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How to Make All Shareholders Equal:

Evidence from Tickers' Informativeness

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This article investigates the benefits of market transparency by enhancing tickers' informativeness of stocks with non-conventional voting structure. Event study analysis shows that the TSX rule - to re-symbolise stocks with limited, multiple, restricted, subordinate, or no voting rights - had a negative and significant impact on the returns and the liquidity of the involved stocks. Equally important, I show that the voting premium, a proxy for the prevalence private benefits, has decreased significantly. Regression analysis suggests that a significant part of the variation in the event-driven results is explained by firm's agency costs, mainly the holding of the largest shareholder and her excess control. The evidence in this paper suggests that improving the information content of tickers of publicly traded securities have a significant impact on the ability of the market participants to revise the assessment of their holding (i.e. price-protect), emphasizing the importance of enhancing market transparency in curbing private benefits.

Keywords: Transparency, ticker's informativeness, private benefits
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This article investigates the benefits of market transparency by enhancing tickers' informativeness of stocks with non-conventional voting structure. Event study analysis shows that the TSX rule - to re-symbolise stocks with limited, multiple, restricted, subordinate, or no voting rights - had a negative and significant impact on the returns and the liquidity of the involved stocks. Equally important, I show that the voting premium, a proxy for the prevalence private benefits, has decreased significantly. Regression analysis suggests that a significant part of the variation in the event-driven results is explained by firm's agency costs, mainly the holding of the largest shareholder and her excess control. The evidence in this paper suggests that improving the information content of tickers of publicly traded securities have a significant impact on the ability of the market participants to revise the assessment of their holding (i.e. price-protect), emphasizing the importance of enhancing market transparency in curbing private benefits.

1. Introduction

This paper examines the economic effects of enhancing ticker's informativeness of stocks with non-conventional voting structures. These multiple class shares (MCS hereafter) have been in the forefront of academic, regulatory and practitioner debates on corporate governance. Advocates point the merit of MCS in enabling controlling shareholders not only to alleviate managerial agency costs but also to access capital financing without loosing control (e.g. to preserve control of firm specific assets or the family business).[1] Supportive evidence on the benefits of MCS is provided by Lehn et al. (1990), Bohmer et al. (1996) and Dimitrov and Jain (2001) who conclude that, based on firm's operating performance, dual-class recapitalizations enhance shareholder value. MCS can serve also as anti-takeover defensive devices to enhance insiders' positions and increase bidding competition (e.g. Lehn et al. 1990; DeAngelo and DeAngelo, 1985; and Burkart et al. 1998).

An alternative strand of studies suggests that the use of MCS enables controlling shareholders to extract private benefits of control. Because these benefits are normally seized by controlling shareholders and not shared with minority investors, the price of multiple voting shares, - usually held in majority by controlling shareholders – is larger than the price of subordinate voting shares, all else being equal. Dyck and Zingales (2004, p. 52) argue that the price difference, or the voting premium, can be viewed as an "*indication of inadequate protections for minority shareholders and a weak corporate governance system*". The voting premium documented by Robinson et al. (1996), Barclay and Holderness (1992), Megginson (1990), Zingales (1994), provides evidence on the existence of private benefits of control in MCS firms in Canada, the U.S., the U.K., and Italy, respectively. Cross-country studies show that voting premium tends to be higher (e.g., Zingales 1994, Nenova 2003, Dyck and Zingales, 2004, among others) in countries with inferior shareholder protection. Mikkelson and Partch (1994) and Jarrell and Poulsen (1988) show also that, on the post-IPO performance, single class firms outperform dual class firms. More recently, Francis et al. (2005) show that earnings are generally less informative for dual class firms. Another stream of research has bolstered claims

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[1] Other non-economic benefits might be associated with MCS. The popularity of MCS in Canada has its roots in the political protectionism of the Canadian corporate landscape where MCS are used to preserve either government or national control over important (regulated) sectors. For instance, in the 1970s, dual class shares I re used to restrict foreign ownership of Canadian media and telecommunications companies.

that dual class shares unification is needed to enhance shareholders value. For example, Amoako-Adu and Smith's (2001) evidence suggests that MCS reclassification into a single class increases institutional appeal for stock. Dittmann and Ulbricht (2003) find that unification has a positive effect on non-voting shares and negative effect on voting shares. Hauser and Lauterbach (2004) show that the price of vote in unifications increases with the percentage of vote lost by the majority shareholders and the presence of family control. Pajuste (2005) shows that the unification is inversely related to the value of vote and positively related to corporate value.

Arguably, the use of MCS is likely to create different classes of shareholders who will perceive and process differently the corporate information. The resulting misalignment between the commensurate capital and the control rights may create information asymmetry to the benefit of the controlling shareholders who may capitalise on their informational advantage to engage in extracting private benefits of control (Attig et al., 2006, among others). An illustration of MCS potential use in diverting corporate resource can be found in the recent case of alleged corporate wrongdoings in Royal Group Technologies (2003). The statements alleged a sale of 75 overpriced hectares of land in 1998, by controlling shareholder's (V. De Zen) closely-held firm to Royal Group Technologies, a Canadian public firm. The proxy circular of Royal Group Technologies Ltd, as of January 1, 2003, shows that Vic De Zen, Chairman of the Board and Chief Executive Officer of Royal Group, controls 80.48% of voting rights and owns 17.10% of cash flow rights. Such misalignment, between control and ownership rights, enables the ultimate owner (Vic De Zen) to internalize only a part of the financial costs related to their appropriation behaviour (or private benefits of control). By way of illustration, the De Zen's misalignment between commensurate capital and control rights would enable him to receive about $5.38M of the allegedly siphoned amount ($5.38M= (Sale price ($27M) – Cost ($20.5M)) *(100% - 17.10%) = $5.38M).[2] Interestingly, the subordinate voting shares of Royal Technologies have been trading on the Toronto Stock Exchange (TSX)[3] with the ticker RYG,

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[2] Controlling the board of directors, the management of the company, and the consummation of perquisites represent other forms of extracting private benefits of control. Private benefits from control contests are constrained in Canada by the coattail provision which provides takeover protection to holders of non-voting or restricted-voting shares.

[3] TSX Group Inc. operates Canada's two largest national equities exchanges: the Toronto Stock Exchange serving the senior equity market and TSX Venture Exchange serving the public venture capital market (www.tsx.com).

showing no indication of the class or the voting structure of the shares. To enhance the transparency of MCS, the TSX decided to re-symbolize MCS tickers to emphasize the class of the shares and its attached voting rights. Investors can now identify dual class share structures without referring to an issuer's regulatory filings and are likely to be better informed on their holdings. For instance, the new ticker for the subordinate voting shares of Royal Technologies is RYG.SV.

Accordingly, the aim of this study is to address the economic effects of the event of enhancing MCS tickers' informativeness. Therefore, this study makes several contributions. First, it extends existing literature on MCS by assessing the economic effects of this unique event. The uniqueness of this event stems from the fact that the TSX rule, in contrast to other regulations, does not prohibit the use of MCS in accessing external capital. Such a decision, compared to the decision of banning the use of MCS or the decision of recapitalizing MCS shares into a single class share may have the merit to keep the potential benefits associated with MCS, besides providing greater transparency. Second, this study addresses the effects of firm ultimate ownership structure and other firm characteristics on the cross-sectional variation of stock reaction to this event. Third, it extends a fairly growing empirical strand of studies stressing the importance of market disclosure and regulation in nurturing securities markets. In particular, this paper relates to the study of La Porta et al. (2006) who document that securities regulation fosters market development and complements the study of Nenova (2003) who emphasizes the importance of the legal framework in curbing private benefits of control. Finally by addressing the economic benefits associated with enhanced market transparency, this paper complements the findings of Black (2001) and Frost et al. (2006) who emphasize the importance of disclosure standards, to ensure that minority shareholders receive good information about the value of a company's business, as a precondition for a strong securities market.

I posit that, all else equal, the TSX rule to re-symbolize tickers of stocks with non-conventional voting structures may increase the ability of investors (and other market participants) to have timely and accurate information about their holdings. This would enable them to revise the assessment of their holding to price-protect themselves against potential expropriation (in MCS firms) by the ultimate owners. To test this hypothesis, I examine the impact of the tickers' re-symbolizing rule on stock returns, stock liquidity and voting premium.

My main findings suggest that transparency does matter. First, the change in tickers' informativeness has a negative and significant impact on securities prices of both multiple and lower voting classes. The negative abnormal returns suggest that minority investors revised downward the assessment of the MCS stocks, may be anticipating corporate resource appropriation by the ultimate owners. Second, the results show also a significant decrease in the liquidity of the involved stocks, the most severe decrease is incurred by the multiple voting class. Third, I document a significant decrease in the voting premium of MCS firms, strongly in support of the informational benefits of enhanced transparency where information would be easily and likely equally available to all investors. Finally, regression analysis suggests a significant part of the variation in the event-driven results is explained by firm's agency costs, mainly the holding of the largest shareholder and her excess control.

The evidence in this paper is of a particular interest. First, in line with La Porta et al. (2005) who stress the role of public regulation and enforcement in securities markets, my results suggest that strengthening market disclosure by making tickers of public firms more informative, seem to have a positive impact on investors' ability to price-protect themselves (e.g. more informed investment decision). Second, my results suggest that *imposing* one-share-one-vote rule or banning the use of MCS may not be the optimal regulation to curb private benefits, because such a decision might be associated with some costs.[4] It is, however, important to enhance market transparency by improving the information content of tickers of publicly traded securities to enhance the ability of the market participants to revise the assessment of their holding.

This paper is organized as follows. Section 2 reviews the regulation of MCS. In Section 3, I develop the hypotheses. Data construction and methodology are presented in section 4. Results are reported and discussed in Section 5. In section 6, I draw my conclusions.

2. MCS Regulation

Regulation of MCS varies across the globe. Some regulations, like those of Belgium, Israel, Japan, Singapore, and Spain prohibit the issue of MCS. Other jurisdictions impose a cap on the proportion of non-voting shares that can be issued or limit the voting ratio between

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[4] See for example Khachaturyan (2006) for a discussion of the controversy drawn from imposing one-share-one-vote rule in the EU. A similar concern was raised in the U.S. when the NYSE enforced.

superior and inferior voting shares. In the U.S., the New York Stock Exchange (NYSE) prohibited, in 1926, the listing of MCS whose votes "are not proportionate to their equity". The American Stock Exchange (AMEX) prohibited also the issue of non-voting shares. However, competition between exchanges and the threat by some companies to de-list their shares resulted in the abandonment of one-share-one-vote rule (Gilson, 1991). In 1994, MCS rule was modified (by the SEC) to state that voting rights of existing shareholders of publicly traded common stock registered "cannot be disparately reduced or restricted through any corporate action or issuance". However, the new rule does not formally prohibit the issue of subordinate voting shares as the policy still permits "the listing of the voting common stock of a company which also has outstanding a non-voting common stock as well as the listing of non-voting common stock".[5]

In Canada, securities market regulation is fragmented and is a matter of provincial (or territorial) jurisdiction. Currently, there is no legal prohibition or restriction on MCS structures for companies issuing stock neither by the provincial securities commissions nor by the Toronto Stock Exchange. In 1984, the Ontario Securities Commission introduced a regulation requiring the approval of holders of subordinate voting shares for any change in capital structure and required also the public disclosure of the differential in voting rights between the different classes of shares (Robinson et al. 1996). In 1987, the TSX introduced the "coattail protection" provision to provide takeover protection to holders of non-voting or restricted-voting shares. Coattail provisions generally ensure that a take-over bid offer treats restricted security holders the same as other security holders. TSX, under certain circumstances, may cave-in voting rights of certain security classes to allow holders of restricted securities to vote on a one-for-one basis with the multiple voting security holders. Furthermore, Part-10 of the National Instrument 51-102 (Continuous Disclosure) mandates the disclosure of such restrictions and related dissemination requirements.[6] The *Business Corporations Act* requires that holders of lower-voting class to receive the same information received by those holding superior-class shares, and the right to attend shareholders' meetings. The majority of the minority is also needed for any major change of control (reorganizations or reclassifications of common shares).

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[5] See Para. 313.00 (Voting Rights) of the NYSE Listed Company Manual.

[6] See the TSX discussion paper # 2005-030 for a discussion.

On April 27, 2004, the TSX announced the symbol extension initiative to enhance market transparency and permit (minority) investors to identify dual class share structures without referring to an issuer's regulatory filings. Tickers on the TSX convey information on the voting structure of publicly traded shares. Five classes of shares with non-conventional voting structures are concerned. Non-voting shares which have no right to vote should include the suffix "NV", multiple-voting shares which have more than a voting right per share should include the suffix "MV", Subordinate-voting shares which carry a right to vote, where there is another class or classes of shares outstanding that carry a greater voting right on a per-share basis should include the suffix "SV", limited-voting shares which have the right to vote only in certain limited circumstances should include the suffix "LV", and restricted-voting shares which carry a right to vote, subject to some restriction (e.g. percentage of the board that can be elected by the holders of this class or the number of shares that may be voted by the owner) should include the suffix "RV".

To highlight the importance of the TSX re-symbolizing rule, I present three cases of MCS firms. The first firm is *Headline Media Inc*. As of January, 07, 2004 the proxy circular shows that the authorized equity capital of the *Headline* consists of 82,626,200 Class A Subordinate Voting Shares and 10,000 Special Voting Shares are issued and outstanding (see Appendix 1). Each Class A Subordinate Voting Share has attached thereto one vote for each share held. Similarly, the holders of the Special Voting Shares are entitled to one vote for each share held. Although, both classes seem to be equal with respect to their *disclosed* voting rights, Class A Subordinate Voting Shares have the right to elect that number of members of directors of the Corporation that is not elected by the holders of the Special voting Shares, who can vote a number directors that would constitute the majority of the authorized number of directors of *Headline*. Looking in depth at the number disclosed in the proxy I can see that the number of effective voting rights attached to each of the Special Voting Shares is equal to X where:

$$51\%(to\ get\ the\ majority\ of\ the\ board) = \left[\frac{10,000X}{(10,000X + 82,626,200)}\right]$$

therefore X ≈ 8600 votes per share. To emphasize the subordinate voting rights attached to the Class A shares, a suffix "SV" is now added to the ticker of Class A. Equally important, the proxy circular shows that John Levy, who beneficially controls 36,214,986 Class A Subordinate Voting Shares, 5,566 Special Voting Shares, representing 55.66% of the total

number of Special Voting Shares outstanding. In addition, Alliance Atlantis Communications Inc. ("AACI"), the second major shareholder, which holds 21,460,902 Class A Subordinate Voting Shares and 4,434 Special Voting Shares, entered into a Voting Rights Agreement entitling, Levfam Holdings Inc., a corporation controlled by John Levy, to vote the Special Voting Shares and Class A Subordinate Voting Shares owned by AACI in respect of all matters being considered by shareholders at the Meeting. In sum, John Levy, the chairman of the board and the CEO of *Headline*, ends controlling 85.20% of the company while owning only 43.83%.[7]

Another interesting example of non-conventional voting structure is found in Stonington Corporation. As of April 30, 2004, Stonington Corporation's outstanding voting shares include: 10,878,903 Multiple voting shares, 30,172,563 Subordinate voting shares and 500,000 Class A shares. Multiple voting shares hold twenty-five votes per share and Subordinate voting shares hold one vote per share. The Class A shares, as a class, are entitled to a number of votes equal to 5% of the total number of votes attached to all outstanding shares (including Class A shares) and each holder of a Class A share is entitled to a proportionate number of such votes. Therefore, each class A share has X voting rights, where X should satisfy the following equation:

$$5\% = \left[\frac{500,000X}{\left[(500,000X) + (10878903 * 25) + (30172563 * 1) \right]} \right]$$

this results in X= 31.804. The proxy circular reveals that Coastal Group, which owns 2,400,000 Multiple voting shares and 8,000,000 Subordinate voting shares, is controlled by the Coastal Corporation Ltd., which owns 2,600,000 Multiple voting shares and 7,280,640 Subordinate voting shares. The 500,000 Class A shares are owned by Graystone Corporation, a Canadian public firm. Interestingly, Coastal Group owns a 49.5% voting interest in Graystone. The chairman and CEO positions are held by the Flatt family (J. Ian and Gordon) who is the ultimate controlling shareholder of the Coastal group.

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[7] *Headline* 's total outstanding voting rights 168,626,200= (10,000*8600)+(82,626,200*1), of which John Levy controls directly 84,082,586 = (5,566*8600)+ (36,214,986*1), and indirectly (via the voting agreement with AACI 59,593,302 =(4,434*8600)+(21,460,902*1). Therefore, the total voting rights of Mr. Levy is equal to 14,3675,888 or 85.20%. For the ownership rights, Mr. Levy owns 36,220,552 = (5,566 + 36,214,986) out of 82,636,200 =(10,000+82,626,200), representing 43.83%.

A similar voting structure exists in *Onex Corporation* where, as of March 2004, two classes are outstanding: 100,000 Multiple Voting Shares and 144,976,249 Subordinate Voting Shares are issued and outstanding. Although the proxy of the company states that both classes are entitled to one vote per share, the holders of Multiple Voting Shares are entitled to such number of votes in the aggregate as represents 60 per cent of the aggregate votes attached to all the outstanding Multiple Voting Shares. Calculation for the effective voting rights shows that 2175 votes are attached to each multiple voting share.

3. Hypotheses

Recent evidence suggests that controlling shareholders may capitalise on their informational advantage to engage in extracting private benefits of control. In MCS firms the effective voting rights attached to each share (or its voting class) are not usually explicitly disclosed, in particular tickers of MCS are not suggestive of the voting class of the share. This lack of disclosure may leave holders of the subordinate class unaware of the differences between the outstanding classes of shares, and thus unaware of the quality of their holdings and the associated risks (e.g. information asymmetry, expropriation).[8] In this context, the TSX decision is likely to improve the protection of minority investors by providing greater transparency to them, who are likely to be able to price-protect themselves. To examine this empirical question I structure the empirical tests of this study around three main hypotheses related to some indicators of the quality of the information environment: stock prices (returns), stock liquidity, and the value of control:

Stock Prices: If markets are frictionless common shares of different voting classes should be trading at the same price which should reflect information on firm fundamentals, normally available to all shareholders. However, Roll (1988) does not report a strong relation between firm-specific stock price movements and firm fundamentals. He concludes to the possible "*existence of either private information or else occasional frenzy unrelated to concrete information*" (p.566). It is not implausible to argue that the capitalization of information in stock prices depends on the ability of investors to detect such information. According to the International Organization of Securities Commissions (IOSCO, 2002), enhancing stock market

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[8] Even if some MCS firms specify the number of votes attached to each class, such as *Magna International Inc.* where the multiple voting class has 500 votes attached to each outstanding share, minority investors

transparency may improve the effectiveness of corporate governance and ensure investor protection (IOSCO, 2002). Because the TSX tickers' re-symbolizing rule emphasizes both the class of the shares and its attached voting rights, the MCS tickers will be more informative. Fostering a richer information environment of MCS firms is likely to converge the beliefs of investors about any potential risk of diverting corporate resources, which may enable minority investors to put pressure on prices to (price-) protect themselves against potential corporate wrongdoings by ultimate owners. All else being equal, my first hypothesis is:

> H_1: The TSX tickers' re-symbolizing rule will have a negative effect on the price of the involved stocks

Liquidity effects: Stock liquidity refers to the extent to which buyers and sellers are willing to continuously and quickly trade at the prevailing price. Liquidity is usually used as a proxy for firm's asymmetric information. It is plausible to argue that the influential role of the ultimate owners can generate information asymmetry, caused by their incentives to obtain the necessary information to effectively control corporate policies, that worsens the liquidity of the equity markets. Healy, Hutton, and Palepu (1999) and Leuz and Verrecchia (2000) find an association between disclosure levels and asymmetric information. Based on the argument of Bailey et al. (2005), the liquidity reaction is affected by the price reaction and the level of public information disagreement among investors. In my opinion, there will be a limited, if any, disagreement among market participants (e.g. minority investors) on the informativeness of the new tickers. To some extent, the tickers' re-symbolizing event will reduce the liquidity of the involved stocks because market participants, all else being equal, will be more aware of the risk of informed trading and corporate expropriation by ultimate owners. My second hypothesis is then:

> H_2: The TSX tickers' re-symbolizing rule will have a negative effect on the liquidity of the involved stocks

Voting premium: as previously discussed, price differences between stocks of different voting rights embody the likeness of private benefits of control (Zingales, 1994). Corporate control is valuable because it guarantees the ultimate owners some private benefits. Voting

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usually lack the time and the knowledge to examine the firm's proxy to assess any potential risk of corporate expropriation.

premium is further enhanced if controlling shareholders expect to receive some benefits not available to minority shareholders (Dyck and Zingales, 2004). Nenova (2003) show that control value depends on the strictness of the legal environment in the country, in particular on the rules that protect minority shareholders from expropriation by the controlling party. It is thus plausible to expect a decrease in the voting premium in light of the enhanced transparency. Arguably, the new rule will increase the level of investor protection, different class shares are likely to be equal in most of the corporate rights, but holders of multiple voting class may incur an additional risk of liquidity because the ability of the ultimate owners to extract private benefits will be reduced. Therefore, I hypothesize that, despite the fact that the change in tickers' informativeness is likely to affect the prices of both classes of shares, the price of multiple voting shares is likely to incur a higher decrease than the price of the low voting class, resulting in a decrease of the voting premium. My third hypothesis states that:

H_3: The TSX tickers' re-symbolizing rule will have a negative effect on the voting premium of MCS firms

4. Data and Methodology

The initial sample for this study included the list of 159 stocks (tickers) concerned by the TSX re-symbolizing decision. I, first, exclude the 18 stocks trading on the TSX Venture Exchange - Canada's public venture capital market for emerging companies. Second, I exclude stocks of firms under protection or plan of arrangement and reorganization (AirCanada, Csii and Molson). I exclude also the ticker of JDS Uniphase Canada, a subsidiary of JDS US. Finally, I exclude the stocks financial companies and funds. The final sample thus consisted of 137 involved tickers representing 109 firms.

For each firm, data on different classes of shares, the size of direct ownership and control stakes, the identities of their owners, board size and board structure are collected manually from 2003 and 2004 management proxy circulars, available at www.sedar.com. Using these proxies, I trace block holdings up the chain of pyramid group companies to their ultimate owners. Given that the Canadian regulations require insiders to disclose holdings "beneficially owned, directly or indirectly, or exercised control or direction" exceeding 10% of a firm's shares, I define the controlling shareholder as the largest shareholder with a total voting stake (at of 10% cutoff). I distinguish "family firms", defined as having an individual or

family as ultimate controlling shareholder, from other firms. I set a family firm indicator variable to 1 for such firms, and to 0 otherwise. I distinguish also freestanding firms from firms that belong to business groups. A freestanding firm is one that neither controls nor is controlled by another listed firm. I thus employ a group firm indicator variable, which is set to 1 if the firm belongs to a business group (control pyramid), and to 0 otherwise. I also compute the ultimate control and ownership stakes of the ultimate owner. I also consider the ownership and control stakes of the board of directors and the CEO of the company. I estimate the holding, per class of outstanding shares, of the five largest shareholders, the board of directors, and the CEO.

To assess the economies of the TSX transparency-enhancing rule (i.e. ticker's re-symbolizing) I apply the standard event study methodology. To this end, daily data on closing prices, closing bid, and closing ask are collected from the TSX database. I collect also daily prices and daily volume for the market index. The event day is April 27, 2004 date of public announcement of the TSX initiative to re-symbolize tickers with non-conventional voting rights. The estimation period is defined from the day 11 to the day 210 before the announcement day. The event window is defined as 10 days before and 10 days after the event date.

For the first hypothesis I estimate the residual return calculated as the raw return minus the contemporaneous return on the S&P/TSX Composite index (market model). For the second hypothesis, I consider the percentage bid-ask spread, computed as the difference between the closing bid and closing ask price, divided by the midpoint. To assess the statistical significance of any potential change in stock liquidity I use the mean-adjusted model, which computes for each firm the average level of the bid-ask spread during the estimation period and then estimates abnormal levels during the event window. The abnormal variables (i.e. return, liquidity, or voting premium) (AR) are cross-sectional averaged as:

$$AR_t = \frac{1}{n}\sum_{i=1}^{n}\varepsilon_{it}$$

The accumulated impact of event from T_1 to T_2 can be assessed by cumulative abnormal return (CAR) as shown below:

$$CAR = \sum_{t=T_1}^{T_2} AR_t$$

5. Results

5.1. Descriptive Statistics

Table 1 summarizes the descriptive characteristics of this sample. Panel A shows that the 109 involved firms have 229 outstanding classes of shares (publicly traded and closely held), 137 of them were involved in ticker's re-symbolizing rule. The multiple voting class represents 48.47% of all the outstanding shares of MCS firms, and 18.25% of the involved stocks. The lower voting (i.e. with subordinate, restricted or limited voting rights) and the non-voting classes represent respectively 57.67% and 24.08% of the involved stocks. Interestingly, I find that the involved multiple voting class has an average of 56.08 voting rights per share, the lower voting class has, on average, 1 voting right per share.

In Panel B, I report the descriptive statistics of the governance structure of the MCS firms. The significant discrepancies in the voting rights among the outstanding classes suggest that, on average, a major shareholder needs only 6.7% cash flow rights to control 20% of a MCS firm. Panel B shows also that more than 80% of the MCS firms are family controlled and are pyramid affiliated. The average size of the board of directors is 9.43, where 58% of the seats are occupied by outside directors. I also find that in 47% of the MCS firms, the CEO is not Chairman of the board.

In Panel C, I report the ownership and control rights of the 2 largest shareholders, the board of directors and the CEO. On average the largest shareholders, usually the founding family, controls 61.95% and owns 27.32% of the MCS firms, which results in an average excess control of 34.63%. In contrast, the second largest shareholder does not seem to have a significant controlling power as she controls 8.73% and owns 8.27%. Equally important, Panel C of Table 1 shows that the board of director controls 54.62% and owns 25.67% and the CEO controls on average 35.18% and owns 14.84%. The significant stakes of the board of directors (the CEO) are mainly driven by the involvement of the ultimate owner or his family-related

members in the directorship (management) of the company.[9] In the last three columns of Panel C, I report the proportion of each class of shares owned by the 2 largest shareholders, the board of directors and the CEO. The reported figures suggest that the largest shareholder owns 67.25%, 12.87%, and 4.98% of the multiple, lower and non-voting classes, respectively. In contrast, the stakes of second largest shareholder of the lower voting class is larger than their stakes of the multiple voting classes. The board of directors and the CEO control, respectively, more than 60% and more than 40% the multiple voting class.

[Please insert Table 1 about here]

5.2. Event Study

Numerous tests exist to evaluate the statistical significance of the abnormal returns. In this study I consider the tests of Patell (1976) and Boehmer et al.'s (1991), which are the most commonly used standardized tests. Patell's test assumes that cross-sectional abnormal returns are independent and no event-induced change in the variance of abnormal returns in the event window. Boehmer et al.'s (1991) standardized test can be potentially useful in thinly traded samples as it corrects for Patell's problems of non-normality and mis-estimation of variance (Cowan and Sergeant, 1996). I also consider a nonparametric test as a second potential solution for thinly traded stocks: the sign test (Cowan, 1992).

5.2.1. Effects on Stock Returns

In Table 2, I report the cumulative abnormal returns (CARs) for three event windows (-10, +10), (-5, +5), and (0, +5), where day 0 is the date of the public announcement of the tickers' re-symbolizing rule. Panel A shows that CARs for the INVOLVED stocks range from (-2.5%) to (-1.22%) across the different event windows. The three t-statistics suggest that the cumulative abnormal returns of the involved stocks are negative and statistically significant, indicating that the TSX re-symbolizing rule results in a statistically and economically significant drop in the price of the INVOLVED stocks. This result suggest that the TSX rule to re-symbolize non-conventional voting stocks has a significant effect on the informativeness of the involved tickers.

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[9] It is plausible to argue that Board's excess control may weaken directors' effectiveness in mitigating firm's agency conflicts (Attig, 2006).

The TSX tickers' re-symbolizing rule applies to stocks (tickers) with non-conventional voting structure (e.g. with limited, restricted, multiple or no voting rights). Some of the involved firms have both stocks with non-conventional voting structure and stocks with common voting structure (1-share-1-vote). The later class will be considered as a common class and its ticker will not be changed only if it has no restriction or limit on its voting rights, or there is no other class is outstanding with superior voting rights.[10] Despite the fact that the TSX tickers' re-symbolizing rule does not apply to these stocks, it is important to examine whether the event has a spillover price effect. To do so, I identified nine (9) common stocks (not to be re-symbolized) from the sample of the involved firms, I collect the same data and run the same analysis for these stocks. The results, reported in Panel A of Table 2, do not suggest a significant spill-over effect of the event.

Next, I identify a control sample of 93 industry-and-size matched single class firms. The results of the event analysis for this control sample are reported also in Panel A of Table 2. Interestingly, the reported CARs do not suggest any significant negative price effect in the control sample, suggesting that the negative price effect of the stocks with non-conventional voting structures is related to the change in the information environment of these stocks.

[Please insert Table 2 about here]

Overall, results of Table 2 are consistent with the view that minority investors may benefit from enhancing market transparency, as their investment decision are likely to be fairly informed. The event-driven negative abnormal returns suggest that minority investors revised downward the assessment of the MCS stocks, may be anticipating corporate resource appropriation by the ultimate owners. Strengthening the mechanisms of market disclosure by making tickers of public firms more informative, seem to have a positive impact on investors' ability to price-protect themselves. To shed more light on the effects of the ticker's re-symbolizing event I report, in *Figures .1.*, the CARs of the different classes of shares over the (-10,10) event window. *Figure 1.a.* suggests a continuous decrease in the CARs (pre- and post

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[10] In contrast, if the (1-share-1-vote) common stocks are outstanding with restricted or limited voting and/or another class is outstanding with non-conventional voting structure, they will be subject to ticker re-symbolizing. For example, Canada Southern Petroleum Ltd. has one class of stocks outstanding (old symbol CSW) with 1 voting right attached to each share, the ticker of its stock was re-symbolized to CSW.LV to reflect the fact that with respect to any matter to be voted upon at any meeting, a shareholder can vote the shares registered in her name (or beneficially owned), but in no event more than 1000.

event) of the involved stocks, but the most sizeable price movement occurs around the announcement day. *Figure 1.c.* shows that in most of the event windows the CARs of the matching firms are of opposite sign (positive) than the CARs of the involved firms (either for involved or non involved tickers). *Figures 1.d.* to *1.f.* plot the CARs of the MVC, LVC, and non-voting stocks respectively.

[Please Figures 1 about here]

5.2.2. Effects on Liquidity

We perform the same experiment to examine the liquidity effects of the event. I start with the effects of the event on the bid-ask spread, which is a commonly used proxy for firm's liquidity and asymmetric information. The related results are reported in Table 3 and show a significant abnormal increase in the bid-ask spread of MCS firms for both the INVOLVED and NOT INVOLVED stocks. This evidence suggests an increased of the illiquidity (costs) of MCS firms due the change in the informativeness of their tickers. The anticipated costs of expropriation and the probability of informed trading by ultimate owners can be a plausible explanation of the increased asymmetric information in MCS firms.[11] The bid-ask spread results for the control sample provide a supportive evidence to this argument as I do not find any significant increase in the bid-ask spread in the control sample.

[Please insert Table 3 about here]

When I examine the effect of the TSX rule on each of the involved classes (MVC, LVC, and the NV), I find a significant abnormal increase in the bid-ask spread of all classes, however, the abnormal increase in the bid-ask spread of the MV stocks is larger than that of the other classes. For instance, the increase of the bid-ask spread for multiple voting shares ranges from 10% to 47% for multiple voting shares, and that of the non-voting shares rages from 2% to 6.8%. This result corroborates Gintschel's (2001) finding, suggesting an increased likelihood of informed trading in multiple voting shares. Corroborative evidence is also provided by Vora

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[11] An appropriate way to measure the asymmetric information is to decompose the bid-ask spread and consider the adverse selection components. However, when comparing the performance of the bid-ask spread as a measure of adverse selection to the performance of five models decomposing the spread, Van Ness et al. (2001) conclude that adverse selection models might be capturing other costs of trading, and that several of the models appear to be noisy transformations of the spread. Clarke and Shastri (2001) point out other difficulties in using the spread decomposition.

16

and Ezzell (2006) who find that the spread and the adverse-selection component of the effective spread are higher for MV shares than for LV shares. *Figures .2.* summarize the results of Table 3.

[Please Figures 2 about here]

To shed more light on the liquidity effects of the ticker's re-symbolizing rule, I examine the effect of the re-symbolizing rule on the trading volume. I measure abnormal trading volume as the residual volume calculated as the raw return minus the contemporaneous volume on the S&P/TSX Composite index volume.[12] *Figures .3.* plot the CAVOL of daily trading volume. Event study results, reported in Table 4, suggest a significant decrease in the average daily trading volume for the involved stocks. The CAVOLs of the daily trading volume for the NOT INVOLVED stocks and for the control sample are not significant, suggesting that the significant decrease in the trading volume of the involved stocks is driven by the TSX re-symbolizing rule. Moreover, the evidence on the trading volume effect for the different classes of involved stocks (MVC vs. LVC) is consistent with the evidence on the bid-ask spread, suggesting that multiple voting stocks incurred the most significant decrease in trading volume. Although, the *Figure 3.f.* shows a decrease in the trading volume of the non-voting shares in the pre-event period and increase in the post-event window, the statistical tests do not suggest a significant surge in NV trading, subsequent to the ticker's re-symbolizing. To some extent, the volume effect is consistent with the evidence of Chae (2005) who concludes that cumulative trading volume decreases inversely to information asymmetry (prior to scheduled announcements).

[Please Table 4 and Figures 3 about here]

As a conclusive postulate, the negative and significant effect of the tickers' re-symbolizing rule on the two liquidity measures (i.e. increase in bid-ask spread and decrease in volume) seems to be well related to changes in the information content of the involved stocks. Although the evidence of increased (cost of) illiquidity of MCS stocks does not substantiates the view that stock exchange disclosure (or market transparency) improves market liquidity, it

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[12] I use the following regression: $\log(1 + StockVol.)_{i,t} = \alpha_i + \beta * \log(1 + IndexVol.)_t + \varepsilon_{i,t}$. Results do not change when I compute the abnormal volume using the mean-adjusted model (using the log of the volume).

suggests however that enhancing market transparency through increased ticker's informativeness reduces the ability of controlling shareholders to utilize or generate private information. This is consistent with the prediction of Milgrom and Stokey (1982) and Black (1986) that information asymmetry decreases trading volume. This result is also consistent with the information content of market trading in response to public disclosure (Kim and Verrecchia, 1997). This result is also in line with the argument of the Securities Investment Board (1994) that increasing transparency will reduce liquidity, as I well as the argument developed in Harris (1997) who conclude that changes in transparency result in increased transaction costs or reduced liquidity. Overall, it is plausible to argue that the liquidity effect suggests that market participants have revised their beliefs about MCS firms, consistent with higher information asymmetry in MCS firms.

5.2.3. Effects on the Voting Premium

Voting premium is computed as: $VOTP = \dfrac{PHV - PLV}{PLV}$, where PHV (PLV) is the daily closing price of the high (low) voting share. The abnormal level of the voting premium is calculated using the mean-adjusted model. The average pre-event voting premium is equal to 4.91%[13] in the pre-event window and falls significantly to 2.9%. The cumulative abnormal voting premium, reported in Table 5, is significant across the three event windows, suggesting that enhancing the tickers' informativeness of shares with non-conventional voting structures decreases the voting premium. This interesting result enables us to plausibly argue that enhancing MCS transparency is important in curbing private benefits of control. This result supports the evidence on the price and liquidity effects. The decrease in the value of control seems to be the outcome of two effects: the information effect and the liquidity effect. The information content of the event (increased transparency) has affected both classes (MVC and LVC) not in a very distinguishable way, but MVC shares have incurred the most severe liquidity discount. *Figure 4* illustrates graphically the patterns of the voting premium around the event period.

[Please Table 5 and Figures 4 about here]

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[13] This is comparable to the average premium reported by Robinson et al. (1996).

Overall, the effect of the event on the voting premium suggests that enhancing market disclosure (transparency), by increasing tickers' informativeness, improves protection of minority investors and leads to a decrease in the likelihood of extracting private benefit of control. This result shows that the value of corporate control responds to the change in the legal protection for minority shareholders, which is consistent with the finding of Nenova (2006). This result is also in line with the findings of Doidge (2004) who finds that the voting premium of cross-listed firms is significantly lower than the voting premiums of other not cross-listed firms.

5.3. Regression analysis

To examine the cross-firm variation of the economies of the event, I use the (-10, +10) cumulative abnormal level of the return, liquidity and the voting premium, for each firm, the abnormal variable over the event window and regress it on a set of firm-specific variables. The model I run is of the following form:

$$CAV_j = \alpha_j + \sum_{i=1}^{N} \beta_{i,j} * CONT.VAR_i + \varepsilon_j$$

where CAV_j refers to the cumulative abnormal variable (V), V stands for either return, bid-ask spread, volume, or voting premium. $CONT.VAR_i$ is the control variable "i".

For the regression of the abnormal bid-ask spread, return, and volume, I control for firm size, the size of the board of director, the proportion of outside directors, and the percentage of the class ownership held by the largest and second-largest shareholders. I include also a dummy variable that takes the value 1 if the stock belongs to the superior voting class (e.g. multiple voting), and zero otherwise. In the regression of the abnormal return the only variable that retains statistical significance is the proportion of ownership (of the class) held by the largest shareholder. The estimated coefficient of this variable is negative and significant, suggesting that the larger is the holding of the largest shareholder (of the involved class) the higher is the decrease in the stock return. The estimated coefficient of this variable, in the bid-ask spread regression, is also significant but of a positive sign, suggesting that the larger is the holding of the largest shareholder (of the involved class) the higher is the increase in the bid-ask spread. This evidence suggest that the agency costs associated with the largest shareholder have a

significant part of the cross-sectional variation abnormal effects of the return and the bid-ask spread of MCS. In addition, bid-ask spread regression shows a positive and significant coefficient of the superior voting class of shares. This result corroborates the event-study results (Table 4 – Panel B), suggesting again that event-driven illiquidity (and asymmetric information) costs are higher for superior voting (MV) shares. A further support to this evidence is given by the regression results of the abnormal volume, where the superior voting class incurred a more significant decrease in volume trading than lower voting class. The results of the abnormal volume show a positive and significant coefficient of the size of the board of directors. This result suggests that large boards are not necessarily associated with lower monitoring effects (or higher agency costs).[14]

For the regression of the abnormal voting premium, in addition to the firm size and the board attributes (size and the proportion of outside directors) I control for the ownership stake of the largest shareholder, and the excess (ultimate) control over (ultimate) ownership of largest shareholder. Finally, I include two proxies for the contestability of largest shareholder's control: the ratio of the control of the second-largest shareholder over the control of the largest shareholder and the Shapley value (i.e. power of the ocean).[15] Interestingly, the estimated coefficient of the excess control is positive and economically significant, suggesting that higher separation between the largest shareholder's ultimate control and her ultimate ownership stake is associated with higher private benefits of control (measured by the voting premium), and that the firms with less such separation have the most significant decrease in voting premium. This result supports recent evidence showing that agency costs are driven from the separation between ultimate control and ultimate ownership of the largest shareholder (e.g. Claessens et al. 2002, Fan and Wong 2002, Haw et al. 2004, and Attig et al.2006, among others).

[Please Table 6]

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[14] Attig (2006) argue that large boards, in Canada, seem to operate close to their optimal size as they are associated with positive effect on firm performance.

[15] The Shapley value is a measure of the power of the free float or the "ocean" of minority shareholders. Developed by Milnor and Shapley (1977), the vote is controlled by a few major players and the rest is distributed among a continuous infinity of individually insignificant minor players. It is a proxy of the probability of a control contest (i.e. ocean is pivotal in the voting contest).

Overall, Table 6 provides evidence that a significant part of the variation in the event-driven results is explained by firm's agency costs, mainly the holding of the largest shareholder and her excess control.

6. Conclusion and discussion

In this paper I explore the economic consequences of increasing tickers' informativeness of stocks with non-conventional voting structure. The results show that the TSX rule to re-symbolize tickers has a negative and significant impact on securities prices of both multiple and lower voting classes. The results show also a significant decrease in the liquidity of the involved stocks, the most severe decrease is incurred by the multiple voting class. Third, I document also a significant decrease in the voting premium in MCS firms, strongly in support of the informational benefits of enhanced transparency where information would be easily and likely equally available to all investors. Finally, regression analysis suggests a significant part of the cross-sectional variation of the event results is explained by firm's agency costs have.

Overall, evidence in this paper is of a particular interest as it suggests that strengthening market disclosure by making tickers of public firms more informative, seem to have a positive impact on investors' ability to price-protect themselves. The results of this study provide potentially useful evidence to international standard setters and stock exchanges, especially in countries where MCS are permitted. In fact, my results suggest that *imposing* one-share-one-vote rule or banning the use of MCS may not be the optimal regulation in curbing private benefits, because such a decision might be associated with some costs. However, it is important to enhance market transparency by improving the information content of tickers of publicly traded securities to enhance the ability of the market participants to revise the assessment of their holding.

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Appendix 1: HeadLine Media Inc.

Headline Media Inc. is a Canadian publciy traded firm. As of January, 07, 2004 its proxy circular shows that the authorized equity capital of the *Headline* consists of 82,626,200 Class A Subordinate Voting Shares (Class A SV) and 10,000 Special Voting Shares are issued and outstanding. Each Class A Subordinate Voting Share has attached thereto one vote for each share held. Similarly, the holders of the Special Voting Shares are entitled to one vote for each share held. Although, both classes seem to be equal with respect to their disclosed voting rights, Class A Subordinate Voting Shares have the right to elect that number of members of directors of the Corporation that is not elected by the holders of the Special voting Shares, who can vote a number directors that would constitute the majority of the authorized number of directors of *Headline*.
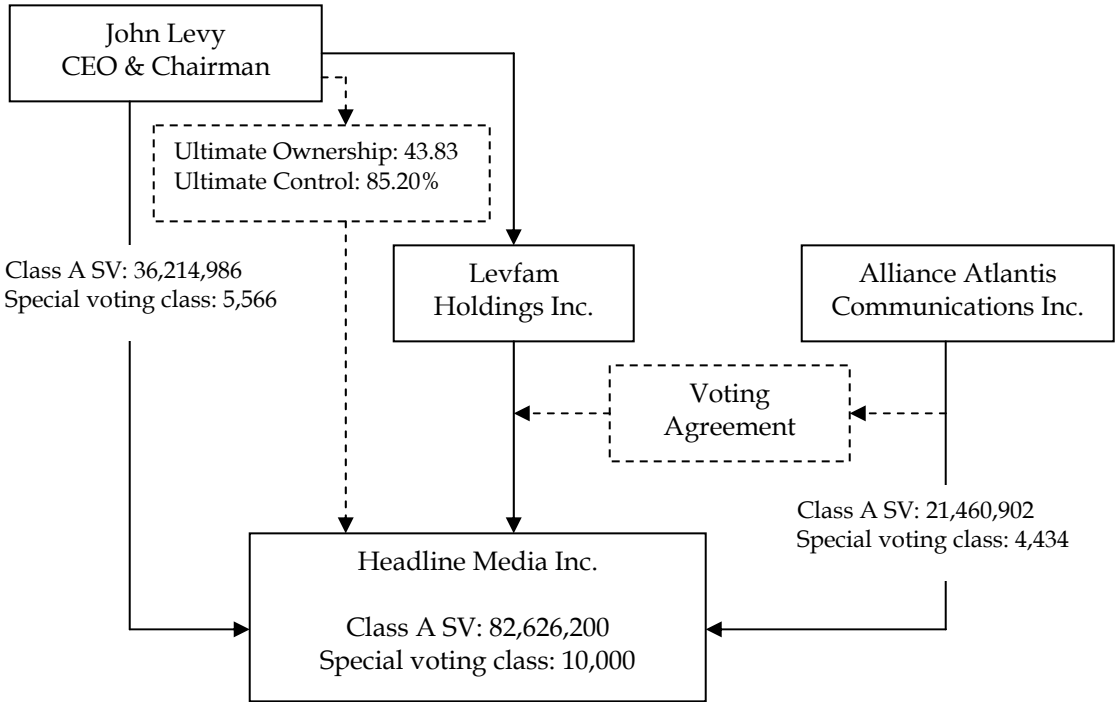
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┌─────────────────────┐
│   John Levy         │
│   CEO & Chairman    │
└─────────────────────┘
        ┌─────────────────────────────────┐
        │ Ultimate Ownership: 43.83       │
        │ Ultimate Control: 85.20%        │
        └─────────────────────────────────┘

Class A SV: 36,214,986          ┌──────────────┐      ┌────────────────────────┐
Special voting class: 5,566     │   Levfam     │      │  Alliance Atlantis     │
                                │ Holdings Inc.│      │ Communications Inc.    │
                                └──────────────┘      └────────────────────────┘
                                      ┌──────────────┐
                                      │   Voting     │
                                      │  Agreement   │
                                      └──────────────┘
                                                    Class A SV: 21,460,902
                                                    Special voting class: 4,434
                    ┌────────────────────────────────────┐
                    │     Headline Media Inc.            │
                    │                                    │
                    │   Class A SV: 82,626,200           │
                    │   Special voting class: 10,000     │
                    └────────────────────────────────────┘
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Table 1: Descriptive Statistics

The table below summarizes the descriptive characteristics of this sample. The sample covers 111 firms (and 137 stocks) involved in the ticker's re-symbolizing rule. MV class stands for the multiple voting class. LV class stands for lower voting class and includes subordinate, restricted and limited voting shares. MROV_20 refers to the percentage of the minimum ownership rights to control 20% of the votes. Family is a dummy variable that takes the value 1 if the firm has an individual or family as ultimate controlling shareholder, 0 otherwise. Pyramid is a binary variable that takes the value 1 if the firm is controlled via a pyramidal chain (i.e. belongs to a business group (control pyramid) and 0 otherwise. Board Size refers to the total number of directors of the firm. Outside Directors refers to the proportion of outside directors (i.e. ultimately firm-unrelated). CEO/Chairman split is a dummy variable that takes the value 1 if the CEO of the firm is not the chairman, 0 otherwise. Excess control is the difference between ultimate control and ultimate ownership stakes. All the data is hand collected form firms' management proxy circulars for the year 2003.

	Panel A. Distribution of the classes of shares and their attached voting rights					
	All outstanding Classes: N = 229			Involved Classes: N = 137		
	MV class	LV Class	NV Class	MV class (25)	LV Class (79)	NV Class (33)
Proportion	48.47%	37.12%	14.41%	18.25%	57.67%	24.08%
Average voting rights	132.66	0.98	0.00	56.08	1.00	0.00

	Panel B. Governance structure of the INVOLVED firms					
	MROV_20	FAMILY	PYRAMID	Board Size	Outside Directors	CEO/Chair. Split
Proportion	6.7%	83.78%	81.08%	9.43	57.95%	46.84%

	Panel C. Ownership and Control of the INVOLVED firms and shares					
	Ultimate control	Ultimate ownership	Excess control	MV class	LV Class	NV Class
1st Largest Shareholder (SH1)	61.95%	27.32%	34.63%	67.25%	12.87%	4.98%
2nd Largest Shareholder (SH2)	8.73%	8.27%	0.46%	7.59%	10.17%	3.11%
Board of Director (BOD)	54.62%	25.67%	28.95%	60.77%	13.54%	7.79%
CEO	35.18%	14.84%	20.34%	40.83%	7.94%	3.71%

Table 2: The Ticker's Re-Symbolizing Effects on Stock Returns

The table below documents the cumulative abnormal returns (CARs) driven by the ticker's re-symbolizing event. CARs are reported for three event windows (-10, +10), (-5, +5), and (0, +5), where day 0 is the date of the public announcement of the tickers' re-symbolizing rule. The significance of the CARs is tested via three statistics: Patell (1976), Boehmer et al.'s (1991), and the sign test. Panel A shows the CARs of the INVOLVED, NOT INVOLVED, and CONTROL (sample) stocks. Panel B shows the CARs of the INVOLVED stocks per class of voting rights (i.e. multiple, lower and no voting rights)

	Panel A. The Event Effects on Returns of the Involved, Not-Involved and Control Stocks								
	Involved Stocks			**Not-Involved Stocks**			**Control Sample**		
	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CAR	**-0.0249**	**-0.0122**	**-0.0124**	**-0.0012**	**0.0166**	**-0.0700**	**-0.003358**	**0.0081**	**0.0020**
Patell's (1976) test	-2.5921	-2.1265	-2.3599	0.4809	1.0741	-1.1763	-.0062126	0.8595	0.7301
Boehmer's et al. (1991) test	-2.5061	-2.6403	-2.6400	0.4948	1.2212	-0.6599	-0.01011	1.0543	0.8074
Sign test Cowan (1992)	-3.3093	-3.4882	-3.4882	-1.9414	-0.2773	-1.3867	-0.6299	-0.6299	-0.8819

	Panel B. The Event Effects on the Stock Returns per Voting Class								
	Super voting			**Lower Voting Class**			**Non Voting Class**		
	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CAR	**-0.0293**	**-0.0358**	**-0.0253**	**-0.0243**	**-0.0094**	**-0.0110**	**-0.0478**	**-0.0127**	**-0.0091**
Patell's (1976) test	-0.5204	-1.3330	-1.0675	-2.5289	-1.7756	-2.133	-3.0009	-1.3022	-0.9972
Boehmer's et al. (1991) test	-0.7181	-2.9120	-2.0548	-2.3594	-2.1152	-2.29321	-2.0357	-1.3697	-0.9583
Sign test Cowan (1992)	-2.3237	-2.8401	-2.3237	-2.5861	-2.58613	-2.7777	-2.9593	-2.2630	-1.5667

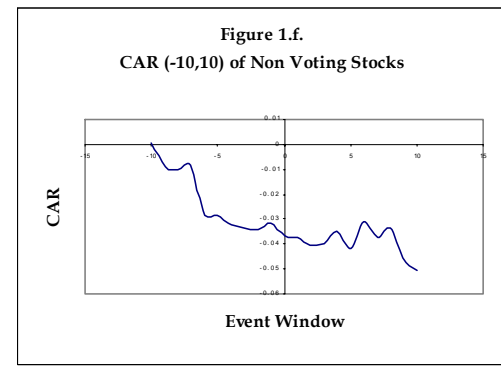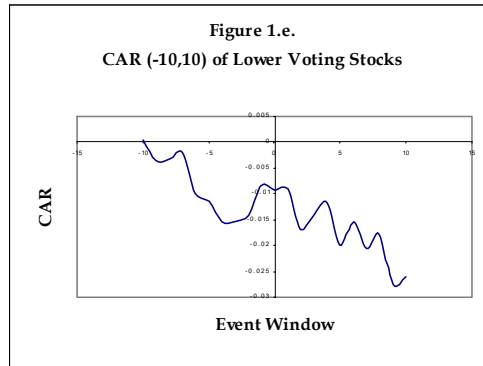Figures .1.
Ticker's re-symbolizing Effect on Stock Returns

Figure 1.a.
CAR (-10,10) of Involved Stocks

Figure 1.b.
CAR (-10,10) of Not Involved Stocks

Figure 1.c.
CAR (-10,10) of Control Stocks

Figure 1.d.
CAR (-10,10) of Multiple Voting Stocks

Figure 1.e.
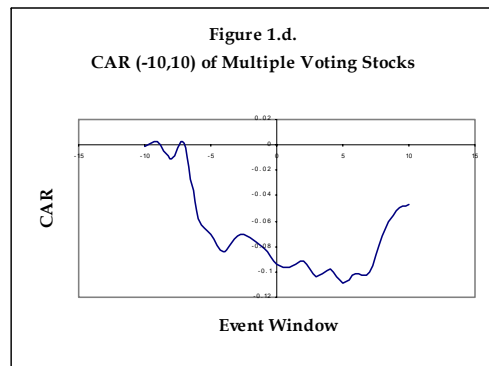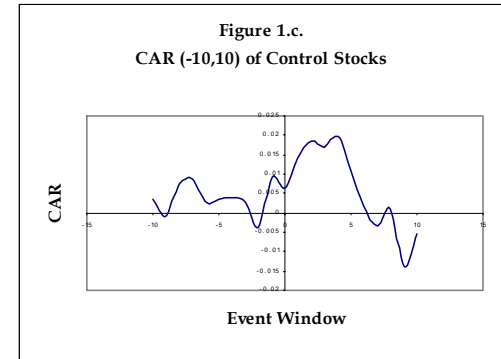CAR (-10,10) of Lower Voting Stocks

Figure 1.f.
CAR (-10,10) of Non Voting Stocks
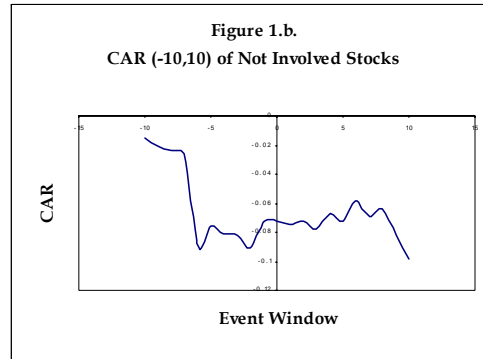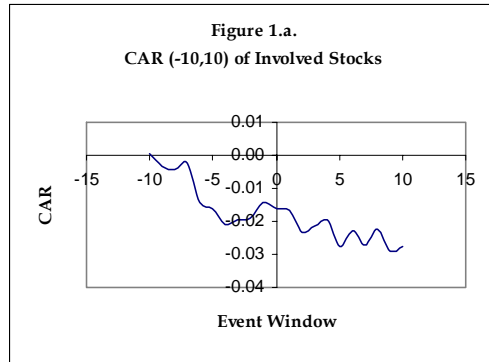
Table 3: The Ticker's Re-Symbolizing Effects on the Bid-Ask Spread

The table below documents the cumulative abnormal bid-ask spreads (CABAS) driven by the ticker's re-symbolizing event. CABAS are reported for three event windows (-10, +10), (-5, +5), and (0, +5), where day 0 is the date of the public announcement of the tickers' re-symbolizing rule. The significance of the CABAS is tested via three statistics: Patell (1976), Boehmer et al.'s (1991), and the sign test. Panel A shows the CABAS of the INVOLVED, NOT INVOLVED, and CONTROL (sample) stocks. Panel B shows the CABAS of the INVOLVED stocks per class of voting rights (i.e. multiple, lower and no voting rights)

	Panel A. The Event Effects on the Bid-Ask Spread of the Involved, Not-Involved and Control Stocks								
	Involved Stocks			**Not-Involved Stocks**			**Control Sample**		
	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CABAS	**0.1162**	**0.0509**	**0.0255**	**0.2314**	**0.1026**	**0.0943**	**-.0077**	**-0.0048**	**-0.0048**
Patell's (1976) t-stat	12.4820	9.815	10.1028	8.5627	6.1441	6.5697	2.1292	1.116	2.0796
Boehmer's et al. (1991) t-stat	3.97750	4.054	4.5050	2.4662	2.0845	2.4987	0.8801	2.0796	1.1161
Sign test Cowan (1992)	0.79556	0.3182	0.9546	-10.342	-10.501	-10.342	-1.5650	-1.8057	-1.8057
	Panel B. The Event Effects on the Bid-Ask Spread Stock Returns per Voting Class								
	Super voting			**Lower Voting Class**			**Non Voting Class**		
	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CABAS	**0.4794**	**0.1985**	**0.1068**	**0.04180**	**0.01981**	**.00749**	**0.06976**	**0.02462**	**0.01956**
Patell's (1976) t-stat	12.2753	9.0430	7.6029	7.5035	6.0721	6.8418	6.9468	4.5028	5.3226
Boehmer's et al. (1991) t-stat	2.0179	2.14668	2.2743	3.8411	3.4940	3.8524	2.9624	2.2902	2.9357
Sign test Cowan (1992)	-10.342	-10.1831	-10.1831	-1.5911	-2.2275	-1.591	-9.0693	-9.2284	-9.0693

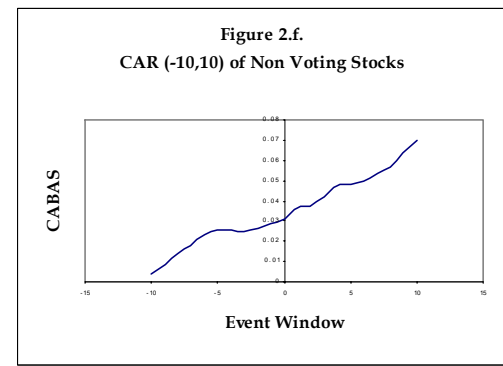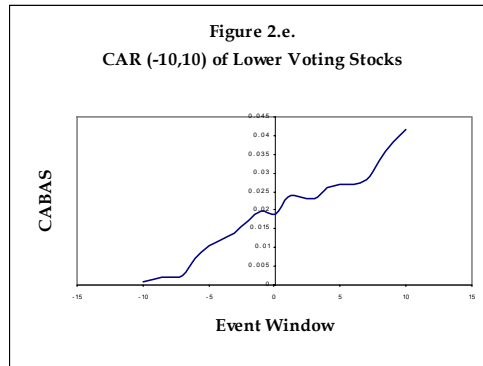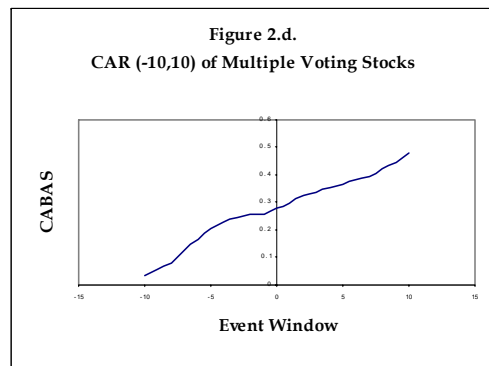Figures .2.
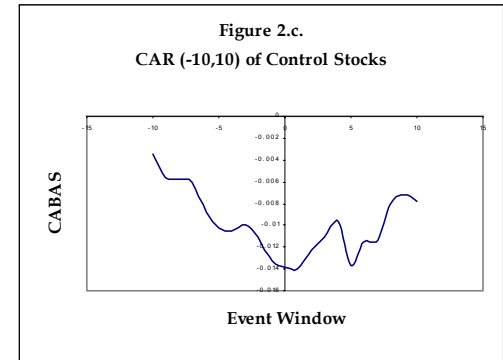Ticker's re-symbolizing Effect on the Bid-Ask Spread

Figure 2.a.
CAR (-10,10) of Involved Stocks

Figure 2.b.
CAR (-10,10) of Not Involved Stocks

Figure 2.c.
CAR (-10,10) of Control Stocks

Figure 2.d.
CAR (-10,10) of Multiple Voting Stocks

Figure 2.e.
CAR (-10,10) of Lower Voting Stocks

Figure 2.f.
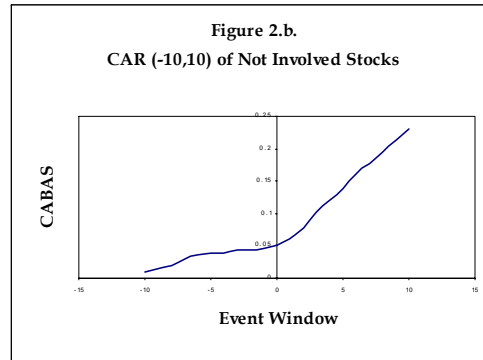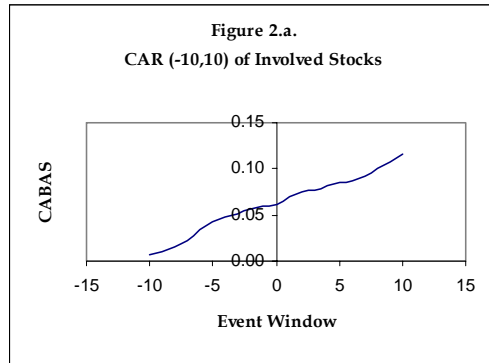**CAR (-10,10) of Non Voting Stocks**

Table 4: The Ticker's Re-Symbolizing Effects on the Volume

The table below documents the cumulative abnormal bid-ask spreads (CABAS) driven by the ticker's re-symbolizing event. CABAS are reported for three event windows (-10, +10), (-5, +5), and (0, +5), where day 0 is the date of the public announcement of the tickers' re-symbolizing rule. The significance of the CABAS is tested via three statistics: Patell (1976), Boehmer et al.'s (1991), and the sign test. Panel A shows the CABAS of the INVOLVED, NOT INVOLVED, and CONTROL (sample) stocks. Panel B shows the CABAS of the INVOLVED stocks per class of voting rights (i.e. multiple, lower and no voting rights)

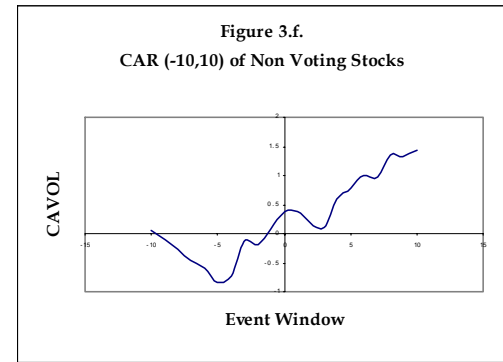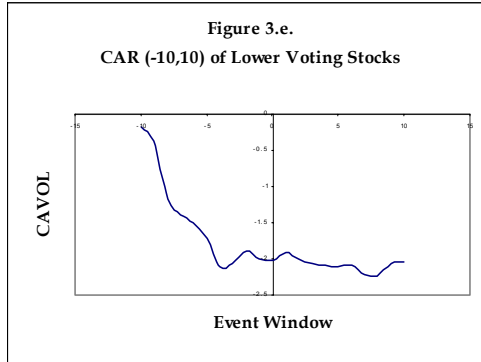|		Panel A. The Event Effects on the Bid-Ask Spread of the Involved, Not-Involved and Control Stocks								
		Involved Stocks			**Not-Involved Stocks**			**Control Sample**		
		(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CABAS		-3.1029	-1.2527	-0.4376	2.5299	4.1545	0.6962	1.4328	0.8241	-0.0154
Patell's (1976) t-stat		-4.0060	-1.9025	-0.9223	0.8326	2.1700	0.2689	-0.4129	0.5555	0.2043
Boehmer's et al. (1991) t-stat		-2.1649	-1.2129	-0.6556	0.4711	1.5221	0.3220	-0.1957	0.3354	0.1523
Sign test Cowan (1992)		-3.6595	-2.5457	-1.9093	-10.5014	-10.5014	-10.8196	-2.0124	-1.3416	-1.5652
		Panel B. The Event Effects on the Bid-Ask Spread Stock Returns per Voting Class								
		Super voting			**Lower Voting Class**			**Non Voting Clas**		
134		(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)	(-10,10)	(-5,5)	(0,5)
CABAS		-7.90336	-4.3869	-1.9685	-2.0434	-0.5984	-0.1102	1.44375	1.3852	0.7027
Patell's (1976) t-stat		-3.5018	-2.6310	-2.3259	-2.6511	-0.8276	0.09802	-0.6772	0.3295	0.14398
Boehmer's et al. (1991) t-stat		-2.10573	-1.7391	-1.5278	-1.4079	-0.5241	0.0710	-0.3811	0.2261	0.09738
Sign test Cowan (1992)		-11.4560	-11.137	-10.8196	-4.7733	-3.9777	-3.6595	-9.8649	-9.8649	-9.5466

Figures .3.
Ticker's re-symbolizing Effect on the Volume

Figure 3.a.
CAR (-10,10) of Involved Stocks

Figure 3.b.
CAR (-10,10) of Not Involved Stocks

Figure 3.c.
CAR (-10,10) of Control Stocks

Figure 3.d.
CAR (-10,10) of Multiple Voting Stocks

Figure 3.e.
CAR (-10,10) of Lower Voting Stocks
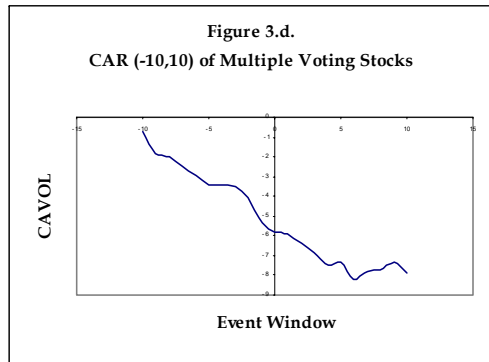
Figure 3.f.
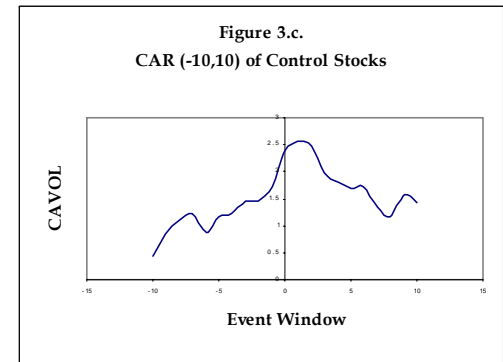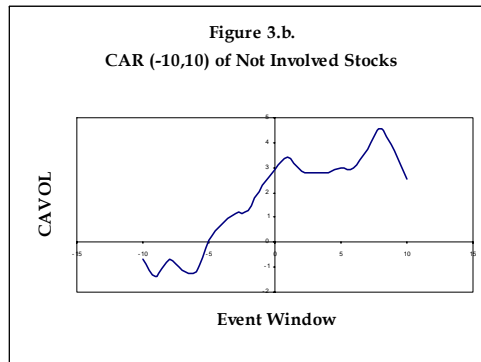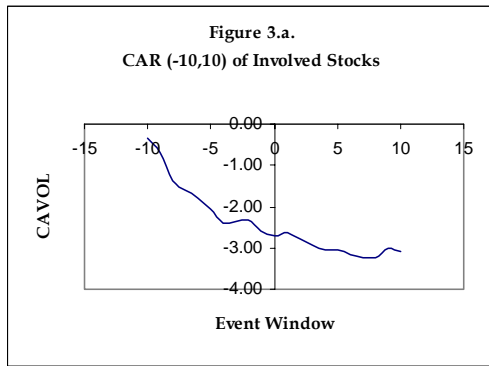**CAR (-10,10) of Non Voting Stocks**

Table 5: The Ticker's Re-Symbolizing Effects on the Voting premium
The table below documents the cumulative abnormal voting premium driven by the ticker's re-symbolizing event. Results are reported for three event windows (-10, +10), (-5, +5), and (0, +5), where day 0 is the date of the public announcement of the tickers' re-symbolizing rule. Three statistics are used to test the economic significance of the results: Patell (1976), Boehmer et al.'s (1991), and the sign test.

		Event Window		
Event day				
		(-10,10)	(-5,5)	(0,5)
	CAR	-0.2162	-0.1042	-0.05853
Announcement day	Patell's (1976) t-stat	-4.0453	-3.1430	-2.0083
	Boehmer's et al. (1991) t-stat	-1.9775	-2.0174	-1.3908
	Sign test Cowan (1992)	-2.3426	-2.9673	-2.6549

Figure 4.
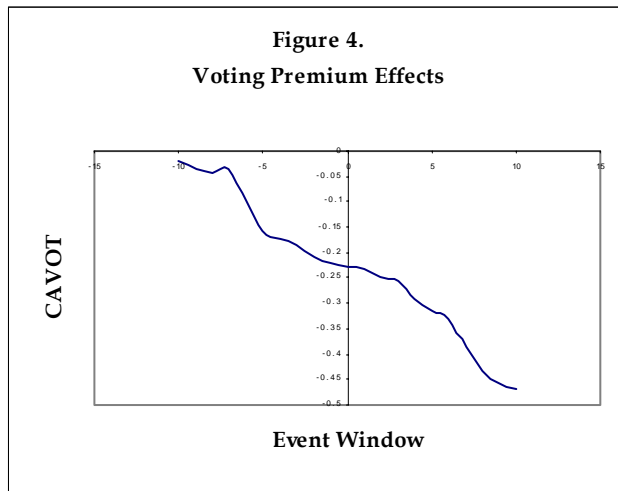**Voting Premium Effects**

Event Window

34

Table 6: Regression analysis of the cross-sectional variation of the event results:
The table below reports regression results of the cumulative abnormal effect of the TSX-resymbolising rule on returns, liquidity and voting premium of the involved stocks. The P-value of the *heteroscedasticity-consistent* t-statistics is between parentheses below the estimated coefficients. See Table 1 for variable definitions.

	Cumulative abnormal (dependent variable):			
	Return	BASP	Volume	voting premium
Intercept	-0.0325	0.2689	-2.9452	-1.0912
	(0.5765)	(0.0097)	(0.0022)	(0.3236)
Firm size (assets)	0.0058	-0.0022	0.5534	-0.1484
	(0.3822)	(0.8513)	(0.6158)	(0.1247)
Board size	-0.0041	-0.0130	1.4681	0.0934
	(0.2535)	(0.0597)	(0.0217)	(0.1202)
Outside directors	-0.0200	-0.0881	1.4922	-0.6955
	(0.6862)	(0.3914)	(0.1853)	(0.4929)
MS1 ownership (percentage of the class)	-0.1371	0.1198	2.1866	
	(0.0255)	(0.0822)	(0.8258)	
MS2 ownership (percentage of the class)	0.0888	-0.3057	-4.8013	
	(0.2275)	(0.0789)	(0.7619)	
High voting class	0.0594	0.1701	-1.4227	
	(0.1849)	(0.0328)	(0.0439)	
MS1 ownership (in the firm)				0.1002
				(0.4429)
Excess control				1.5538
				(0.0721)
Ratio MS2 control / MS1control				-0.2654
				(0.1864)
Shapley value				0.4595
				(0.6643)
Adjusted-R^2	0.0558	0.0525	0.0956	0.1248