**Transcript**

***Associate Professor Bala Balachandran – An international study of seasoned equity offerings***

My current research is looking at seasoned equity offerings around the world. Particularly we are focussing on Australia, UK and US. Why we are looking at these three countries because institutional setting in equity issuance are very different among these three countries. As you may know that we have higher ownership concentration in Australia and particularly the shareholders are protected in Australia, so companies cannot issue shares more than 15% to outsiders without prior permission from shareholders. So, but in US less widely dispersed ownership concentration, so they can, any companies in US can easily issue shares to outsiders. So what they normally do, they sell their shares to underwriter, underwriter buy the shares and issue to the public. So it’s two entirely different mechanisms. And interestingly now, during the Global Financial Crisis, prices are declining and people are losing confidence on financial market. And so, we thought that it will be interesting to see these three countries to examine the impact of those equity issuance method.

What is the best method to issue and how that is going to affect the shareholder’s wealth and also we wanted to see that the managers of the firm, whether they manage earnings, or manipulate earnings to time the issues of the equities and whether the institutional investors, whether they can trade using their private information. So what we are wanted to look at is, we wanted to see the quality of the firm’s signal. The firm when they issue an equity using a different mechanism or different countries, we wanted to see that what is the best way of communicating their quality. So that is what we are trying to understand. So we are looking at a number of things on this paper. We are looking at the price reaction when as soon as they announce how market react. And how that react over the longer term. Then we also looking at the earnings management and the ownership consideration and a number of other factors.

This of course once we identify the important, important significant issuance method we will recommend this to the regulators and the important people so that will actually give an idea about what is the best way and regulators can regulate their current equity mechanism.