

**The Market Reaction to Secondary Listing: Evidence from  
Selected JSE-Listed Companies**

**A research report submitted by**

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## **Abstract**

This research paper examines the effects associated with the issuing of cautionary announcements of intent to seek a secondary listing on foreign stock exchanges for companies with primary listings on the JSE (Johannesburg Stock Exchange). This research was carried out to analyse whether having a secondary listing benefits the company, whether a secondary listing enhances shareholder value, and whether this is consistent with previous literature which showed that companies with a secondary listing generally experience an increase in shareholder value. The market reaction to secondary listing announcements was analysed using the event study methodology. Abnormal returns were calculated using the market model approach, with an event period of 61 days and an estimation period of 90 days. The research analysed a sample of 29 corporations, which sought secondary listings between 1998 and 2013. The analysis shows a negative cumulative abnormal return over the event period, which suggests that, in the short term, secondary listings decrease shareholder value.