

Can the Market Fix a Wrong Administrative Decision?

Massive Delisting on the Prague Stock Exchange

Zuzana Fungáčová*

CERGE-EI[†]

Abstract

This research contributes to the investigation of the emerging stock markets in transition economies, namely in the Czech Republic. We estimate the impact of the various determinants of shares delisting e.g. exclusion from public trading on the Prague Stock Exchange (PSE) during the period 1993 – 2004. Unlike its counterparts in Poland or Hungary, exceptionally large amounts of shares were delisted from the PSE. Using the data on listed and delisted companies we show that the pre-privatization and privatization characteristics of the companies were decisive for delisting. This further indicates that it would have been possible to prevent massive delisting if these factors had been taken into account when deciding which companies to place on the stock exchange for public trading. Moreover, therefore companies that were not suitable for public trading were also not suitable for voucher privatization.

Abstrakt

Výskum sa zaoberá rozvíjajúcimi sa akciovými trhmi v tranzitívnych ekonomikách, konkrétne v Českej republike. Odhadujeme vplyv faktorov, ktoré zohrali rozhodujúcu úlohu pri delistingu t.j. vylúčení akcií z verejného obchodovania na Burze cenných papierov v Prahe v období od roku 1993 do 2004. Na rozdiel od Poľska a Maďarska, bolo z pražskej burzy delistované mimoriadne veľké množstvo akcií. Na základe dát týkajúcich sa listovaných a delistovaných spoločností ukazujeme, že delisting môže byť z veľkej časti vysvetlený faktormi, ktoré boli známe už pred privatizáciou alebo počas nej. Z toho ďalej vyplýva, že ak by boli uvedené faktory zohľadnené pri rozhodovaní o verejnom obchodovaní po privatizácii, bolo by možné predísť masívnemu delistingu. Spoločnosti, ktoré neboli vhodné pre verejné obchodovanie neboli rovnako vhodné ani pre privatizáciu kupónovou metódou.

Keywords: mass privatization, stock market, delisting, transition economy

JEL classifications: G15, G28, P34

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Address: CERGE-EI, P.O. Box 882, Politických vězňů 7, Prague 1, 111 21, Czech Republic

E-mail: zuzana.fungacova@cerge-ei.cz.