portfolio comparisons show that over this time period second-time issuers outperform first-time successful issuers of similar size and leverage / profitability at announcement. No such evidence is found for the Canadian samples of SEOs.

**[Please Refer to Table 19]**

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<sup>31</sup> One-sided t-tests suggest that both the debt- and profitability-matched samples experience negative abnormal returns in the 11-, 5- and 3-day announcement windows and that second-time issuers outperform first-time issuers of similar profitability for the three days centered on the announcements by 5.76% on average (significant at the 10% level).

Overall, our U.S. results support our argument that previous cancellations affect investors' perceptions of subsequent success. Our Canadian sample does not support this finding. In an attempt to determine whether the market corrects its perception once the final status of the returning offerings are announced, we examine the level of underpricing and initial returns of returning and non-returning IPOs and SEOs around the completion announcements for our samples of IPOs and SEOs in the next section.

### 6.3 Initial Returns

#### 6.3.1 Methodology

We measure underpricing of IPOs and SEOs by calculating the raw initial return on the first day(s) of trading for each of the offerings using:

$$\text{Raw Initial Return } (i, t) = \frac{P_{i,t} - P_{i,0}}{P_{i,0}} \times 100 \quad (5)$$

where  $P_{i,t}$  is the closing price on day  $t$  of trading,  $P_{i,0}$  is the offering price, and  $t = 1,2,3,4,5$  for IPOs and  $= 1,2$  for SEOs.<sup>32</sup>

The close-to-offer return of SEOs is similarly measured as:

$$\text{Close-to-Offer Return } (i, t) = \frac{P_{i,0} - P_{i,-1}}{P_{i,-1}} \times 100 \quad (6)$$

where  $P_{i,t}$  is the closing price on the day prior to the announcement of the completion of the offering,  $t = -1$ , and all other terms are as previously defined.

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<sup>32</sup> As a robustness test, we measure the market-adjusted initial returns on the offerings on the first day(s) of trading using the Carter *et al.* (1998) equation:  $\text{Market Adjusted Initial Return } (t) = \left[ \frac{P_{i,t}}{P_{i,0}} - \prod_{s=0}^{\min\{T,t\}} (1 + \gamma_{m,s}) \right] \times 100$ , where  $\gamma_{m,t}$  is the return on the CRSP value-weighted index for trading day  $t$ , and all other terms are as previously defined. Unreported results lead to similar conclusions.

### 6.3.2 Empirical results

Results based on equations (5) for the samples of first- and second-time U.S. and Canadian IPOs are reported in Tables 20 and 21, respectively. Panel A presents the level of underpricing of second-time successful IPOs over the first 1 to 5 days of trading. The corresponding results for the debt- and profitability-matched samples are reported in Panels B and C, respectively. Skewness and Kurtosis statistics are reported to highlight any differences in the distributions of the samples. Panel D reports the results of tests for the differences-in-means (paired t-test with the hypothesis that their difference equals zero) and difference-in-medians (Kruskal-Wallis procedure) across samples of second- and first-time successful offerings. We find significant and comparable average and median levels of underpricing for first- and second-time successful U.S. IPOs. Underpricing remains high over the five days following the first day of trading. However, the underpricing distribution of returning IPOs is more peaked and more positively skewed on the first day than that for first-time successful IPOs, suggesting a greater number of very high levels of underpricing in the sample of returning IPOs. This finding remains consistent using market-adjusted returns. The underpricing distribution for the sample of second-time successful IPOs is generally more (less) positively skewed than its debt- (profitability-) matched sample in Panel B (Panel C).

#### **[Please Refer to Tables 20 and 21]**

Based on Table 21, we find that our small sample of returning Canadian IPOs experience an average negative level of underpricing on the first day of trading, versus a positive level of underpricing for first-time successful IPOs. However, these results are not significant whether raw or market-adjusted returns are used to measure underpricing.

Tables 22 and 23 present the results of Equations (5) and (6) for the U.S. and Canadian samples of SEOs, respectively, when the close-to-offer returns and the initial price reaction to the

new offerings are measured on the first two days of trading. We find significant negative close-to-offer returns, suggesting that SEOs are usually offered at a discount relative to the closing price on the last day prior to the SEO completion. We find evidence that the median close-to-offer return of returning SEOs is significantly lower than the median close-to-offer return of first-time successful offerings. While offer-to-close returns on the first and second days of trading are significantly positive for first- and second-time successful SEOs, no significant differences are found in both their means and median returns. Once again, the distribution of offer-to-close returns of returning SEOs is slightly negatively skewed and more peaked than that for first-time successful offerings, suggesting the presence of high positive close-to-offer returns in our sample of returning offerings.

**[Please Refer to Tables 22 and 23]**

Unlike the American sample, we do not find evidence of negative close-to-offer returns and of positive offer-to-close for returning and first-time successful SEOs for the first two days of trading.<sup>33</sup> However, the median close-to-offer return of second-time SEOs is significantly greater than that for the debt-matched sample of first-time successful offerings ( $t = 1.39$ ).

In summary, we find that the average underpricing and initial returns of second- and first-time successful offerings do not differ in a significant manner immediately after issue, suggesting that the market has already fully adjusted to the prior cancellation of the second-time successful offerings at the time of their reissue. In the next section, we examine performance over longer time horizons.

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<sup>33</sup> One interesting feature of the sample of returning Canadian SEOs is that the sign of the close-to-offer and offer-to-close mean returns is the inverse of that of first-time successful SEOs.

## 6.4 Long-Term Performance of Successful Reissues

### 6.4.1 Methodology

The calendar-time portfolio approach (or Jensen-alpha approach) is used to evaluate the long-term performance of a portfolio of second-time successful offerings versus a matching portfolio of first-time successful offerings.<sup>34</sup> We augment the Fama-French (1993) factors with the Carhart (1997) momentum factor to capture expected returns.<sup>35</sup> Barber, Lyon and Tsai (1999) argue that this approach is “less skewed and therefore less problematic statistically” than the calculation of buy-and-hold abnormal returns.

This approach consists in building a portfolio consisting of all firms experiencing the event (IPO or SEO) between January 1, 1993 and December 31, 2009. Every time an issuer announces the completion of an IPO or SEO, the security is entered into the portfolio for the T-months over which performance is measured (where T = 6, 12, 24, and 36 months). The portfolio is rebalanced every time a new event-firm enters or is removed from the portfolio. This methodology allows for securities delisted before the end of the T months to be included in the portfolio. The returns of securities traded for longer than T months are truncated to match the length of the evaluation and study periods. The average monthly abnormal return on the portfolio over the period of study,  $\alpha_p$ , is estimated by regressing the time-series of portfolio returns on the four factors as follows:

$$R_{p,t} - R_{f,t} = \alpha_p + \beta_p (R_{m,t} - R_{f,t}) + \gamma_1 SMB_t + \gamma_2 HML_t + \gamma_3 UMD_t + \varepsilon_{p,t} \quad (7)$$

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<sup>34</sup> We purposely choose to use a methodology that does not rely on an estimation period to exclude the confounding effects of past offering withdrawals on the estimated long-term performance of second-time successful IPOs and SEOs.

<sup>35</sup> Kothari and Warner (2006) outline the importance of using the four factor model so “the performance associated with the event itself [can be] distinguished from that associated with other known determinants of performance, such as the aforementioned four factors”.

where  $R_{p,t}$  is the equally-weighted return on the portfolio for month  $t$ ,<sup>36</sup>  $R_{f,t}$  is the risk-free rate on the market for month  $t$ ,  $(R_{m,t} - R_{f,t})$  is the excess return on the CRSP value-weighted index for month  $t$ , SMB is the differential return between portfolios of “small” and “big” stocks, HML is the differential return between portfolios of “high” and “low” book-to-market ratios, and UMD is the differential return between portfolios of past one-year “winners” and “losers”.

To examine performance differences between second- and first-time successful IPOs, we first construct an arbitrage portfolio with long positions in the former and short positions in the latter. We then test the hypothesis that the abnormal return (estimated alpha) on the arbitrage portfolio over the study period equals zero.

#### 6.4.2 The long-term performance of U.S. and Canadian IPOs

The results for the implementation of the calendar-time approach on the samples of U.S. and Canadian IPOs are reported in Panels A and B of Table 24, respectively. Unlike second-time successful U.S. IPOs, their first-time counterparts matched on the basis of profitability significantly outperform the Carhart benchmark (by 2.92%) over the first six months of trading. Six month performance is significantly greater for first- versus second-time successful IPOs that are matched by debt and profitability. This result is confirmed when using the IRATS methodology (not reported). However, no significant differences are found in the abnormal performances of first- and second-time successful U.S. IPOs over longer horizons. In contrast, no abnormal post-issue performances (and difference therein) are observed over periods of 6 to 36 months for our relatively small samples of first- and second-time successful Canadian IPOs.

**[Please Refer to Table 24]**

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<sup>36</sup> The portfolios could also be value-weighted using total market capitalization or the market value of the offerings being considered.

#### 6.4.3 The long-term performance of U.S. and Canadian SEOs

The abnormal performances of returning and non-returning SEOs over the six to 36 months following the SEO completion announcements are reported in Panels A and B of Table 25 for the U.S. and Canadian samples, respectively. Returning SEOs underperform over the first 12 and 24 months of trading for U.S. SEOs (Panel A) and the first 6, 24 and 36 months for Canadian SEOs (Panel B). First-time U.S. SEOs with similar leverage at SEO announcement consistently underperform the market over the 36 months following SEO completion. However, the performance results for the debt-matching sample are not significantly different from that for the sample of returning SEOs. First-time successful SEOs generally outperform the sample of returning SEOs over the first 6 to 24 months post-SEO (and over the first 6 and 36 months post-SEO when daily returns are used). Panel B provides evidence of underperformance of returning Canadian SEOs over the 6, 24 and 36 months following SEO completion. The performance of second-time successful SEOs is significantly lower than the performance of first-time successful SEOs with similar profitability over a 6-month horizon. This result is robust when daily returns are used.

**[Please Refer to Table 25]**

Overall, we find that the market incorporates the news of prior withdrawals later for SEOs than for IPOs, based on the impact of prior withdrawal on longer-term stock price performance of returning SEOs relative to their profitability-matched first-time successful offerings.

As a robustness check, we reproduce the above analysis using the Calendar-time approach with daily returns and the Ibbotson (1975) RATS methodology with monthly returns. Our untabulated results are only partially supported. The calendar-time approach confirms the general underperformance of returning U.S. SEOs (versus profitability-matched SEOs) over the first three

and 36 months of trading. The IRATS approach suggests that returning SEOs actually outperform their debt-matched sample over a 36-month horizon.

## **7. CONCLUSION AND RECOMMENDATIONS**

In this paper, we investigated the generalizability of the U.S. IPO withdrawal phenomenon as captured by the Dunbar and Foerster (2008) model to the Canadian market and to the case of seasoned equity offerings. While the model is not fully able to describe the Canadian case, it provides valuable insight on the determinants of IPO cancelations in a smaller market like Canada. Similarly, we were able to partially explain SEO withdrawals and to understand the conditions favouring such events. Overall, U.S. and Canadian IPO and SEO cancelations and reissues rely on different factors.

Our study investigated the initial and longer-term consequences of the withdrawals of public offering. We do not find evidence that underpricing and initial returns are affected by prior withdrawal. Returning SEOs generally experience negative abnormal returns subsequent to issue, as do first-time successful issuers. However, our results suggest that returns around SEO announcements are less negative when the issuers experienced prior cancelation of their offerings. We find evidence of significant relative long-term underperformance of returning offerings for the American but not Canadian sample. Our Canadian results were generally weak, most likely due to small sample size. A study involving a larger sample of Canadian returning deals, spanning a longer period of time, might be able to better unravel the long-term consequences of equity offering cancelation on subsequent stock performance.

Our research is constrained by a number of factors. The relative scarcity of Canadian data compared to American data greatly reduced our Canadian sample size, which prevented us from drawing accurate comparisons between the two countries. Another limitation in this paper is the

study period chosen. The present study spans the period 1993 to 2009 and attempts to capture the effects of both the dotcom and subprime crises on the likelihoods of cancelation and reissue. While the impact of the dotcom bubble is clearly measurable, our investigation of the effects of the subprime crisis on the probability of reissue are biased, since we do not allow enough time for issuers cancelling their offerings during that period to reattempt an offering. Future research should account for the reissue delays displayed in Table 6 and should be able to accurately investigate the effects of the subprime crisis on the reissue of IPOs and SEOs.

Future research could focus on the cross-sectional analysis of short- and long-term performance on issuer and offerings characteristics, including information related to prior cancelations, to explain the actual cause of the evidenced underperformance. Alternately, our study of initial and long-term returns of returning IPOs and SEOs could be extended to take into account the liquidity, trade volume and bid-ask spread patterns of second-time successful versus first-time successful offerings. In order to provide more accurate comparisons, the analysis of performance could include samples matched on the basis of book-to-market ratio at offering, rather than based on accounting measures, as conventionally prescribed in the literature.

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## **TABLES**

**Table 1**  
**Research on Withdrawn IPOs and SEOs**

Research by:	Variables considered	Effect on probability of withdrawal
Busaba, Benveniste and Guo (2001)	Debt ratio	+
	Use of proceeds for debt repayment	+
	Proportion of secondary shares offered	0
	Industry is 3400 or 4000	0
	Assets before the offering	0
	Logarithm of annual revenues	-
	Return on assets	0
	Logarithm of number of shares filed	0
	Midpoint of offer range	0
	% of shares retained by shareholders	0
	Backing by venture capital	-
	Underwriter Rank	0
	Average 30-day return on NASDAQ between filing and status	0
	30-day return on NASDAQ after filing	0
	Number of IPOs filed in month of filing	0
Dunbar and Foerster (2008)	Logarithm of filing size	+
	Technology firm	-
	Backing by venture capital	-
	Use of proceeds for debt repayment	+
	Carter-Manister rank	0
	Bank market share	-
	Bank industry market share	-
	Number of filings in prior 2 months	+
	Number of industry filings in prior two months	0
	BAA-AAA yield spread at filing	-
	Ten-year Treasury yield at filing	-
	Industry average book-to-market ratio	-
	Number of filings 2 months after filing	-
	Number of industry filings two months after filing	0
	Change in corporate bond yield spread two months after filing	-
	Change in ten-year treasury yield two months after filing	-
	Return on NASDAQ composite index over two months after filing	0
Change in industry BM over year of filing	0	
Clarke, Dunbar and Kahle (2001)	Market Capitalization in the month of status	-
	Market-to-Book ratio	+
	Excess returns prior to announcement	-
	Excess returns at announcement	-
	Excess returns between filing and status	-
	Abnormal insider purchases in the 3 months after filing	0
	Abnormal insider sales in the 3 months after filing	-
	Change in insider purchases pre- and post-filing	0
Change in insider sales pre- and post-filing	-	

**Table 2**  
**Research on Returning IPOs**

<b>Research by:</b>	<b>Variables considered</b>	<b>Effect</b>
Dunbar and Foerster (2008)	Logarithm of filing size	0
	Technology firm	0
	Backing by venture capital	+
	Carter-Manister rank	+
	Bank market share	0
	Bank industry market share	-
	Number of filings in prior 2 months	0
	Number of industry filings in prior two months	-
	BAA-AAA yield spread at withdrawal	-
	Ten-year Treasury yield at withdrawal	+
	Industry average book-to-market ratio	0
	Return on NASDAQ comp index between filing and withdrawal	-
	Number of filings 12 months after withdrawal	+
	Number of industry filings 12 months after withdrawal	0
	Change in corporate bond yield spread 12 months after withdrawal	0
	Change in ten-year treasury yield 12 months after withdrawal	+
	Return on NASDAQ composite index over 12 months after withdrawal	0
	Change in industry BM over year after withdrawal	0

**Table 3**  
**IPO and SEO filings registered in the United States and Canada between 1993 and 2009**

Table 1 describes the structure of the American and Canadian samples of withdrawn and completed IPOs and SEOs announced between January 1, 1993 and December 31, 2009. Panel A (Panel B) displays the composition of the American (Canadian) sample. The table reports the number of completed offerings announced between 1993 and 2009 by American companies (Canadian companies) on the American (Canadian) market. All unit offers, Depository Receipts and offers by REITs, Limited Partnership and Closed-end funds are excluded. Flow-through offerings and over-the-counter issues are also removed. The number of withdrawn deals reports the total number of deals withdrawn by their issuers over the sample period. These deals are classified by their status at the end of the period of study. Deals for which no evidence of reissue was found are classified as ‘not reissued’. ‘Successfully reissued’ (‘Unsuccessfully reissued’) offers are made by companies that return successfully (unsuccessfully) to the market after withdrawing their previous offering.

<b>Panel A. American Sample</b>	IPOs	SEOs	All
Total Number of filings	5449	6340	11789
Completed deals	4121	5936	10057
Withdrawn deals	1328	404	1732
Not Reissued	1165	303	1468
Successfully reissued	122	95	217
	(122)	(90)	(209) <sup>37</sup>
Not successfully reissued	41	6	47
	(40)	(6)	(44) <sup>38</sup>

<sup>37</sup> We have 217 distinct deals by 209 companies. Three companies appear in both the IPO and the SEO samples.

<sup>38</sup> Three issuers withdrew their IPOs twice before reattempting an offering. They each account for three deals in the ‘not successfully reissued’ category for IPOs. Two issuers withdrew an IPO and subsequently filed for a non-IPO deal on a market on which they are already listed. These companies are accounted for in both the sample of IPOs and the sample of SEOs.

<b>Panel B. Canadian sample</b>	IPOs	SEOs	All
Total number of filings	1609	1761	3370
Completed deals	1275	1679	2954
Withdrawn deals	334	82	416
Not Reissued	312	64	376
Successfully reissued	16	17	33
	(15)	(16)	(31) <sup>39</sup>
Not successfully reissued	6	1	7
	(6)	(1)	(7)

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<sup>39</sup> Two issuers withdrew their offerings twice before completing them on a third attempt.

**Table 4**  
**Annual Distribution of Completed, Reissued and Second-time Successful U.S. Public Offerings**

This table presents the annual distributions of filings and withdrawn initial public offerings and seasoned equity offerings over the period spanning 1993 through 2009. Year is the year on which the completed and withdrawn deals were announced. The total number of filings reports all deals filed over the year of interest, including deals by unsuccessful companies. The number of withdrawn deals reports the total number of unsuccessful offers by all withdrawing companies. One company can appear more than once in this category. The number of reissues reports the total number of second-time offers following an offer withdrawal. Successful and unsuccessful reissues are included in this category. The table reports the total number of successful second-time offers, as well as the percentage of successful second-time offers relative to the total number of withdrawn deals. Panel A displays the annual distribution of completed and withdrawn IPOs and SEOs. Panel B (Panel C) displays the annual distribution of only IPOs (SEOs).

<b>Panel A. Initial Public Offerings and Seasoned Equity Offerings</b>							
Year	Total number of filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	1070	101	9.44%	25	24.75%	25	24.75%
1994	825	141	17.09%	23	16.31%	21	14.89%
1995	1014	87	8.58%	14	16.09%	11	12.64%
1996	1371	186	13.57%	33	17.74%	29	15.59%
1997	991	137	13.82%	17	12.41%	16	11.68%
1998	720	166	23.06%	32	19.28%	27	16.27%
1999	898	118	13.14%	10	8.47%	7	5.93%
2000	878	309	35.19%	39	12.62%	26	8.41%
2001	389	55	14.14%	16	29.09%	13	23.64%
2002	396	62	15.66%	13	20.97%	8	12.90%
2003	421	13	3.09%	3	23.08%	3	23.08%
2004	564	83	14.72%	14	16.87%	11	13.25%
2005	517	48	9.28%	9	18.75%	7	14.58%
2006	538	65	12.08%	6	9.23%	4	6.15%
2007	504	92	18.25%	4	4.35%	3	3.26%
2008	308	53	17.21%	5	9.43%	5	9.43%
2009	385	16	4.16%	1	6.25%	1	6.25%
<b>Total</b>	<b>11789</b>	<b>1732</b>	<b>14.69%</b>	<b>264</b>	<b>15.24%</b>	<b>217</b>	<b>12.53%</b>

**Panel B. Initial Public Offerings**

Year	Total number of filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	519	69	13.29%	16	23.19%	16	23.19%
1994	489	102	20.86%	12	11.76%	11	10.78%
1995	527	57	10.82%	8	14.04%	6	10.53%
1996	763	121	15.86%	18	14.88%	14	11.57%
1997	520	100	19.23%	8	8.00%	7	7.00%
1998	366	127	34.70%	23	18.11%	19	14.96%
1999	508	96	18.90%	5	5.21%	2	2.08%
2000	515	274	53.20%	30	10.95%	18	6.57%
2001	87	35	40.23%	7	20.00%	5	14.29%
2002	103	45	43.69%	9	20.00%	4	8.89%
2003	90	10	11.11%	2	20.00%	2	20.00%
2004	211	63	29.86%	8	12.70%	5	7.94%
2005	218	39	17.89%	4	10.26%	3	7.69%
2006	209	59	28.23%	6	10.17%	4	6.78%
2007	223	81	36.32%	3	3.70%	2	2.47%
2008	66	44	66.67%	4	9.09%	4	9.09%
2009	35	6	17.14%	0	0.00%	0	0.00%
Total	5449	1328	24.37%	163	12.27%	122	9.19%

**Panel C. Seasoned Equity Offerings**

Year	Total number of Filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	551	32	5.81%	9	28.13%	9	28.13%
1994	336	39	11.61%	11	28.21%	10	25.64%
1995	487	30	6.16%	6	20.00%	5	16.67%
1996	608	65	10.69%	15	23.08%	15	23.08%
1997	471	37	7.86%	9	24.32%	9	24.32%
1998	354	39	11.02%	9	23.08%	8	20.51%
1999	390	22	5.64%	5	22.73%	5	22.73%
2000	363	35	9.64%	9	25.71%	8	22.90%
2001	302	20	6.62%	9	45.00%	8	40.00%
2002	293	17	5.80%	4	23.53%	4	23.53%
2003	331	3	0.91%	1	33.33%	1	33.33%
2004	353	20	5.67%	6	30.00%	6	30.00%
2005	299	9	3.01%	5	55.56%	4	44.44%
2006	329	6	1.82%	0	0.00%	0	0.00%
2007	281	11	3.91%	1	9.09%	1	9.09%
2008	242	9	3.72%	1	11.11%	1	11.11%
2009	350	10	2.86%	1	10.00%	1	10.00%
Total	6340	404	6.37%	101	25.00%	95	24.26%

**Table 5**  
**Annual Distribution of Completed, Reissued and Second-time Successful Canadian Public Offerings**

This table presents the annual distribution of filings and withdrawn Canadian initial public offerings and seasoned equity offerings over the period spanning 1993 through 2009. Year is the year on which the completed and withdrawn deals were announced. The total number of filings reports all deals filed over the year of interest, including deals by unsuccessful companies. The number of withdrawn deals reports the total number of unsuccessful offers by all withdrawing companies. One company can appear more than once in this category. The number of reissues reports the total number of second-time offers following an offer withdrawal. Successful and unsuccessful reissues are included in this category. The total number of successful second-time offers and the percentage of successful second-time offers relative to the total number of withdrawn deals are reported. Panel A displays the annual distribution of completed and withdrawn IPOs and SEOs. Panel B (Panel C) displays the annual distribution for IPOs (SEOs) only.

<b>Panel A. Initial Public Offerings and Seasoned Equity Offerings</b>							
Year	Total number of Filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	372	15	4.03%	1	6.67%	1	6.67%
1994	266	39	14.66%	2	5.13%	2	5.13%
1995	207	13	6.28%	3	23.08%	3	23.08%
1996	353	18	5.10%	2	11.11%	1	5.56%
1997	390	45	11.54%	4	8.89%	4	8.89%
1998	271	45	16.61%	2	4.44%	1	2.22%
1999	222	26	11.71%	3	11.54%	3	11.54%
2000	195	48	24.62%	8	16.67%	6	12.50%
2001	122	27	22.13%	2	7.41%	2	7.41%
2002	114	16	14.04%	2	12.50%	2	12.50%
2003	100	7	7.00%	3	42.86%	3	42.86%
2004	110	11	10.00%	0	0.00%	0	0.00%
2005	110	13	11.82%	0	0.00%	0	0.00%
2006	137	18	13.14%	4	22.22%	3	16.67%
2007	166	28	16.87%	2	7.14%	1	3.57%
2008	105	43	40.95%	1	2.33%	0	0.00%
2009	130	4	3.08%	1	25.00%	1	25.00%
<b>Total</b>	<b>3370</b>	<b>416</b>	<b>12.34%</b>	<b>40</b>	<b>9.62%</b>	<b>33</b>	<b>7.93%</b>

**Panel B. Initial Public Offerings**

Year	Total number of filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	193	9	4.66%	0	0.00%	0	0.00%
1994	178	34	19.10%	0	0.00%	0	0.00%
1995	132	8	6.06%	1	12.50%	1	12.50%
1996	228	12	5.26%	0	0.00%	0	0.00%
1997	250	37	14.80%	4	10.81%	4	10.81%
1998	185	37	20.00%	2	5.41%	1	2.70%
1999	82	19	23.17%	2	10.53%	2	10.53%
2000	73	40	54.79%	6	15.00%	4	10.00%
2001	28	23	82.14%	0	0.00%	0	0.00%
2002	18	13	72.22%	0	0.00%	0	0.00%
2003	12	4	33.33%	1	25.00%	1	25.00%
2004	34	9	26.47%	0	0.00%	0	0.00%
2005	46	12	26.09%	0	0.00%	0	0.00%
2006	39	15	38.46%	2	13.33%	1	6.67%
2007	51	22	43.14%	2	9.09%	1	4.55%
2008	51	39	76.47%	1	2.56%	0	0.00%
2009	9	1	11.11%	1	100.00%	1	100.00%
Total	1609	334	20.76%	22	6.59%	16	4.79%

**Panel C. Seasoned Equity Offerings**

Year	Total number of filings	Number of withdrawn deals	Withdrawn proportion out of all filings	Number of reissuers	Proportion of withdrawn offers reissued	Number of successful reissuers	Successful reissues as a % of withdrawn offers
1993	179	6	3.35%	1	16.67%	1	16.67%
1994	88	5	5.68%	2	40.00%	2	40.00%
1995	75	5	6.67%	2	40.00%	2	40.00%
1996	125	6	4.80%	2	33.33%	1	16.67%
1997	140	8	5.71%	0	0.00%	0	0.00%
1998	86	8	9.30%	0	0.00%	0	0.00%
1999	140	7	5.00%	1	14.29%	1	14.29%
2000	122	8	6.56%	2	25.00%	2	25.00%
2001	94	4	4.26%	2	50.00%	2	50.00%
2002	96	3	3.13%	2	66.67%	2	66.67%
2003	88	3	3.41%	2	66.67%	2	66.67%
2004	76	2	2.63%	0	0.00%	0	0.00%
2005	64	1	1.56%	0	0.00%	0	0.00%
2006	98	3	3.06%	2	66.67%	2	66.67%
2007	115	6	5.22%	0	0.00%	0	0.00%
2008	54	4	7.41%	0	0.00%	0	0.00%
2009	121	3	2.48%	0	0.00%	0	0.00%
Total	1761	82	4.66%	18	21.95%	17	20.73%

**Table 6**  
**Average time between announcement and status date of public offerings**

This table distinguishes between withdrawn deals that are never reissued, are successfully reissued and are unsuccessfully reissued. The status date is the date at which the announcement of the withdrawal becomes official through a company announcement or the registration of a withdrawal form. Nb is the number of days.

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Panel A. American Sample

Offer Status	IPOs Nb of days	SEOs Nb of days	IPOs and SEOs Nb of days
Completed deals	97.58	128.23	115.63
Withdrawn deals not reissued	279.89	161.78	256.46
Successfully reissued	265.52	130.88	205.83
Not successfully reissued	297.97	382.89	306.47
Total	141.07	130.08	135.17

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Panel B. Canadian Sample

Offer Status	IPOs Nb of days	SEOs Nb of days	IPOs and SEOs Nb of days
Completed deals	84.82	24.66	50.34
Withdrawn deals not reissued	219.57	91.74	197.74
Successfully reissued	153.94	36.35	93.36
Not successfully reissued	157.33	74.5	145.5
Total	111.68	27.23	67.16

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**Table 7**  
**Reissue Delays of Successfully Returning Canadian and U.S. IPOs and SEOs Withdrawn**  
**between 1993 and 2009**

This table displays the number of days between the withdrawal of the offer preceding the second-time successful public offer, and the announcement of this offer. Panel A reports descriptive statistics for the samples of Canadian and American successful reissuing companies, of Canadian and American second-time successful IPOs and of Canadian and American second-time successful SEOs. Panel B reports the distribution of delays between both offers. Numbers are expressed in days. N is the sample size. Only those deals for which the date of withdrawal could be confirmed are included.

<b>Panel A in days</b>						
	Can. IPOs and SEOs	Canadian IPOs	Canadian SEOs	Am. IPOs and SEOs	American IPOs	American SEOs
Mean	571.81	615.13	531.19	647.99	640.36	657.95
Median	321	235	351.5	393	406	353.5
Standard deviation	714.54	902.92	506.52	774.49	710.23	855.30
Minimum <sup>40</sup>	-1	-1	53	-29	-29	-20
Maximum	3285	3285	1864	5724	3192	5724
N =	31	15	16	203	115	88
<b>Panel B in days</b>						
% of successful reissuers						
5%	-1	-1	53	5	0	31
10%	61	-1	53	42	22	45
15%	86	61	86	85	81	90
20%	120	120	105	120	125	109
25%	125	120	180	150	150	142
30%	180	125	180	180	185	176
35%	204	147	240	208	209	199
40%	235	204	266	251	266	244
45%	240	204	321	313	310	288
50%	274	235	335	378	399	350
55%	335	235	335	448	453	400
60%	368	274	368	527	527	492
65%	413	274	371	593	580	597
70%	416	413	416	763	651	745
75%	467	430	668	882	875	884
80%	668	467	668	969	969	966
85%	1135	467	796	1171	1190	1133
90%	1295	1343	1135	1502	1521	1491
95%	1864	1910	1295	2207	2207	2079

<sup>40</sup> Some second-time successful offers were announced before, or on the day of, the official withdrawal of the offer preceding them. In these cases, the reason for withdrawing the original offer was to be able to make their new issue viable and proceed with it.

**Table 8**  
**Determinants of U.S. IPO withdrawals**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of IPO withdrawal. Our sample consists of 3782 completed and 570 withdrawn IPOs announced between January 1, 1993 and December 31, 2009, on the U.S. market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. *Age* is calculated as the difference between the founding year of the issuer and the year of announcement of the offering. We use Loughran and Ritter's (2004) definition of *technology* firms and assign a value of one to all issuers satisfying their definition and zero otherwise. The *Proceeds: Debt (Development)* dummy variable takes the value one when the issuers intend to use the proceeds of their offerings towards debt repayment (business development) and zero otherwise. The *amount* and *price filed* are the logarithm of the gross proceeds and the filing price announced in the offering prospectus, respectively. The *offering size relative to market (industry) offerings* in the two months prior to announcement is measure as the amount of gross proceeds filed or offered divided by the average filing size of offerings announced on the market (one-digit industry) on the 61 days prior to announcement. The *Exchange* variable takes a value of one if the offering is to be issued on a major equity market (NYSE in this case) and zero otherwise. *Underwriter Rank* is the Carter-Manister (1990) ranking assigned to book managers of public offerings (when multiple managers are used, the reported rank is the one of the main manager). The *dotcom dummy* takes a value of one if the offering is announced between 1997 and 2000, and zero otherwise. The *subprime dummy* takes a value of one if the offering is announced in 2008 or 2009, and zero otherwise. *Cumulative excess return on the market over the 2 months preceding announcement* is the cumulative return on the CRSP value-weighted index over the two months prior to announcement. *Risk-free rate on day of announcement* is the return on 1-month T-bills on the day of announcement. *Corporate bond spread on day of announcement* is the differential return between AAA- and BAA-rated corporate bonds. *Foreign exchange rate at announcement* is the CAD/USD foreign exchange rate on the day of announcement. *Two month cumulative return differential on the market index* is the cumulative return on the CRSP value-weighted Index two months after announcement, minus the cumulative return on the day of announcement. *Cumulative excess return on the market over the two months following announcement* is the cumulative return on the CRSP value-weighted Index in excess of the risk-free rate over the two months following announcement. *Risk-free rate differential between announcement after announcement and two months* is the difference in risk free rate between two months after filing and the risk-free-rate on the day of announcement. *Corporate bond spread differential between two months after announcement and announcement* is the difference in corporate bond spread between two months after filing and the risk-free-rate on the day of announcement. *Foreign exchange rate differential between two months after announcement and announcement* is the difference in CAD/USD exchange rate spread between two months after filing and the risk-free-rate on the day of announcement. The number of *market (industry) offerings in the two months preceding (following) announcement* is the number of new offerings (IPOs and SEOs) announced on the market (by same 1-digit SIC issuers) over the two months prior (subsequent) to announcement. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the log-likelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

Panel A. Univariate Results

Parameter	Completed	N	Withdrawn	N	t-stat	P value
Age	13.8610	3782	7.9333	570	10.06	<.0001
Technology	0.1565	3782	0.1526	570	0.24	0.8110
Proceeds: Debt	0.2409	3782	0.0544	570	15.83	<.0001
Proceeds: Development	0.0587	3782	0.0316	570	3.28	0.0011
Log of amount filed	1.6209	3782	1.6474	570	-1.33	0.1854
Log of filing price	1.0623	3782	1.0580	570	0.63	0.5305
Filing size rel. to average market filing	1.1848	3782	0.7817	570	6.38	<.0001
Filing size rel. to average industry filing	2.9205	3782	1.9598	570	4.13	<.0001
Exchange	0.1388	3782	0.1053	570	2.39	0.0171
Underwriter rank	7.1655	3782	7.1667	570	-0.01	0.9912
Dotcom period	0.3363	3782	0.5351	570	-8.92	<.0001
Subprime period	0.0021	3782	0.0263	570	-3.58	0.0004
Cumulative excess return on the market over the two months preceding announcement	2.0522	3782	1.4145	570	2.66	0.0079
Risk-free rate on day of announcement	4.2751	3782	4.4794	570	-3.59	0.0003
Corporate bond spread on day of announcement	0.7219	3782	0.7354	570	-1.80	0.0716
Foreign exchange rate at announcement	1.3650	3782	1.3823	570	-2.99	0.0029
Two month cumulative return differential on the market index	2.3756	3782	1.7607	570	2.04	0.0418
Cumulative excess return on the market over the two months following announcement	1.5910	3782	-0.6030	570	8.41	<.0001

Risk-free rate differential between two months after announcement and announcement	0.0494	3782	0.0601	570	-0.39	0.6941
Corporate spread differential between two months after announcement and announcement	0.0045	3782	0.1241	570	-8.13	<.0001
Foreign exchange differential between two months after announcement and announcement	0.0023	3782	0.0084	570	-4.43	<.0001
Market offerings in two months preceding announcement	157.8700	3782	160.2000	570	-0.78	0.4351
Industry offerings in two months preceding announcement	30.5100	3782	33.0670	570	-2.20	0.0284
Market offerings in two months following announcement	163.1900	3782	152.8800	570	3.37	0.0008
Industry offerings in two months following announcement	30.3500	3782	29.6000	570	0.66	0.5113

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**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-2.5796	-4.93	<.0001	
Age	-0.0091	-4.31	<.0001	-0.16%
Technology	-0.0788	-1.06	0.2870	-1.41%
Proceeds: Debt	-0.8395	-8.93	<.0001	-15.05%
Proceeds: Development	-0.4942	-3.72	0.0002	-8.86%
Log of amount filed	0.2131	1.67	0.0956	3.82%
Log of filing price	0.0827	0.33	0.7381	1.48%
Filing size rel. to average market filing	-0.0541	-1.50	0.1344	-0.97%
Filing size rel. to average industry filing	-0.0160	-1.64	0.1006	-0.29%
Exchange	0.1008	1.00	0.3184	1.81%
Underwriter rank	-0.0502	-2.83	0.0046	-0.90%
Dotcom period	0.3762	4.55	<.0001	6.75%
Subprime period	0.9979	2.83	0.0046	17.89%
Cumulative excess return on the market over the two months preceding announcement	-0.0056	-0.91	0.3618	-0.10%
Risk-free rate on day of announcement	0.0417	1.46	0.1450	0.75%
Corporate bond spread on day of announcement	0.6811	2.51	0.0121	12.21%
Foreign exchange rate at announcement	0.5057	1.57	0.1160	9.07%
2 month cumulative return differential on the market index	-0.0115	-2.41	0.0158	-0.21%
Cumulative excess return on the market over that two months following announcement	-0.0237	-3.95	<.0001	-0.42%
Risk-free rate differential between two months after announcement and announcement	0.0906	1.76	0.0779	1.62%
Corporate spread differential between two months after announcement and announcement	1.7941	9.00	<.0001	32.17%
Foreign exchange differential between two months after announcement and announcement	-0.2709	-0.23	0.8143	-4.86%
Market offerings in two months preceding announcement	0.0019	2.37	0.0177	0.03%
Industry offerings in two months preceding announcement	0.0012	0.49	0.6227	0.02%
Market offerings in two months following announcement	-0.0002	-0.30	0.7615	0.00%
Industry offerings in two months following announcement	-0.0050	-1.97	0.0486	-0.09%
Pseudo R-Squared	0.1670			

**Table 9**  
**Determinants of U.S. IPO reissues**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of IPO reissue. Our sample consists of 89 withdrawn and reissued IPOs and 481 non-returning IPOs announced between January 1, 1993 and December 31, 2009, on the U.S. market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. Issue and issuer characteristics are described in Table 8. *Cumulative excess return on the market over the 2 months preceding withdrawal* is the cumulative return on the CRSP value-weighted index over the two months prior to withdrawal. *Risk-free rate on day of withdrawal* is the return on 1-month T-bills on the day of withdrawal. *Corporate bond spread on day of withdrawal* is the differential return between AAA- and BAA-rated corporate bonds. *Foreign exchange rate at withdrawal* is the CAD/USD foreign exchange rate on the day of withdrawal. *Two month cumulative return differential on the market index* is the cumulative return on the CRSP value-weighted Index two months after withdrawal, minus the cumulative return on the day of withdrawal. *Return on long-term government bonds at withdrawal* is the return on the 10-year government bond on the day of withdrawal. *Cumulative excess return on the market over the two months following withdrawal* is the cumulative return on the CRSP value-weighted Index in excess of the risk-free rate over the two months following withdrawal. *Risk-free rate differential between withdrawal after withdrawal and withdrawal* is the difference in risk free rate between two months after filing and the risk-free-rate on the day of withdrawal. *Corporate bond spread differential between two months after withdrawal and withdrawal* is the difference in corporate bond spread between two months after filing and the risk-free-rate on the day of withdrawal. *Foreign exchange rate differential between two months after withdrawal and withdrawal* is the difference in the CAD/USD exchange rate spread between two months after filing and the risk-free-rate on the day of withdrawal. *Return differential on long-term government bonds between two months after withdrawal and withdrawal* is the difference between the return on the long-term government bond two months after cancellation and the return on the day of withdrawal. The number of *market (industry) offerings in the two months following withdrawal* is the number of new offerings (IPOs and SEOs) announced on the market (by same 1-digit SIC issuers) over the two months subsequent to withdrawal. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the loglikelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Not reissued	N	Reissued	N	t-stat	P value
Age	7.4636	481	12.6850	89	-2.64	0.0096
Technology	0.1372	481	0.2360	89	-2.06	0.0417
Proceeds: Debt	0.0541	481	0.0562	89	-0.08	0.9354
Proceeds: Development	0.0312	481	0.0337	89	-0.12	0.9007
Log of amount filed	1.6482	481	1.5997	89	0.97	0.3323
Log of filing price	1.0564	481	1.0648	89	-0.48	0.6343
Exchange	0.1060	481	0.1011	89	0.14	0.8901
Underwriter rank	7.0686	481	7.5955	89	-2.36	0.0194
Dotcom period	0.5676	481	0.3258	89	4.26	<.0001
Cumulative excess return on the market over the two months preceding withdrawal	1.5789	481	0.9195	89	1.35	0.1785
Foreign exchange rate at withdrawal	1.4093	481	1.4018	89	0.56	0.5752
Risk-free rate on day of withdrawal	4.3857	481	4.1545	89	1.51	0.1322
Corporate bond spread on day of withdrawal	0.8725	481	0.7778	89	3.00	0.0030
Return on long-term government bonds at withdrawal	5.3947	481	5.7781	89	-3.40	0.0007
Cumulative excess return on the market over the two months following withdrawal	-0.5110	481	-1.0580	89	0.80	0.4229
Foreign exchange differential between two months after withdrawal and withdrawal	0.0031	481	0.0024	89	0.17	0.8618
Risk-free rate differential between two months after withdrawal and withdrawal	-0.1940	481	-0.0420	89	-1.82	0.0689
Corporate spread differential between two months after withdrawal and withdrawal	0.0084	481	0.0092	89	-0.05	0.9635
Return differential on long-term government bonds between two months after withdrawal and withdrawal	-0.0480	481	0.0062	89	-1.15	0.2502
Market offerings in two months preceding withdrawal	114.4600	481	133.4000	89	-2.59	0.0108
Industry offerings in two months preceding withdrawal	19.5410	481	23.0110	89	-1.70	0.0894

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-3.0169	-2.18	0.0293	
Age	0.0132	2.55	0.0108	0.26%
Technology	0.4368	2.38	0.0174	8.58%
Proceeds: Debt	0.5219	1.57	0.1159	10.25%
Proceeds: Development	0.2430	0.61	0.5450	4.77%
Log of amount filed	-0.3542	-1.13	0.2605	-6.96%
Log of filing price	-0.7428	-1.01	0.3117	-14.59%
Exchange	-0.3581	-1.33	0.1833	-7.04%
Underwriter rank	0.1993	3.86	0.0001	3.92%
Dotcom period	-0.7475	-3.09	0.0020	-14.68%
Cumulative excess return on the market over the two months preceding withdrawal	-0.0259	-1.71	0.0882	-0.51%
Foreign exchange rate at withdrawal	1.3583	1.60	0.1089	26.68%
Risk-free rate on day of withdrawal	-0.2396	-2.80	0.0051	-4.70%
Corporate bond spread on day of withdrawal	-0.6172	-1.62	0.1043	-12.12%
Return on long-term government bonds at withdrawal	0.2623	2.03	0.0428	5.15%
Cumulative excess return on the market over the two months following withdrawal	-0.0215	-1.60	0.1091	-0.42%
Foreign exchange differential between two months after withdrawal and withdrawal	2.7740	1.10	0.2728	54.49%
Risk-free rate differential between two months after withdrawal and withdrawal	-0.0602	-0.49	0.6224	-1.18%
Corporate spread differential between two months after withdrawal and withdrawal	0.2861	0.60	0.5502	5.62%
Return differential on long-term government bonds between two months after withdrawal and withdrawal	0.2896	1.52	0.1284	5.69%
Market offerings in two months preceding withdrawal	0.0014	0.77	0.4434	0.03%
Industry offerings in two months preceding withdrawal	0.0019	0.36	0.7200	0.04%
Pseudo R-Squared	0.1738			

**Table 10**  
**Determinants of Canadian IPO withdrawals**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of IPO withdrawal. Our sample consists of 1228 completed and 169 withdrawn IPOs announced between January 1, 1993 and December 31, 2009, on the Canadian market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Table 8. The *Best Effort Offering* dummy variable takes the value one when the offering is made on a best-effort basis. *Return on long-term government bonds at announcement* is the return on the 10-year Canadian government bond on the day of withdrawal. *LT government bond return differential between two months after announcement and announcement* is the difference between the return on the 10-year Canadian government bond two months after announcement and on the day of filing. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the loglikelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Completed	N	Withdrawn	N	t-stat	P value
Age	3.6921	1228	2.0870	169	3.77	0.0002
Technology	0.1107	1228	0.0118	169	8.08	<.0001
Proceeds: Debt	0.0521	1228	0.0178	169	2.86	0.0045
Proceeds: Development	0.6938	1228	0.7633	169	-1.85	0.0640
Log of number of shares filed	6.3938	1228	6.2945	169	3.49	0.0005
Log of filing price (in \$US)	-0.3670	1228	-0.6220	169	5.66	<.0001
Filing size rel. to average market filing	1.3437	1228	0.4519	169	4.94	<.0001
Filing size rel. to average industry filing	9.7129	1228	17.3850	169	-4.57	<.0001
Best Efforts Offering	0.7410	1228	0.9408	169	-9.05	<.0001
Dotcom period	0.3673	1228	0.3964	169	-0.74	0.4618
Subprime period	0.0090	1228	0.1716	169	-5.57	<.0001
Cumulative excess return on the market over the two months preceding announcement	6.2988	1228	2.4821	169	4.89	<.0001
Risk-free rate on day of announcement	4.2051	1228	3.6866	169	5.08	<.0001
Foreign exchange rate at announcement	1.3626	1228	1.3376	169	1.61	0.1090
Return on long-term government bond on day of announcement	6.7981	1228	5.2763	169	18.57	<.0001
2 month cumulative return differential on the market index	4.0753	1228	-2.0820	169	5.96	<.0001
Cumulative excess return on the market over the two months following announcement	4.9263	1228	1.9098	169	2.80	0.0057
Risk-free rate differential between two months after announcement and announcement	-0.0170	1228	-0.1140	169	2.43	0.0157
Foreign exchange differential between two months after announcement and announcement	0.0064	1228	0.0148	169	-2.26	0.0249
LT government bond return differential between two months after announcement and announcement	-0.0560	1228	-0.0550	169	-0.04	0.9714
Market offerings in two months preceding announcement	53.7330	1228	34.2310	169	11.85	<.0001
Industry offerings in two months preceding announcement	16.6110	1228	10.5210	169	6.53	<.0001
Market offerings in two months following announcement	50.2450	1228	28.5560	169	13.48	<.0001
Industry offerings in 2 two months following announcement	14.6290	1228	8.5799	169	6.80	<.0001

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	6.0735	3.35	0.0008	
Age	-0.0017	-0.16	0.8690	-0.02%
Technology	-1.2329	-3.51	0.0005	-14.64%
Proceeds: Debt	0.0667	0.17	0.8663	0.79%
Proceeds: Development	-0.5839	-3.05	0.0023	-6.93%
Log of number of shares filed	-0.9390	-4.41	<.0001	-11.15%
Log of filing price (in \$US)	-0.3508	-2.12	0.0339	-4.17%
Filing size rel. to average market filing	-0.0341	-0.94	0.3459	-0.40%
Filing size rel. to average industry filing	0.0154	4.04	<.0001	0.18%
Best Efforts Offering	0.6462	2.55	0.0106	7.67%
Dotcom period	-0.3014	-1.31	0.1890	-3.58%
Subprime period	0.5111	1.40	0.1615	6.07%
Cumulative excess return on the market over the two months preceding announcement	-0.0091	-1.33	0.1837	-0.11%
Risk-free rate on day of announcement	-0.0206	-0.29	0.7710	-0.24%
Foreign exchange rate at announcement	1.8712	2.63	0.0085	22.22%
Return on long-term government bond on day of announcement	-0.5391	-5.82	<.0001	-6.40%
2 month cumulative return differential on the market index	-0.0205	-2.10	0.0360	-0.24%
Cumulative excess return on the market over the two months following announcement	0.0033	0.38	0.7056	0.04%
Risk-free rate differential between two months after announcement and announcement	-0.0140	-0.09	0.9257	-0.17%
Foreign exchange differential between two months after announcement and announcement	2.0794	0.94	0.3478	24.70%
LT government bond return differential between two months after announcement and announcement	-0.6068	-2.69	0.0072	-7.21%
Market offerings in two months preceding announcement	-0.0021	-0.43	0.6697	-0.02%
Industry offerings in two months preceding announcement	-0.0112	-1.16	0.2448	-0.13%
Market offerings in two months following announcement	-0.0115	-1.91	0.0566	-0.14%
Industry offerings in two months following announcement	0.0002	0.02	0.9876	0.00%
Pseudo R-Squared	0.4192			

**Table 11**  
**Determinants of Canadian IPO reissues**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of IPO reissue. Our sample consists of 165 withdrawn and non-returning IPOs and 12 reissued IPOs announced between January 1<sup>st</sup>, 1993 and December 31<sup>st</sup>, 2009, on the Canadian market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Tables 8 and 9. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the log likelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Not reissued	N	Reissued	N	t-stat	P value
Age	2.2367	165	0.7970	12	3.26	0.0018
<b>Technology</b>	<b>0.0121</b>	<b>165</b>	<b>0.0000</b>	<b>12</b>	<b>1.42</b>	<b>0.1579</b>
<b>Proceeds: Debt</b>	<b>0.0182</b>	<b>165</b>	<b>0.0000</b>	<b>12</b>	<b>1.74</b>	<b>0.0833</b>
Proceeds: Development	0.7818	165	0.5000	12	2.23	0.0267
Log of number of shares filed	6.2953	165	6.4613	12	-1.65	0.0997
Log of filing price	-0.6510	165	-0.2570	12	-1.88	0.0853
Dotcom period	0.3758	165	0.4167	12	-0.28	0.7794
Subprime period	0.1939	165	0.1667	12	0.23	0.8182
Cumulative excess return on the market over the two months preceding withdrawal	7.3309	165	12.9460	12	-1.26	0.2089
Foreign exchange rate at withdrawal	1.3561	165	1.3046	12	0.99	0.3216
Risk-free rate on day of withdrawal	2.9790	165	3.0033	12	-0.05	0.9591
Return on long-term government bonds at withdrawal	5.0817	165	5.2100	12	-0.41	0.6801
Cumulative excess return on the market over the two months following withdrawal	11.2190	165	6.2985	12	1.19	0.2365
Foreign exchange differential between two months after withdrawal and withdrawal	-0.0070	165	0.0043	12	-0.82	0.4140
Risk-free rate differential between two months after withdrawal and withdrawal	-0.1280	165	-0.1360	12	0.10	0.9252
Return differential on long-term government bonds between two months after withdrawal and withdrawal	-0.0450	165	-0.0770	12	0.44	0.6599
Market offerings in two months preceding withdrawal	28.4120	165	39.7500	12	-1.54	0.1494
Industry offerings in two months preceding withdrawal	6.3879	165	10.8330	12	-1.18	0.2611
Length of decision period	293.0100	165	213.9200	12	1.65	0.1002

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	4.7602	0.74	0.4605	
Age	-0.3522	-1.71	0.0879	-3.02%
Proceeds: Development	-1.1249	-1.87	0.0619	-9.66%
Log of number of shares filed	0.3591	0.53	0.5934	3.08%
Log of filing price	0.2446	0.54	0.5881	2.10%
Dotcom period	1.7772	1.41	0.1574	15.26%
Subprime period	-1.8817	-1.97	0.0483	-16.15%
Cumulative excess return on the market over the two months preceding withdrawal	0.0371	2.21	0.0273	0.32%
Foreign exchange rate at withdrawal	-5.8604	-1.65	0.0980	-50.31%
Risk-free rate on day of withdrawal	-0.6631	-2.15	0.0318	-5.69%
Return on long-term government bonds at withdrawal	0.4209	0.80	0.4249	3.61%
Cumulative excess return on the market over the two months following withdrawal	-0.0379	-1.38	0.1664	-0.32%
Foreign exchange differential between two months after withdrawal and withdrawal	-10.1139	-1.45	0.1474	-86.82%
Risk-free rate differential between two months after withdrawal and withdrawal	-0.9753	-1.41	0.1599	-8.37%
Return differential on long-term government bonds between two months after withdrawal and withdrawal	-0.3938	-0.34	0.7349	-3.38%
Market offerings in two months preceding withdrawal	0.0010	0.05	0.9572	0.01%
Industry offerings in two months preceding withdrawal	0.0356	1.33	0.1839	0.31%
Length of decision period	-0.0026	-1.46	0.1439	-0.02%
Pseudo R-Squared	0.3551			

**Table 12**  
**Determinants of U.S. SEO withdrawals**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of SEO withdrawal. Our sample consists of 4333 completed and 254 withdrawn SEOs announced between January 1, 1993 and December 31, 2009, on the U.S. market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Table 8. *Book-to-market on day of announcement* is the book-value per share at the end of the fiscal year just prior to announcement, divided by the issuer market price on the day prior to filing. *Debt-to-assets* ratio is obtained by dividing the total liabilities by the total assets of the issuer, measured at the end of the fiscal year just prior to announcement. *Net Income-to-sales* ratio is measured by dividing the net income at the end of the fiscal year just prior to announcement by the total revenues of the issuer at that date. *Stock price/filing price differential at announcement* is the ratio of the issuer stock price on the day prior to announcement to the filing price, minus one. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the loglikelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Completed	N	Withdrawn	N	t-stat	p-value
Age	25.3600	4333	18.9530	254	4.65	<.0001
Technology	0.1334	4333	0.1535	254	-0.91	0.3605
Proceeds: Debt	0.1297	4333	0.0394	254	6.82	<.0001
Proceeds: Development	0.0496	4333	0.0197	254	3.21	0.0015
Book-to-market on day of announcement	1.0372	4333	4.4696	254	-0.85	0.3967
Debt / assets	0.2668	4333	0.2535	254	0.70	0.4868
Net Income / Sales	-4.8440	4333	-3.8840	254	-0.58	0.5636
Log of amount filed	1.9219	4333	1.7495	254	6.32	<.0001
Log of filing price	1.3355	4333	1.2428	254	4.54	<.0001
Filing size rel. to average market filing	2.4534	4333	1.0781	254	5.55	<.0001
Filing size rel. to average industry filing	0.3520	4333	0.1850	254	6.55	<.0001
Underwriter rank	8.0577	4333	7.6024	254	3.91	0.0001
Stock price/filing price differential at announcement	0.0396	4333	0.0027	254	2.39	0.0171
Dotcom period	0.2585	4333	0.3780	254	-3.83	0.0002
Subprime period	0.0829	4333	0.0315	254	4.37	<.0001
Cumulative excess return on the market over the two months preceding announcement	1.9683	4333	1.0743	254	2.48	0.0135
Risk-free rate on day of announcement	3.5898	4333	4.2067	254	-6.70	<.0001
Corporate bond spread on day of announcement	0.8995	4333	0.7548	254	8.02	<.0001
Foreign exchange rate at announcement	1.3421	4333	1.3769	254	-4.28	<.0001
Cumulative return on the market index over the two months following announcement	1.2857	4333	2.9736	254	-3.95	<.0001
Cumulative excess return on the market over the two months following announcement	0.8514	4333	-1.6640	254	6.05	<.0001
Risk-free rate differential between two months after announcement and announcement	0.0101	4333	0.1063	254	-2.46	0.0146
Corporate spread differential between two months after announcement and announcement	-0.0020	4333	0.0498	254	-3.53	0.0005
Foreign exchange differential between two months after announcement and announcement	0.0002	4333	0.0145	254	-7.34	<.0001
Market offerings in two months preceding announcement	125.0700	4333	165.0000	254	-8.41	<.0001
Industry offerings in two months preceding announcement	22.0340	4333	30.9130	254	-5.86	<.0001
Market offerings in two months following announcement	132.1000	4333	143.3300	254	-2.63	0.0085
Industry offerings in two months following announcement	22.5630	4333	25.2560	254	-2.07	0.0392

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-1.9448	-3.52	0.0004	
Age	-0.0023	-1.40	0.1611	-0.02%
Technology	-0.1188	-1.23	0.2204	-1.14%
Proceeds: Debt	-0.8833	-6.06	<.0001	-8.50%
Proceeds: Development	-0.6927	-3.32	0.0009	-6.67%
Book-to-market on day of announcement	0.0002	0.28	0.7816	0.00%
Debt / assets	0.1231	0.94	0.3470	1.19%
Net Income / Sales	0.0006	0.63	0.5279	0.01%
Log of amount filed	0.3507	2.41	0.0161	3.38%
Log of filing price	-0.7313	-5.22	<.0001	-7.04%
Filing size rel. to average market filing	-0.0703	-2.19	0.0287	-0.68%
Filing size rel. to average industry filing	-0.2351	-2.54	0.0111	-2.26%
Underwriter rank	-0.0341	-1.39	0.1653	-0.33%
Stock price/filing price differential at announcement	0.0031	0.04	0.9651	0.03%
Dotcom period	0.0453	0.46	0.6426	0.44%
Subprime period	0.4066	1.46	0.1445	3.91%
Cumulative excess return on the market over the two months preceding announcement	-0.0136	-1.89	0.0585	-0.13%
Risk-free rate on day of announcement	0.0374	1.23	0.2189	0.36%
Corporate bond spread on day of announcement	-0.5124	-2.41	0.0158	-4.93%
Foreign exchange rate at announcement	0.7519	2.15	0.0317	7.24%
Cumulative return on the market index over the two months following announcement	0.0125	2.30	0.0214	0.12%
Cumulative excess return on the market over the two months following announcement	-0.0210	-3.32	0.0009	-0.20%
Risk-free rate differential between two months after announcement and announcement	0.0693	1.06	0.2913	0.67%
Corporate spread differential between two months after announcement and announcement	0.1877	1.23	0.2194	1.81%
Foreign exchange differential between two months after announcement and announcement	2.3613	1.94	0.0529	22.73%
Market offerings in two months preceding announcement	0.0031	3.19	0.0014	0.03%
Industry offerings in two months preceding announcement	0.0109	2.79	0.0054	0.11%
Market offerings in two months following announcement	-0.0008	-0.79	0.4298	-0.01%
Industry offerings in two months following announcement	-0.0086	-2.00	0.0453	-0.08%
Pseudo R-Squared	0.1543			

**Table 13**  
**Determinants of American SEO reissues**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of SEO reissue. Our sample consists of 180 withdrawn and non-reissued SEOs and 80 returning SEOs announced between January 1, 1993 and December 31, 2009, on the U.S. market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Tables 8 and 9. *Book-to-market on day of announcement* is the book-value per share at the end of the fiscal year just prior to announcement, divided by the issuer market price on the day prior to filing. *Debt-to-assets* ratio is obtained by dividing the total liabilities by the total assets of the issuer, measured at the end of the fiscal year just prior to announcement. *Net Income-to-sales* ratio is measured by dividing the net income at the end of the fiscal year just prior to announcement by the total revenues of the issuer at that date. *Stock price/filing price differential at announcement* is the ratio of the issuer stock price on the day prior to announcement to the filing price, minus one. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the loglikelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Not reissued	N	Reissued	N	t-stat	P value
Age	20.9500	180	18.4750	80	0.75	0.4560
Technology	0.1556	180	0.1625	80	-0.14	0.8878
Proceeds: Debt	0.0389	180	0.0125	80	1.38	0.1685
Proceeds: Development	0.0167	180	0.0375	80	-0.89	0.3756
Book-to-market on day of announcement	0.7027	180	0.3024	80	2.87	0.0044
Net Income / Sales	-3.3260	180	-3.5700	80	0.09	0.9318
Dotcom period	0.3278	180	0.3375	80	-0.15	0.8784
Cumulative excess return on the market over the two months preceding withdrawal	0.0145	180	0.0095	80	0.64	0.5203
Risk-free rate on day of withdrawal	0.0397	180	0.0407	80	-0.45	0.6564
Foreign exchange rate at withdrawal	1.3679	180	1.4037	80	-1.90	0.0584
Market offerings in two months preceding withdrawal	137.6900	180	127.9100	80	1.04	0.3016
Industry offerings in two months preceding withdrawal	26.1890	180	21.4130	80	1.82	0.0708

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-2.5093	-2.33	0.0197	
Age	-0.0027	-0.72	0.4709	-0.09%
Technology	0.0111	0.05	0.9622	0.36%
Proceeds: Debt	-0.8801	-1.42	0.1543	-28.98%
Proceeds: Development	0.5005	0.90	0.3689	16.48%
Book-to-market on day of announcement	-0.2365	-2.03	0.0426	-7.79%
Net Income / Sales	-0.0013	-0.33	0.7390	-0.04%
Dotcom period	-0.2261	-0.99	0.3220	-7.44%
Cumulative excess return on the market over the two months preceding withdrawal	0.0104	0.58	0.5632	0.34%
Risk-free rate on day of withdrawal	0.0032	0.05	0.9618	0.10%
Foreign exchange rate at withdrawal	1.7826	2.21	0.0270	58.70%
Market offerings in two months preceding withdrawal	-0.0006	-0.32	0.7517	-0.02%
Industry offerings in two months preceding withdrawal	-0.0074	-1.29	0.1974	-0.24%
Pseudo R-Squared	0.0582			

**Table 14**  
**Determinants of Canadian SEO withdrawals**

Panels A and B of this table present the results of the univariate and multivariate analysis designed to capture the determinants of the ex-ante probability of SEO withdrawal. Our sample consists of 1248 completed and 44 withdrawn SEOs announced between January 1, 1993 and December 31, 2009, on the Canadian market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Tables 8 and 10. *Price-Earnings ratio* is the ratio of price-per-share on the day prior to announcement to the earnings-per-share announced at the end of the fiscal year just prior to announcement. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the loglikelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Completed	N	Withdrawn	N	t-stat	P value
Age	17.7390	1248	15.6390	44	0.76	0.4538
Technology	0.1394	1248	0.0682	44	1.80	0.0787
Proceeds: Debt	0.1571	1248	0.0682	44	2.23	0.0301
Proceeds: Development	0.2957	1248	0.2955	44	0.00	0.9975
Price-Earnings ratio	8.7887	1248	-31.6500	44	2.82	0.0048
Filing size rel. to average market filing	4.8443	1248	2.8685	44	1.54	0.1226
Filing size rel. to average industry filing	19.1420	1248	12.9730	44	2.01	0.0451
Best Efforts Offering	0.0970	1248	0.5000	44	-5.25	<.0001
Dotcom period	0.2596	1248	0.4091	44	-2.21	0.0272
Subprime period	0.0929	1248	0.0909	44	0.05	0.9635
Cumulative excess return on the market over the two months preceding announcement	10.443	1248	7.7617	44	1.54	0.1242
Risk-free rate on day of announcement	3.5253	1248	3.9273	44	-1.79	0.0743
Foreign exchange rate at announcement	1.3373	1248	1.3693	44	-1.33	0.1838
Return on long-term government bond on day of announcement	5.7063	1248	5.9798	44	-1.29	0.1981
Two month cumulative return differential on the market index	3.3641	1248	3.7640	44	-0.25	0.8007
Cumulative excess return on the market over the two months following announcement	7.0515	1248	6.0385	44	0.64	0.5241
Risk-free rate differential between two months after announcement and announcement	-0.0330	1248	-0.1090	44	1.18	0.2396
Foreign exchange differential between two months after announcement and announcement	-0.0040	1248	0.0033	44	-1.38	0.1686
LT government bond return differential between two months after announcement and announcement	-0.0210	1248	-0.0770	44	1.11	0.2659
Industry offerings in two months preceding announcement	8.7500	1248	6.7727	44	2.44	0.0184
Market offerings in two months following announcement	35.9390	1248	35.3640	44	0.18	0.8536

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-1.8572	-1.70	0.0899	
Age	0.0019	0.58	0.5594	0.01%
Technology	-0.6477	-2.26	0.0240	-4.03%
Proceeds: Debt	-0.3129	-1.12	0.2619	-1.95%
Proceeds: Development	-0.2451	-1.36	0.1743	-1.53%
Price-Earnings ratio	-0.0023	-2.63	0.0085	-0.01%
Filing size rel. to average market filing	-0.0069	-0.49	0.6261	-0.04%
Filing size rel. to average industry filing	-0.0115	-2.08	0.0376	-0.07%
Best Efforts Offering	0.9667	5.45	<.0001	6.01%
Dotcom period	0.3759	1.37	0.1707	2.34%
Subprime period	0.6511	1.52	0.1281	4.05%
Cumulative excess return on the market over the two months preceding announcement	-0.0075	-0.95	0.3445	-0.05%
Risk-free rate on day of announcement	0.0242	0.28	0.7804	0.15%
Foreign exchange rate at announcement	-0.1116	-0.13	0.9002	-0.69%
Return on long-term government bond on day of announcement	0.0859	0.80	0.4234	0.53%
two month cumulative return differential on the market index	0.0165	1.26	0.2061	0.10%
Cumulative excess return on the market over the two months following announcement	-0.0136	-1.22	0.2235	-0.09%
Risk-free rate differential between two months after announcement and announcement	-0.2474	-1.12	0.2648	-1.54%
Foreign exchange differential between two months after announcement and announcement	3.2659	1.11	0.2675	20.32%
LT government bond return differential between two months after announcement and announcement	0.0500	0.18	0.8543	0.31%
Industry offerings in two months preceding announcement	-0.0303	-1.82	0.0681	-0.19%
Market offerings in two months following announcement	-0.0047	-0.79	0.4318	-0.03%
Pseudo R-Squared	0.2008			

**Table 15**  
**Determinants of Canadian SEO reissues**

Panels A and B of this table present the results of the univariate and multivariate analyses designed to capture the determinants of the ex-ante probability of SEO reissue. Our sample consists of 54 withdrawn and non-reissued SEOs and 16 returning SEOs announced between January 1, 1993 and December 31, 2009, on the Canadian market. The point estimates of the probit model are reported, as well as the marginal effect of each of the variables and the level of statistical significance of the parameter estimates. The variables tested are described in Tables 8 and 9. The Pseudo R-Squared is equal to one, minus the log likelihood of the model studied divided by the log likelihood of a probit model on the same data set with no independent variables. The number of observations used in each of the models is reported.

**Panel A. Univariate results**

Parameter	Not reissued	N	Reissued	N	t-stat	P value
Age	13.1280	54	14.7310	16	-0.58	0.5670
Technology	0.0556	54	0.0625	16	-0.10	0.9178
Proceeds: Debt	0.0926	54	0.0625	16	0.37	0.7106
Proceeds: Development	0.3704	54	0.3750	16	-0.03	0.9736
Best efforts	0.5926	54	0.5000	16	0.65	0.5180
Dotcom period	0.4444	54	0.1875	16	1.87	0.0652
Cumulative excess return on the market over the two months preceding withdrawal	5.3220	54	6.2275	16	-0.26	0.7987
Risk-free rate on day of withdrawal	3.9052	54	4.4931	16	-1.38	0.1729
Foreign exchange rate at withdrawal	1.3478	54	1.3944	16	-1.00	0.3204
Return on long-term government bonds at withdrawal	5.6978	54	6.5806	16	-2.16	0.0340
Cumulative excess return on the market over the two months following withdrawal	6.8409	54	6.5836	16	0.08	0.9342
Risk-free rate differential between two months after withdrawal and withdrawal	-0.0690	54	0.0431	16	-0.59	0.5633
Foreign exchange differential between two months after withdrawal and withdrawal	0.0059	54	0.0053	16	0.07	0.9477
Return differential on long-term government bonds between two months after withdrawal and withdrawal	-0.0780	54	-0.1940	16	1.29	0.2006
Market offerings in two months preceding withdrawal	40.5370	54	32.4380	16	1.48	0.1441
Industry offerings in two months preceding withdrawal	7.1111	54	5.6875	16	1.12	0.2718
Length of decision period	85.2220	54	34.1250	16	3.41	0.0012

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	P-value	Marginal Effect
Intercept	-7.9460	-2.02	0.0429	
Age	-0.0186	-1.04	0.2967	-0.32%
Technology	0.1057	0.09	0.9268	1.79%
Proceeds: Debt	-1.4179	-1.36	0.1725	-23.98%
Proceeds: Development	0.4492	0.80	0.4256	7.60%
Best efforts	-0.9317	-1.53	0.1267	-15.75%
Dotcom period	-3.2541	-2.08	0.0371	-55.03%
Cumulative excess return on the market over the two months preceding withdrawal	0.0093	0.43	0.6669	0.15%
Risk-free rate on day of withdrawal	0.9707	1.90	0.0573	16.42%
Foreign exchange rate at withdrawal	6.6923	1.97	0.0487	113.17%
Return on long-term government bonds at withdrawal	-0.5755	-1.11	0.2691	-9.73%
Cumulative excess return on the market over the two months following withdrawal	0.0401	1.19	0.2352	0.68%
Risk-free rate differential between two months after withdrawal and withdrawal	0.2515	0.38	0.7051	4.25%
Foreign exchange differential between two months after withdrawal and withdrawal	30.0400	2.17	0.0301	507.99%
Return differential on long-term government bonds between two months after withdrawal and withdrawal	-1.7786	-1.44	0.1502	-30.08%
Market offerings in two months preceding withdrawal	-0.0082	-0.35	0.7271	-0.14%
Industry offerings in two months preceding withdrawal	0.0103	0.17	0.8665	0.17%
Length of decision period	-0.0222	-2.50	0.0126	-0.38%
Pseudo R-Squared	0.4422			

**Table 16**  
**Successful reissue versus unsuccessful reissue of U.S. IPOs**

Panel A of this Table presents univariate statistics for the sample of returning U.S. IPOs, broken down by their eventual status (i.e., successful versus unsuccessful). Panel B reports the results of Equation (4). The variables tested are described in Table 8. *Underwriter ranking differential* is the change in Carter-Manister (1990) ranking of the main underwriter of the new offering relative to its ranking at announcement of the original offer. *Proceeds revision* is the percentage change in the total dollar amount offered in the prospectus. *Length of decision period of previous failed issue* is the number of days between the announcement of the original offering and its cancellation. *Length of the decision period of reissue* is the number of days between the announcement of the new offering and the announcement of its final status. *Reissue delay* is the number of days between the cancellation of the previous offering and the announcement of the subsequent IPO.

**Panel A. Univariate results**

Parameter	Un- successful	N	Successful	N	t-stat	P value
Age	10.3850	39	15.1580	114	-1.97	0.0514
Underwriter Ranking	8.2703	37	7.9123	114	1.20	0.2308
Underwriter ranking differential	-0.2220	36	0.1518	112	-1.31	0.1939
Proceeds revision	2.4495	31	0.3973	103	0.95	0.3489
Logarithm of amount filed	1.9110	35	1.7734	114	1.93	0.0570
Logarithm of shares filed	6.6852	16	6.6855	113	0.00	0.9966
Logarithm of mid filing price	1.1363	14	1.1050	106	0.74	0.4632
Dotcom period	0.3590	39	0.3246	114	0.39	0.6962
Subprime period	0.0513	39	0.0614	114	-0.23	0.8181
Cumulative excess return on the market over the two months preceding announcement	2.7242	39	2.4036	114	0.33	0.7420
Risk-free rate on day of announcement	3.3526	39	3.6601	114	-0.89	0.3771
Corporate bond spread on day of announcement	0.8946	39	0.8446	114	0.71	0.4833
Foreign exchange rate at announcement	1.3346	39	1.3385	113	-0.15	0.8844
Cumulative excess return on the market over the two months following announcement	1.4383	38	2.6481	113	-1.30	0.1959
Risk-free rate differential between two months after and announcement	-0.2780	39	0.8528	114	-1.04	0.3017
Corporate spread differential between two months after and announcement	0.0897	39	0.0044	114	0.90	0.3671
Foreign exchange differential between two months after and announcement	0.0426	39	-0.0210	114	0.75	0.4554
Market offerings in two months preceding announcement	-0.0030	38	-0.0020	111	-0.15	0.8829
Industry offerings in two months preceding announcement	118.7700	39	129.8700	114	-0.96	0.3407
Market offerings in two months following announcement	22.7950	39	25.2630	114	-0.72	0.4744
Industry offerings in two months following announcement	117.1000	39	138.4400	114	-1.69	0.0938
Length of decision period of previous failed issue	245.2800	39	94.0530	114	4.44	<.0001
Length of decision period of reissue	22.1790	39	23.7810	114	-0.40	0.6894
Reissue delay	539.0000	39	619.4100	111	-0.64	0.5234

**Panel B. Multivariate results**

Parameter	Estimate	T-stat	p-value	Marginal Effect
Intercept	0.7956	0.30	0.7641	
Age	0.0208	1.46	0.1444	0.45%
Underwriter Ranking	-0.4913	-2.47	0.0133	-10.68%
Underwriter ranking differential	0.5615	2.98	0.0028	12.20%
Proceeds revision	-0.0409	-1.14	0.2523	-0.89%
Cumulative excess return on the market over the two months preceding announcement	-0.0003	-0.01	0.9942	-0.01%
Risk-free rate on day of announcement	0.1914	1.68	0.0924	4.16%
Corporate bond spread on day of announcement	3.5086	2.30	0.0216	76.25%
Foreign exchange rate at announcement	-0.2255	-0.18	0.8592	-4.90%
2 month cumulative return differential on the market index	0.0269	0.86	0.3897	0.59%
Cumulative excess return on the market over the two months following announcement	0.0781	2.13	0.0333	1.70%
Risk-free rate differential between two months after and announcement	-0.4111	-1.39	0.1657	-8.94%
Corporate spread differential between two months after and announcement	-1.7205	-1.17	0.2404	-37.39%
Foreign exchange differential between two months after and announcement	11.2060	1.85	0.0641	243.54%
Market offerings in two months preceding announcement	-0.0139	-2.46	0.0137	-0.30%
Industry offerings in two months preceding announcement	0.0301	1.67	0.0956	0.65%
Market offerings in two months following announcement	0.0172	3.09	0.0020	0.37%
Industry offerings in two months following announcement	-0.0321	-1.75	0.0801	-0.70%
Pseudo R-Squared	0.2905			

**Table 17**  
**Determinants of successful reissue of Canadian IPOs**

This table presents univariate statistics for the sample of returning Canadian IPOs, broken down by their eventual status (i.e., successful versus unsuccessful). The variables tested are described in Table 8. *Underwriter ranking differential* is the change in Carter-Manister (1990) ranking of the main underwriter of the new offering relative to its ranking at announcement of the original offer. *Proceeds revision* is the percentage change in the total dollar amount offered in the prospectus. *Length of decision period of previous failed issue* is the number of days between the announcement of the original offering and its cancellation. *Length of the decision period of reissue* is the number of days between the announcement of the new offering and the announcement of its final status. *Reissue delay* is the number of days between the cancellation of the previous offering and the announcement of the subsequent IPO. *Change of offer terms* is a dummy variable taking the value of one when the type of offering (best efforts, firm commitment, etc.) of the new offering differs from the first offering type.

Parameter	Un- successful	N	Successful	N	t-stat	P value
Age	8.5227	5	4.0084	12	1.18	0.2574
Change of offer terms	0.0000	6	0.0833	12	-1.00	0.3388
Proceeds revision	-0.4550	4	-0.0350	9	-1.53	0.1545
Logarithm of amount filed	-0.2630	3	0.5880	12	-2.55	0.0245
Logarithm of shares filed	6.3497	3	6.5569	12	-1.25	0.2345
Logarithm of mid filing price	-0.6130	3	0.0250	12	-1.11	0.2883
Dotcom period	0.1667	6	0.5833	12	-1.72	0.1045
Subprime period	0.3333	6	0.1667	12	0.77	0.4256
Cumulative excess return on the market over the two months preceding announcement	2.3956	6	6.9760	12	-1.01	0.3289
Risk-free rate on day of announcement	3.0283	6	3.4725	12	-0.50	0.6235
Return on LT government bond on day of announcement	1.2645	6	1.3313	12	-0.68	0.5074
Foreign exchange rate at announcement	4.6433	6	5.0283	12	-0.88	0.3910
Cumulative excess return on the market over the two months following announcement	6.3423	6	2.4290	12	0.52	0.6121
Risk-free rate differential between two months after and announcement	-0.0320	6	0.1525	12	-1.16	0.2644
Return differential on LT government bond between 2 months after and announcement	0.0168	6	0.0067	12	0.43	0.6713
Foreign exchange differential between two months after and announcement	0.0750	6	0.0333	12	0.36	0.7203
Market offerings in two months preceding announcement	23.0000	6	42.1670	12	-2.10	0.0516
Industry offerings in two months preceding announcement	4.6667	6	11.3330	12	-1.90	0.0774
Market offerings in two months following announcement	20.6670	6	31.6670	12	-1.20	0.2463
Industry offerings in two months following announcement	3.1667	6	4.8333	12	-0.63	0.5360
Reissue delay	550.1000	6	348.8300	12	0.61	0.5480
Length of decision period of reissue	163.8300	6	71.8530	12	1.99	0.0921
Length of decision period of previous failed issue	150.8300	6	167.0000	12	-0.23	0.8246

**Table 18**  
**Cumulative Average Abnormal Returns Around Announcements of Returning and First-Time Successful SEOs**

This table presents the cumulative abnormal returns (CARs) of first- and second-time successful SEOs, measured in excess of the Fama-French three-factor model. We report, for each period, \*\*\*, \*\*, and \* denote the significance of the two-sided t-test on the cross-sectional distribution of abnormal returns within samples at the 1, 5 and 10% levels.

<b>U.S. SEOs</b>	<b>(-45,-5)</b>	<b>(-45,-2)</b>	<b>(-30,-2)</b>	<b>(-2,+2)</b>	<b>(-5,+5)</b>	<b>(-1,+1)</b>	<b>(+1,+30)</b>	<b>(+1,+10)</b>
Second-time successful SEOs (1)	1.97%	1.54%	1.13%	-1.75%**	-1.48%	-0.74%	-3.24%	-1.64%
	0.62	0.48	0.52	-2.07	-1.15	-1.01	-1.44	-1.26
First-time successful SEOs – Debt (2)	4.84%*	4.04%	1.66%	-3.96%***	-4.64%***	-2.69%***	-4.45%	-2.97%**
	1.69	1.37	0.67	-3.52	-3.28	-2.78	-1.55	-2.51
First-time successful SEOs – Profit (3)	2.93%	2.23%	0.69%	-3.17%***	-3.81%***	-2.83%***	-7.65%***	-2.25%*
	1.06	0.81	0.35	-3.66	-2.96	-3.87	-3.68	-1.70
(1) – (2)	-2.87%	-2.50%	-0.53%	2.21%	3.16%	1.95%	1.21%	1.33%
	-0.67	-0.57	-0.16	1.56	1.65	1.59	0.33	0.75
(1) – (3)	-0.96%	-0.69%	0.44%	1.42%	2.33%	2.09%**	4.41%	0.61%
	-0.10	-0.08	0.22	1.26	1.28	2.25	1.55	0.44
<b>Canadian SEOs</b>	<b>(-45,-5)</b>	<b>(-45,-2)</b>	<b>(-30,-2)</b>	<b>(-2,+2)</b>	<b>(-5,+5)</b>	<b>(-1,+1)</b>	<b>(+1,+30)</b>	<b>(+1,+10)</b>
Second-time successful SEOs (1)	-15.18%	-18.43%	-14.79%	4.71%	-4.66%	3.29%	-7.47%	-7.26%
	-0.74	-0.92	-0.63	0.64	-0.73	0.90	-0.57	-1.12
First-time successful SEOs – Debt (2)	-1.47%	-4.44%	-5.63%	-3.86%	-4.70%	-2.24%	-8.48%	-0.80%
	-0.16	-0.43	-0.69	-1.29	-1.42	-0.91	-1.05	-0.22
First-time successful SEOs – Profit (3)	7.69%	5.59%	3.86%	-3.85%	-3.75%	-2.47%	-10.25%	-1.51%
	0.85	0.57	0.54	-1.51	-1.20	-1.34	-1.39	-0.51
(1) – (2)	-13.71%	-13.99%	-9.16%	8.56%	0.04%	5.53%	1.01%	-6.46%
	-0.61	-0.62	-0.37	1.08	0.01	1.26	0.07	-0.87
(1) – (3)	-22.88%	-24.02%	-18.65%	8.56%	-0.91%	5.76%	2.78%	-5.75%
	-1.02	-1.08	-0.77	1.10	-0.13	1.41	0.18	-0.81

**Table 19**  
**Mean Cumulative Abnormal Returns (CARs) of SEOs over the Decision Period**

This table presents the cumulative abnormal returns (CARs) of U.S. and Canadian SEO issuers between the announcements of their successful offerings and the announcements of the status of their SEOs (i.e. completed). CAR are calculated on the basis of the issuer performance over the [-300, -46] period prior to the event. We estimate the model parameters using the Fama-French three-factor model. The t-statistic for a two-sided cross-sectional test on the mean CAR is reported. \*\*\*, \*\*, and \* denote significance at the 1, 5 and 10% levels.

<b>Panel A. U.S. SEOs</b>		
	Mean CAR	T Stat
Second-time successful SEOs (1)	-8.19% **	-2.16
First-time successful SEOs – Debt (2)	-12.90% ***	-2.64
First-time successful SEOs – Profit (3)	-15.39% ***	-3.60
(1) – (2)	4.71% ***	2.69
(1) – (3)	7.22% ***	3.55
<b>Panel B. Canadian SEOs</b>		
	Mean CAR	T Stat
Second-time successful SEOs (1)	-13.92% *	-1.87
First-time successful SEOs – Debt (2)	-5.22%	-1.20
First-time successful SEOs – Profit (3)	-4.25%	-0.97
(1) – (2)	-8.70%	-1.01
(1) – (3)	-9.67%	-1.12

**Table 20**  
**Initial Returns of Second- versus First-Time Successful U.S. IPOs**

This table reports the initial returns on a sample of 103 second-time successful IPOs and matching samples of first-time successful IPOs announced between January 1, 1993 and December 31, 2009. First- to fifth-day returns are measured as the ratios of the closing price on trading day  $t$  (with  $t=1$  to 5) to the issue price, minus one. A p-value of a test statistic and a signed rank test that the mean return and median equal zero are reported. The symmetry and “peakedness” of the distribution of initial returns are reported through the Skewness and Kurtosis measures. We report the results of tests for the difference-in-means (paired t-test with the hypothesis that the difference in means equals zero) and difference-in-medians (Wilcoxon two-sample two-sided Z-test) across samples of second- and first-time successful offerings.

<b>Panel A. Second-time successful IPOs</b>							
	Mean return	T-stat	Median	Wilcoxon	Skewness	Kurtosis	N
1 <sup>st</sup> day	18.43%	<.0001	8.33%	<.0001	4.82	31.86	103
2 <sup>nd</sup> day	18.39%	<.0001	7.81%	<.0001	3.64	17.79	103
3 <sup>rd</sup> day	18.71%	<.0001	8.08%	<.0001	2.80	10.59	103
4 <sup>th</sup> day	19.03%	<.0001	8.33%	<.0001	3.08	13.46	103
5 <sup>th</sup> day	19.71%	<.0001	7.69%	<.0001	3.81	18.18	103
<b>Panel B. First-time successful IPOs – Debt match</b>							
1 <sup>st</sup> day	18.19%	<.0001	8.65%	<.0001	2.99	12.61	103
2 <sup>nd</sup> day	18.66%	<.0001	9.00%	<.0001	2.43	8.37	103
3 <sup>rd</sup> day	19.05%	<.0001	8.33%	<.0001	2.02	4.82	103
4 <sup>th</sup> day	18.59%	<.0001	8.13%	<.0001	2.20	6.10	103
5 <sup>th</sup> day	17.24%	<.0001	8.33%	<.0001	2.05	5.88	103
<b>Panel C. First-time successful IPOs – Profitability match</b>							
1 <sup>st</sup> day	17.86%	<.0001	8.88%	<.0001	3.59	16.92	103
2 <sup>nd</sup> day	17.77%	<.0001	7.50%	<.0001	3.97	19.71	103
3 <sup>rd</sup> day	15.79%	<.0001	7.81%	<.0001	2.98	12.05	103
4 <sup>th</sup> day	15.90%	<.0001	7.50%	<.0001	3.55	18.17	103
5 <sup>th</sup> day	16.00%	<.0001	6.35%	<.0001	4.02	22.66	103
<b>Panel D. Comparative Results</b>							
	(1)-(2)			(1)-(3)			
1 <sup>st</sup> day	T = 0.06	Z = 0.45	N = 103	T = 0.13	Z = 0.21	N = 103	
2 <sup>nd</sup> day	T = - 0.07	Z = 0.19	N = 103	T = 0.13	Z = 0.11	N = 103	
3 <sup>rd</sup> day	T = - 0.09	Z = - 0.14	N = 103	T = 0.71	Z = - 0.15	N = 103	
4 <sup>th</sup> day	T = 0.11	Z = - 0.04	N = 103	T = 0.67	Z = - 0.11	N = 103	
5 <sup>th</sup> day	T = 0.57	Z = 0.03	N = 103	T = 0.69	Z = - 0.11	N = 103	

**Table 21**  
**Initial Returns of Second- versus First-time Successful Canadian IPOs**

This table reports the initial returns on a sample of six second-time successful IPOs and matching samples of first-time successful IPOs announced between January 1, 1993 and December 31, 2009. First- to fifth day returns are measured as the ratios of the closing price on trading day t (with t=1 to 5) to the issue price, minus one. A p-value of a test statistic and a signed rank test that the mean return and median equal zero are reported. The symmetry and “peakedness” of the distribution of initial returns are reported through the Skewness and Kurtosis measures. We report the results of tests for the difference-in-means (paired t-test with the hypothesis that the difference in means equals zero) and difference-in-medians (Wilcoxon two-sample two-sided Z-test) across samples of second- and first-time successful offerings.

<b>Panel A. Second-time successful IPOs</b>							
	Mean return	T-stat	Median	Wilcoxon	Skewness	Kurtosis	N
1 <sup>st</sup> day	-2.06%	0.5381	0.74%	0.6875	-1.07	1.54	6
2 <sup>nd</sup> day	-3.48%	0.3911	-1.65%	0.4375	-1.89	4.40	6
3 <sup>rd</sup> day	-4.08%	0.2605	-1.25%	0.1875	-2.25	5.22	6
4 <sup>th</sup> day	-4.38%	0.2116	-2.09%	0.1250	-2.24	5.21	6
5 <sup>th</sup> day	-4.81%	0.1884	-2.33%	0.1250	-2.05	4.46	6
<b>Panel B. First-time successful IPOs – Debt match</b>							
1 <sup>st</sup> day	1.66%	0.6617	1.18%	0.6875	0.56	-0.13	6
2 <sup>nd</sup> day	-0.12%	0.9793	-0.26%	0.8438	0.04	0.94	6
3 <sup>rd</sup> day	-1.07%	0.7602	-2.34%	0.8125	1.19	1.40	6
4 <sup>th</sup> day	-5.56%	0.3072	-4.26%	0.4375	0.22	-0.90	6
5 <sup>th</sup> day	-8.61%	0.2471	-3.27%	0.3125	-0.49	-1.33	6
<b>Panel C. First-time successful IPOs – Profitability match</b>							
1 <sup>st</sup> day	1.12%	0.7908	1.65%	0.6875	0.07	-0.16	6
2 <sup>nd</sup> day	0.36%	0.9286	-0.35%	1.0000	0.45	0.80	6
3 <sup>rd</sup> day	0.93%	0.8010	-0.79%	0.8125	0.04	-0.09	6
4 <sup>th</sup> day	-0.61%	0.8659	0.04%	1.0000	0.20	-0.41	6
5 <sup>th</sup> day	-0.56%	0.8721	-0.50%	0.8125	-0.08	0.15	6
<b>Panel D. Comparative Results</b>							
	(1)-(2)			(1)-(3)			
1 <sup>st</sup> day	T = - 0.60	Z = - 0.56	N = 6	T = - 0.52	Z = - 0.56	N = 6	
2 <sup>nd</sup> day	T = - 0.49	Z = - 0.56	N = 6	T = - 0.64	Z = - 0.56	N = 6	
3 <sup>rd</sup> day	T = - 0.60	Z = - 0.16	N = 6	T = - 1.10	Z = - 0.96	N = 6	
4 <sup>th</sup> day	T = 0.18	Z = 0.00	N = 6	T = - 0.82	Z = - 0.80	N = 6	
5 <sup>th</sup> day	T = 0.49	Z = 0.32	N = 6	T = - 1.01	Z = - 0.64	N = 6	

**Table 22**  
**Initial Returns of Second- versus First-time Successful U.S. SEOs**

This table reports the initial returns on a sample of 91 second-time successful SEOs and matching samples of first-time successful offerings announced between January 1, 1993 and December 31, 2009. Close-to-offer (“Previous day”) return is the ratio of the issue price to the closing price on the day prior to announcement, minus one. The offer-to-close (Day 0 and first day) returns are the ratios of closing price on announcement day and first trading day to the issue price, minus one, respectively. A p-value of a test statistic and a signed rank test that the mean return and median return equal zero are reported. The symmetry and “peakedness” of the distribution of initial returns are reported through the Skewness and Kurtosis measures. The results of tests for the difference-in-means (paired t-test with the hypothesis that the difference in means equals zero) and difference-in-medians (Wilcoxon two-sample two-sided Z-test) across samples of second- and first-time successful offerings are reported.

<b>Panel A. Second-time successful SEOs</b>							
	Mean return	T-stat	Median	Wilcoxon	Skewness	Kurtosis	N
Prev. day	-3.79%	0.0479	-4.56%	<.0001	5.21	32.21	91
Day 0	4.08%	0.0005	3.33%	<.0001	-2.52	16.10	91
1 <sup>st</sup> day	3.16%	0.0076	2.08%	<.0001	-1.75	11.16	93
<b>Panel B. First-time successful SEOs – Debt match</b>							
Prev. day	-4.54%	<.0001	-3.30%	<.0001	-2.26	7.91	90
Day 0	3.61%	<.0001	2.37%	<.0001	1.33	2.95	90
1 <sup>st</sup> day	4.35%	<.0001	3.14%	<.0001	1.42	3.22	90
<b>Panel C. First-time successful SEOs – Profitability match</b>							
Prev. day	-3.77%	<.0001	-3.03%	<.0001	-2.09	7.50	89
Day 0	4.23%	<.0001	3.00%	<.0001	2.25	6.01	89
1 <sup>st</sup> day	4.79%	<.0001	3.27%	<.0001	2.11	6.90	89
<b>Panel D. Comparative Results</b>							
	(1)-(2)			(1)-(3)			
Prev. day	T = - 0.32	Z = 1.91*	N = 86	T = - 0.80	Z = 2.76***	N = 85	
Day 0	T = 1.01	Z = - 1.00	N = 86	T = 0.44	Z = - 0.41	N = 85	
1 <sup>st</sup> day	T = - 0.44	Z = 0.96	N = 88	T = - 0.74	Z = 1.42	N = 87	

**Table 23**  
**Initial Returns of Second- versus First-time Successful Canadian SEOs**

This table reports the initial returns on a sample of 13 second-time successful SEOs and matching samples of first-time successful offerings announced between January 1, 1993 and December 31, 2009. Close-to-offer (“Previous day”) return is the ratio of the issue price to the closing price on the day prior to announcement, minus one. The offer-to-close (Day 0 and 1<sup>st</sup> day) returns are the ratios of closing price on announcement day and first trading day to the issue price, minus one, respectively. A p-value of a test statistic and a signed rank test that the mean return and median equal zero are reported. The symmetry and “peakedness” of the distribution of initial returns are reported through the Skewness and Kurtosis measures. The results of tests for the difference-in-means (paired t-test with the hypothesis that the difference in means equals zero) and difference-in-medians (Wilcoxon two-sample two-sided Z-test) across samples of second- and first-time successful offerings are reported.

<b>Panel A. Second-time successful SEOs</b>							
	Mean return	T-stat	Median	Wilcoxon	Skewness	Kurtosis	N
Prev. day	4.36%	0.3006	1.69%	0.4143	1.03	1.56	13
Day 0	-1.23%	0.6772	0.76%	0.7002	-0.19	2.70	12
1 <sup>st</sup> day	-1.16%	0.7419	-0.17%	0.8926	-0.60	0.18	13
<b>Panel B. First-time successful SEOs – Debt match</b>							
Prev. day	-3.81%	0.3257	-1.76%	0.4131	-2.64	8.12	11
Day 0	5.03%	0.2810	0.56%	0.4116	3.20	10.90	13
1 <sup>st</sup> day	6.56%	0.2895	0.32%	0.5186	2.96	9.68	13
<b>Panel C. First-time successful SEOs – Profitability match</b>							
Prev. day	-0.09%	0.9684	-1.76%	0.5771	1.22	1.99	11
Day 0	0.83%	0.6502	0.98%	0.5605	-0.77	0.73	12
1 <sup>st</sup> day	1.39%	0.5570	1.40%	0.5693	-0.14	-0.66	13
<b>Panel D. Comparative Results</b>							
	(1)-(2)			(1)-(3)			
Prev. day	T = 1.01	Z = - 1.39	N = 11	T = 0.44	Z = - 1.21	N = 11	
Day 0	T = - 1.15	Z = - 0.76	N = 12	T = - 0.72	Z = - 0.46	N = 12	
1 <sup>st</sup> day	T = - 1.10	Z = - 0.61	N = 13	T = - 0.75	Z = - 0.36	N = 13	

**Table 24**  
**Long-term Abnormal Returns of Returning and First-time Successful IPOs**

This table presents the long-term abnormal returns of second-time successful IPOs and their matching samples of first-time successful offerings. Matching firms are identified on the basis of market capitalization and debt or profitability at time of announcement. The abnormal return is the intercept of a time-series regression of the excess monthly returns of the monthly rebalanced sample portfolio with the four-factor Carhart model. The hypothesis that the intercept is different from zero is tested and the associated t statistics for a two-sided test are reported below the parameter estimates. The differences in abnormal returns between the samples of second- and first-time successful IPOs are tested by regressing the excess returns of an arbitrage portfolio (made of long positions in second-time successful IPOs and short positions in first-time successful IPOs) on the four factors. \*\*\*, \*\*, and \* denote significance at the 1, 5 and 10% levels.

<b>Panel A. U.S. first- and second-time IPOs</b>				
	[0,6]	[0,12]	[0,24]	[0,36]
Second-time successful IPOs (1)	- 0.44%	0.60%	0.14%	0.75%**
	- 0.51	1.02	0.30	1.90
First-time successful IPOs – Debt (2)	0.95%	0.74%	0.33%	0.23%
	0.72	0.92	0.59	0.48
First-time successful IPOs – Profit (3)	2.92%**	0.99%	0.64%	0.41%
	1.98	1.13	0.84	0.71
(1)-(2)	- 1.45%**	- 0.40%	- 0.40%	- 0.04%
	- 1.91	- 0.84	- 1.17	- 0.14
(1)-(3)	- 2.18%***	- 0.42%	- 0.53%	- 0.15%
	- 2.54	- 0.82	- 1.27	- 0.48
<b>Panel B. Canadian first- and second-time IPOs</b>				
Second-time successful IPOs (1)	- 1.69%	3.02%	0.80%	2.01%
	- 0.79	1.15	0.33	0.79
First-time successful IPOs – Debt (2)	- 2.78%	- 0.99%	0.56%	0.21%
	- 1.26	- 0.45	0.32	0.15
First-time successful IPOs – Profit (3)	- 2.07%	- 1.12%	0.90%	0.53%
	- 0.94	- 0.45	0.50	0.29
(1)-(2)	1.36%	2.98%	0.97%	1.97%
	0.55	1.07	0.38	0.81
(1)-(3)	0.66%	3.05%	- 0.58%	1.00%
	0.27	0.99	- 0.22	0.37

**Table 25**  
**Long-term Abnormal Returns of Returning and First-time Successful SEOs**

This table presents the long-term abnormal returns of second-time successful SEOs and their matching samples of first-time successful offerings. Matching firms are identified on the basis of market capitalization and debt or profitability at time of announcement. The abnormal return is the intercept of a time-series regression of the excess monthly returns of the monthly rebalanced sample portfolio with the four-factor Carhart model. The hypothesis that the intercept is different from zero is tested and the associated t statistics for a two-sided test are reported below the parameter estimates. The differences in abnormal returns between the samples of second- and first-time successful SEOs are tested by regressing the excess returns of an arbitrage portfolio (made of long positions in second-time successful IPOs and short positions in first-time successful SEOs) on the four factors. \*\*\*, \*\*, and \* denote significance at the 1, 5 and 10% levels.

<b>Panel A. U.S. first- and second-time SEOs</b>				
	(0,6)	(0,12)	(0,24)	(0,36)
Second-time successful SEOs (1)	- 0.50%	- 0.82%**	- 0.51%*	0.01%
	- 0.72	- 0.82%	1.32	0.02
First-time successful SEOs – Debt (2)	- 1.90%***	- 1.17%**	- 0.92%***	- 1.06%***
	- 2.98	- 2.08	2.40	- 3.10
First-time successful SEOs – Profit (3)	0.21%	- 0.30%	- 0.46%	- 0.23%
	0.29	- 0.58	- 1.26	- 0.75
(1) – (2)	0.13%	- 0.26%	- 0.18%	0.23%
	0.29	- 0.70	- 0.67	0.91
(1) – (3)	- 0.65%*	- 0.59%**	- 0.37%*	- 0.12%
	- 1.32	- 1.70	- 1.34	- 0.49
<b>Panel B. Canadian first- and second-time SEOs</b>				
Second-time successful SEOs (1)	- 2.83%*	- 0.90%	- 2.42%**	- 2.34%**
	- 1.61	- 0.61	- 1.88	- 2.09
First-time successful SEOs – Debt (2)	- 0.42%	- 1.82%	- 2.38%**	- 1.40%
	- 0.24	- 1.18	- 1.91	- 1.26
First-time successful SEOs – Profit (3)	0.82%	0.16%	- 1.07%	- 0.82%
	0.48	0.10	- 0.96	- 0.81
(1) – (2)	- 1.70%	0.80%	- 0.21%	- 1.01%
	- 0.77	0.42	- 0.13	- 0.68
(1) – (3)	- 2.95%*	- 1.02%	- 1.35%	- 1.58%
	- 1.45	- 0.54	- 0.89	- 1.09