Proposal Bachelor Thesis

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1 Introduction

Much attention has been recently given to Schedule 13D Filings, the beneficial ownership form many investors must file to report their equity holdings (Giglia, 2018). By filing a Schedule 13D the investor behaves in an active manner, symbolizing the increased likelihood the firm will become a takeover target (Brigida and Madura, 2012). This is reflected by positive and significant average abnormal returns in the market (Brav et. al). In particular, Akhigbe et al. (2007) have shown that stakes acquired by corporate bidders are more likely to result in a full acquisition of the target. By continuing the argumentation above, this should result in increased abnormal returns. In fact, Brigida and Madura (2012) came to the conclusion that non-financial corporations have a runup almost 13 percent higher compared to corporations not non-financially active.

2 Objective and Importance of the Paper

The main objective of this paper is to determine how important,to participants on the stock exchange, the financial power of large activist investors (making a 13D filing) is. For analyzing this relation, key financials of the investor will be connected with the respective abnormal returns around the 13D filing date. In other words - the higher the interdependence between abnormal returns and financial structure of the investor, the more important is the investors' financial power of large investors to other participants on the stock exchange. Secondly, partial results of the previous analysis shall be used to compare the key financials of the investor with those of the target. The aim is to identi fy possible effects of different "investor-target ratios" on the respective abnormal returns prior to the SC 13D Filing.

3 Value-Added

4 Relevant Literature

5 Procedure of Analysis

1. Generate a representative sample of SC 13D Filings based on the following restrictions/qualifications
   (a) Both, subject and filer, have to be a corporation (characteristics/filter will soon be defined) and not an investment firm.

(b) Both, subject and filer, have to be listed in the COMPUSTAT and CRSP data bases.
(c) The sample is restricted to the timeline from 1995-2010.
(d) Exclusion of filings from non-financial and utility industries (Brigida and Madura, 2012)
(e) to be discussed

2. Gather the COMPUSTAT data corresponding to the corporations in the previously filtered sample of 13D Filings.

3. Allocate Key Financials to both, subject and filer

4. Gather the stock data, corresponding to the date of the filings, via CRSP.

5. Based on the stock data compiled around the date of the filing, the abnormal returns are calculated.

6. How important is the financial power of large investors? Analysis of abnormal returns compared to key financials of the corresponding firms

6 Problems

7 Data and Analysis

References

Akhigbe, Aigbe, Anna D. Martin and Ann Marie Whyte (2007). Partial acquisitions, the acquisition probability hypothesis, and the abnormal returns to partial targets. *Journal of Banking and Finance* **31**(10), 3080–3101. ISSN: 03784266. DOI: 10.1016/j.jbankfin.2006.11.015.

Brigida, Matthew and Jeff Madura (2012). Journal of Financial and Economic Practice forthcoming . Information Leakages Prior to 13D Filings. *Atlantic* **12**(2), 23–39.

Giglia, Kristin (2018). *A Little Letter, A Big Difference: An Empirical Inquiry Into Possible Misuse Of Schedule 13G/13D Filings.* **116**. 1, pp. 105–145. ISBN: 0000950123040. URL: http://www.jstor.org/stable/43681849.