Home and Foreign Host Country IFRS Adoption and Cross-Delisting

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ABSTRACT

This study examines whether and how the mandatory adoption of International Financial Reporting Standards (IFRS) affects a firm's cross-delisting decision. Using a comprehensive sample of international cross-delistings, we show that mandatory IFRS adoption in the cross-listing host countries of multinational enterprises (MNEs) increases the delisting propensity of non-IFRS-reporting firms. In contrast, mandatory IFRS adoption in both home and host countries of cross-listing firms decreases the delisting propensity of MNEs in the post-IFRS period. The results of cross-sectional tests further suggest that the increased cross-delisting propensity for domestic GAAP-reporting firms post-IFRS adoption in foreign host countries is more pronounced for firms with a greater difference between domestic GAAP and IFRS. Overall, our results show the differential effects of IFRS adoption in home/host countries of MNEs on their cross-delisting decisions.

Keywords: Mandatory IFRS Adoption; Delisting; Cross-listing; Analysts Following; Institutional Ownership.

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1. INTRODUCTION

Research suggests that major changes in institutions, such as the adoption of International Financial Reporting Standards (IFRS), are of central importance to international business (IB) research (Koning et al. 2018). In this study, we investigate the impact of the mandatory adoption of IFRS in the cross-listing host countries of multinational enterprises (MNEs) on their cross-delisting decisions.[1] More specifically, we examine whether and how the effect of a foreign host country's IFRS adoption on a cross-listing firm's cross-delisting decision varies with the IFRS adoption status of the firm's home country. Our study is of importance to the IB literature because the effect of IFRS adoption on MNEs is the subject of ongoing debate (Daske et al. 2013; Koning et al. 2018). Thus, studying the effects of IFRS adoption on delisting decisions of MNEs provides important evidence on the consequences of mandating IFRS adoption.

Proponents of IFRS adoption argue that a single global set of accounting standards facilitates cross-border comparisons of financial data, which would allow firms to reap various capital market benefits (IOSCO 1998).[2] However, given the diversity in economic and institutional development across countries, opponents argue that the expected economic gains from IFRS adoption may not benefit all firms across countries. Consistent with this view, Daske et al. (2013) and Christensen et al. (2013) find considerable heterogeneity in the economic consequences associated with IFRS adoption across firms and countries, respectively.

[1] More than 120 countries around the world either required or permitted IFRS by the end of 2010 (ACCA 2011).
[2] Supporting this view, studies show that the harmonization of accounting standards in general and the adoption of IFRS in particular help reduce information asymmetry, lower the cost of capital, increase capital flow across borders, and facilitate greater access to foreign investors (e.g., Covrig et al. 2007; DeFond et al. 2011; Florou and Pope 2012; Yu and Wahid 2014; Lang and Stice-Lawrence 2015).

Additionally, Koning et al. (2018) document that IFRS adoptions in some countries are not driven solely by economic rationale and interest of MNEs. Together, these competing views suggest that understanding the implications of IFRS adoption in a country is vital to MNEs operating or cross-listed in that country for managing the uncertainties of their international business activities.[3]

Early studies (e.g., Errunza and Senbet 1981, 1984; Gande et al. 2009) on the effects of global operations on the market value focus on the concept of an MNE "completes markets" through international diversification. Gande et al. (2009) summarize the findings of this literature as follows: "multinational firms offer their shareholders such indirect international diversification opportunities and thereby increase the value of a multinational firm relative to that of a comparable non-multinational firm." Similarly, the cross-listing literature focuses mainly on the valuation effects of an MNE's cross-listing and cross-delisting decisions. According to Karolyi (2006), "there was a concomitant growth in the number of theoretical and empirical studies in the economics, finance, strategy and accounting fields seeking to understand the net benefits of the corporate decision to list shares on overseas exchanges. These studies emphasized the importance of the benefits of a lower cost of capital, an expanded global shareholder base, greater liquidity in the trading of shares, prestige, publicity, profile and politics over the costs of having to reconcile financial statements with home and foreign standards, direct listing costs, exposure to legal liabilities, taxes and various trading frictions."

Capital market-based accounting scholars have long emphasized the economic consequences of changes in information disclosures by cross-listed firms (Saudagaran 1988;

[3] Supporting this view, Zaheer (1995) argues that cross-listed firms face costs not only in their home countries but also in their foreign host countries.

Biddle and Saudagaran 1989; Huddart et al. 1999; Lang et al. 2003; Chen et al. 2015). They argue that valuation changes around cross-listings may have less to do with barriers to investment and more to do with the changes in reporting and disclosure requirements necessary to support a listing in the new market. Supporting this view, anecdotal evidence suggests that a lower trading volume and increased financial reporting costs and complexity are among the common reasons for cross-delisting.[4] In addition, prior evidence suggests that the costs associated with IFRS reporting can be substantial. For example, the Securities and Exchange Commission estimates that U.S. companies will spend between 0.125 and 0.130 percent of their revenue on average (about $32 million in additional costs for each firm) in transitioning to IFRS from U.S. GAAP in the first year of filing.[5] Kim et al. (2012) document that during the initial years of IFRS adoption, the audit fees of European firms increased by 5.44% on average.

Because financial disclosure costs could be a significant consideration in cross-delisting decisions (Karolyi 2006), our focus is on whether mandatory IFRS adoption in a firm's host country alters the costs and benefits of cross-listing and, subsequently, a firm's cross-delisting decision. For example, when a firm's shares are initially cross-listed in a foreign host country with local accounting standards that are comparable to those of the firm's home country, the direct costs of retaining its cross-listing are likely to increase substantially if the accounting standards diverge due to IFRS adoption by the foreign host country.

[4] For example, the two major reasons provided by Siemens to justify its cross-delisting from the New York Stock Exchange (NYSE) were (1) a change in investor behavior because trading of Siemens shares is conducted predominantly in Germany, its home country, and (2) a reduction in the complexity of the firm's financial reporting.

[5] http://www.cfo.com/accounting-tax/2008/11/sec-early-ifrs-adoption-will-cost-firms-32m/

The decrease in the overall number of cross-listed firms in the 2000s is part of the backdrop of our analysis (Dobbs and Goedhart 2008). According to Sarkissian and Schill's (2016) study of cross-listing waves in the 2000s, the most popular host countries for cross-listing were the U.S., the U.K., Canada, Italy, and France, and most of the cross-listed firms came from Canada, India, the U.S., the U.K., Israel, and the Netherlands. Interestingly, only four of these eight countries (the U.K., Italy, France, and the Netherlands) adopted IFRS in 2005, which might have created differential effects on financial reporting requirements with respect to foreign cross-listings for MNEs.

To test whether and how the adoption of IFRS affects the cross-delisting decisions of MNEs, we hand-collect a comprehensive international dataset consisting of about 2,000 cross-listed firms (9,598 firm-year observations) from 32 home countries (of which 16 adopted IFRS in 2005) with cross-delisting activities in 29 foreign host countries. The primary source of the hand-collected data is Standard & Poor's Capital IQ Compustat (hereafter CIQ). We then compare the changes in the cross-delisting propensities of MNEs across the pre- and post-IFRS adoption periods to the corresponding changes in firms that did not adopt IFRS during the same period.

We find that mandatory IFRS adoption in cross-listing host countries increases the delisting propensity of MNEs from home countries without mandatory IFRS adoption (i.e., non-IFRS-reporting firms). We also find that mandatory IFRS adoption in both home and host countries decreases the delisting propensity of MNEs (i.e., IFRS-reporting firms) in the post-IFRS period. The finding of the decreased delisting propensity of IFRS-reporting firms after the mandatory IFRS adoption in cross-listing host countries is consistent with the view that the

wide adoption of IFRS across countries facilitates cross-border stock-listing activities because it increases a firm's incentive to retain foreign cross-listings.

However, the finding of the increased delisting propensity of non-IFRS-reporting firms is surprising because it is contrary to the prediction of the bonding hypothesis, which suggests that firms in weaker financial reporting and enforcement environments have incentives to cross-list in countries with stronger financial reporting requirements to signal their commitment to higher levels of financial reporting quality.[6] Consistent with this view, Bakarich and Dahya (2016) find that non-IFRS-reporting cross-listed firms are less likely to delist their U.S. cross-listings, which provides support for the importance of bonding.

The results of cross-sectional tests suggest that the increased cross-delisting propensity of domestic GAAP-reporting firms after IFRS adoption is more pronounced for firms with a greater difference between domestic GAAP and IFRS. That is, when non-IFRS-reporting firms are cross-listed in IFRS-reporting host countries where the difference between domestic GAAP and IFRS are high, they are more likely to cross-delist. This finding lends further support to the conjecture that IFRS adoption could impose a significant cost on cross-listed MNEs.

We also examine how major capital market participants, including institutional investors and financial analysts, react to cross-delisting decisions. We find significant negative reactions, as evidenced by negative abnormal returns, lower trading volumes, fewer analyst following, and lower foreign institutional ownership, associated with the delisting of IFRS-reporting firms from host countries with mandatory IFRS adoption. These findings are consistent with a strong

[6] In contrast, our finding is in line with that of Sarkissian and Schill (2016), who suggest that the valuation gains of firms cross-listed in the most popular foreign host markets may be lower than those of firms cross-listed in less popular foreign host markets during periods other than the most attractive time periods.

negative signal. That is, firms that can benefit from cost savings but that still cross-delist are viewed unfavorably by shareholders. In contrast, we do not find significantly negative reactions associated with delisting of non-IFRS-reporting firms from host countries with mandatory IFRS adoption, which is consistent with shareholders' recognition of the additional disclosure costs associated with cross-listing.

Finally, we explore the changes in cross-listing venues by examining the choices of cross-listing host countries for firms that re-cross-list following delisting. Our analyses show that non-IFRS-reporting firms tend to have higher re-cross-listing tendencies in countries without mandatory adoption of IFRS during the three-year period following their delisting. We also find that IFRS-reporting firms tend to have a higher preference for re-cross-listing their stocks in countries with mandatory IFRS adoption. This evidence confirms the vital role that accounting proximity plays in the cross-listing venue choices of MNEs (Sarkissian and Schill 2004).

Our study contributes to the IB literature in several important ways. First, our study contributes to the debate on the benefits of IFRS adoption by focusing on the delisting decisions of MNEs. While past studies mainly examine whether and how IFRS adoption in a firm's home country affects managers' decision-making (e.g., Hong et al. 2014; Yu and Wahid 2014; Chen et al. 2015), to our knowledge, no study has examined whether and how IFRS adoption in a firm's cross-listing host country affects MNEs. Our study fills this void.

Second, although numerous studies examine the factors that affect a firm's cross-listing decisions, few examine cross-delisting activities (Sanger and Peterson 1990; Gagnon and

Karolyi 2010).[7] Accordingly, Gagnon and Karolyi (2010) conclude that two of the most promising directions for future research in the cross-listing literature are to expand current U.S.-centered research to provide a global perspective and to gain a better understanding of cross-delisting decisions. In addition, the recent trend in cross-delisting around the world has led to many unanswered questions, such as which factors contribute to cross-delisting decisions for countries outside the U.S. and how shareholders react to decisions to terminate foreign cross-listings from different venues. In addition, although the widespread adoption of IFRS in 2005 coincided with an increase in cross-delisting activity around the world, it is unclear whether and how IFRS adoption contributed to this trend. Using the mandatory adoption of IFRS in 2005 in many countries around the world as a quasi-experiment, our study responds to Gagnon and Karolyi's (2010) call for further research along this line.[8]

Third, there is fierce competition between major global stock exchanges to attract foreign firms to cross-list (Foerster and Karolyi 1993; Gagnon and Karolyi 2010). For example, Doidge et al. (2017) note that the preferred choice of listing venue has changed, with the number of listed firms falling sharply in the U.S. but increasing on average in other countries. To understand this phenomenon, they argue that it is necessary to focus not only on new listings but also on cross-delistings. In addition, although IFRS studies document various capital market benefits associated with IFRS adoption, including the attractiveness of a country to

[7] Several studies examine why firms delist from stock exchanges in the U.S. (e.g., Piotroski and Sirnivasan 2008; Doidge et al. 2009; Chaplinsky and Ramchand 2012; Bakarich and Dahya 2016) or why U.S. firms delist from stock exchanges in other countries, such as from the Tokyo Stock Exchange (Liu et al. 2012).

[8] The international financial reporting literature describes the mandatory adoption of IFRS in 2005 as an information shock (e.g., Hung et al. 2015; Lang and Stice-Lawrence 2015). For example, Hung et al. (2015) state, "because the shock is exogenous to individual firms, our results are not subject to endogeneity and self-selection concerns." Similarly, Lang and Stice-Lawrence (2015) state that mandatory IFRS adoption is outside the control of the firm and is thus largely an exogenous event at the firm level.

foreign firms as a cross-listing venue, by showing the differential effects of IFRS adoption in host countries on the cross-delisting decisions of MNEs from various home countries, this study suggests that the effect of a country's IFRS adoption on its attractiveness to foreign firms may be contextual. Our study adds not only to the literature on the potential costs associated with IFRS adoption (such as increased audit fees, as discussed by Kim et al. (2012)) but to the debate on whether mandatory IFRS adoption affects a country's ability to retain foreign listings. In addition, the finding of our study adds to the growing literature which examines the factors affecting foreign market entry or exit decisions of MNEs (e.g, Clark and Shepherd 2018; Gaur et al. 2018; Choquette 2019; Luo et al. 2019; Surdu et al. 2019). These results provide important insights to securities regulators and stock exchanges around the world for designing rules to attract and retain cross-listings from foreign firms.

The remainder of this study is organized as follows. We review the literature and develop our main hypotheses in the next section. We discuss our research design and sample selection in Sections 3 and 4, respectively. We present our main empirical results and the findings of additional analyses and robustness tests in Sections 5 and 6, respectively, and we provide our conclusions in Section 7.

2. RELATED LITERATURE AND HYPOTHESIS DEVELOPMENT

2.1. Literature on Cross-Delisting

Studies have identified various reasons for cross-listing decisions (e.g., Karolyi 1998, 2006). An emerging branch of literature focuses on why firms with current cross-listings on major stock exchanges delist (Gagnon and Karolyi 2010). However, this literature mainly

focuses on delisting activities observed in the U.S.,[9] in particular the role of governance reforms under the Sarbanes Oxley Act (SOX) and their effect on the delisting of foreign firms cross-listed in the U.S. As intended, SOX increased corporate governance standards, which include stricter internal control requirements on financial reporting and increased penalties for corporate fraud, thereby substantially increasing compliance costs (Ribstein 2003; Marosi and Massoud 2008). It benefited firms from countries with poor governance by providing stronger bonding effects, but it also significantly increased the cost of bonding (Daugherty and Georgieva 2011). Consistent with this argument, Chaplinsky and Ramchand (2012) find that a firm's governance in its home country (i.e., the strength of investor protection in the firm's home country) did not significantly affect delisting before SOX was implemented in 2002, but had a significant effect after the implementation of SOX.

Prior literature (e.g., Sanger and Peterson (1990)) document that delisting negatively impact firm value. Sanger and Peterson (1990) argue that loss of value could be caused by the decrease in liquidity that accompanies delisting. Another explanation for the decline in firm value is the negative signal that accompanies a firm's decision to delist. The conflicts of interest and the quality of corporate governance are likely factors that trigger the negative signal (Sanger and Peterson 1990; Karolyi 2006; Marosi and Massoud 2007).

2.2. IFRS Adoption and Cross-Delisting

The worldwide shift toward IFRS adoption has attracted numerous studies of the capital market outcomes associated with mandatory IFRS adoption (for an overview, see Soderstrom

[9] For example, Doidge et al. (2010) and Fernandes et al. (2010) focus on the effect of Exchange Act Rule 12h-6, which was passed by the Securities and Exchange Commission (SEC) in 2007 and considerably eased the conditions under which foreign firms listed on U.S. stock exchanges could terminate their registration.

and Sun 2007; Hail and Leuz 2011; Brüggemann et al. 2013).[10] Prior literature suggests that IFRS adoption in a firm's home country not only increases the quality of information disclosed by firms but also ensures better comparability of financial statements (Ashbaugh and Pincus 2001; Lang and Stice-Lawrence 2015), which reduces the information costs of foreign investors and increases their familiarity with firms' financial reporting (Florou and Pope 2012; Hong et al. 2014; Chen et al. 2015; An et al. 2018).[11] Similarly, Yu and Wahid (2014) show that the tendency of investors to underinvest in foreign firms decreases when accounting dissimilarities are reduced by IFRS adoption in the investor's home country. Given the evidence on the role of IFRS adoption in reducing foreign investors' information cost, we expect the adoption of IFRS in a firm's cross-listing host country to reduce that firm's delisting incentives, especially when the firm's home country also adopts IFRS.

Another argument is that low trading activity in a firm's host country is a major contributor to the firm's cross-delisting decision. For instance, Liu et al. (2012) find that low share turnover rates in a cross-listed firm's host market contribute to U.S. firms' voluntary delisting from the Tokyo Stock Exchange. Ammer et al. (2012) find that a majority of U.S. investment in foreign companies is held directly in foreign-traded shares rather than acquired through American Depositary Receipts (ADRs) that are traded on U.S. stock exchanges. These findings suggest that even if investors from IFRS countries are more willing to buy securities issued by foreign firms after the adoption of IFRS, they may do so in the foreign firm's home country rather than

[10] Prior literature documents that mandatory IFRS adoption lowers the cost of capital (Li 2010), facilitates access to foreign investors (Covrig et al. 2007; Florou and Pope 2012; Yu and Wahid 2014; DeFond et al. 2019), and reduces information asymmetries between firms and their foreign investors (Tan et al. 2011; Horton et al. 2013; Gu et al. 2019).

[11] A well-established stream of literature (e.g., Coval and Moskowitz 1999) shows that investors tend to underweight foreign investments due to the higher information costs of investing in foreign firms (commonly referred to as home bias).

in a country in which the foreign firm is cross-listed. Thus, if more foreign investors tend to trade directly in a cross-listed firm's home country because of improved global stock market integration shaped by IFRS adoption in both the home and host countries of MNEs (Covrig et al. 2007; Florou and Pope 2012; Yu and Wahid 2014), firms may face reduced incentives to maintain their foreign cross-listings. Given the above arguments, we expect a higher cross-delisting propensity post-IFRS adoption.

Overall, given the opposing incentives, how IFRS adoption affects cross-listed firms' delisting decisions is an empirical question. These considerations lead us to our first hypothesis, which is stated in null form as follows.

> ***H1: The mandatory adoption of IFRS in both the home and host countries of a cross-listed firm does not affect the firm's cross-delisting propensity.***

While the above discussions focus on the possible effects of IFRS adoption in both the home and host countries on a cross-listed firm's delisting decision, they do not necessarily apply to a firm with IFRS adoption in just one of the two countries. For example, IFRS adoption in a cross-listed firm's host country alone could result in an increase in disclosure costs if the firm's home country does not adopt IFRS (i.e., if the firm continues to follow domestic GAAP reporting). In particular, when a firm's shares are initially cross-listed in a foreign host country with local accounting standards that are somewhat comparable to those of the firm's home country,[12] the direct costs of retaining its cross-listing are likely to increase if the accounting standards diverge due to IFRS adoption in only the foreign host country. This discussion, therefore, emphasizes the cost side of the cost/benefit trade-off in cross-listing retention

[12] Sarkissian and Schill (2004) show that firms prefer to cross-list their securities in foreign countries that have economic, geographical, cultural, or industrial similarities to the firm's home country. Similarly, Chen et al. (2015) show that firms are more likely to cross-list their securities in foreign countries with similar accounting standards.

decisions of MNEs. That is, IFRS adoption in a cross-listed firm's host country alone could increase the firm's delisting incentive because of the potential increase in costs (such as additional disclosure costs related to the new IFRS requirements).

Alternatively, Doidge et al. (2004) argue that firms from countries with poorer accounting standards can signal their commitment to higher financial reporting quality by cross-listing in countries with better accounting standards. Specifically, they show that by bonding to a better financial reporting regime, foreign firms experience substantial valuation gains by cross-listing in the U.S. Similarly, Lang et al. (2003) provide evidence that the improved information environment resulting from cross-listing in the U.S. leads to higher valuations.

Given the potential of IFRS adoption to create various capital market benefits, the adoption of IFRS in a cross-listed firm's host country alone could suggest higher capital market benefits associated with such a cross-listing (such as higher stock liquidity, a higher level of institutional ownership, and greater analyst following) in the post-IFRS period. This suggests the opposite prediction of a reduced cross-delisting propensity of firms from non-IFRS-reporting home countries that are cross-listed in IFRS-reporting host countries. These opposing considerations lead us to our second hypothesis, which is stated in null form as follows:

H2: The mandatory adoption of IFRS in only the host country of a cross-listed firm does not affect the firm's cross-delisting propensity.

3. SAMPLE SELECTION AND DATA

3.1. Sample

To facilitate a difference-in-difference comparison, our sample consists of cross-listed firms that experienced IFRS adoption in 2005 (the treatment sample) and cross-listed firms that

did not experience IFRS adoption in either their home country or foreign host country during our sample period (the control sample).[13] Given the uncertainty regarding the time that it takes a cross-listed firm to make its delisting decision and to shed light on the length of time required to make such decisions, we use two event windows for our main test. Specifically, we compare the likelihood of delisting for all cross-listed firms across the treatment and benchmark samples between the pre- and post-IFRS periods using two-year (2004 and 2006) and four-year (2003–2004 and 2006–2007) windows. Following previous IFRS studies, we exclude the mandatory adoption year of 2005 from our sample due to concerns about varying fiscal year-end dates during 2005.

To construct an international cross-delisting database, we collect data for all firms with secondary stock listings in foreign host countries from the CIQ database during each year of our sample period.[14] For each of the cross-listed firms identified, we collect information on publicly traded tickers, track the trading status of each ticker, and collect the year of delisting (if any) for each firm by comparing the changes in active tickers from one year to the next.[15] Because some firms are cross-listed in multiple host countries that have different IFRS adoption statuses in a given year and because the objective of our study is to examine whether

[13] Please see Appendix II for a list of IFRS-adopting countries in 2005.

[14] We exclude firms that are cross-listed in tax havens such as Bermuda and the Channel Islands or in over-the-counter (OTC) markets such as pink sheets, OTC bulletin boards, Norway OTC, and Deutsche Börse.

[15] To minimize the concern that a firm's delisting decision might be involuntary (e.g., some firms might delist their foreign cross-listings for reasons such as mergers and acquisitions (M&A), bankruptcy, or privatization), our sample only includes firms that delist their foreign listings but continue to trade on the primary stock exchanges of their home countries. To further reduce the possibility that some delistings are involuntary, we conduct additional searches of major stock exchanges and summarize the requirements imposed by these exchanges to maintain a listing (including the Nasdaq, New York Stock Exchange, Toronto Stock Exchange, and Tokyo Stock Exchange) to identify whether some delistings are likely to be involuntary. Finally, given the potential effect that cross-border stock exchange mergers may have on firms' cross-listing or delisting decisions, in our sampling procedure, we exclude firms cross-listed on NYSE Euronext (the only stock exchange with cross-border mergers observed during our sample period).

a firm's delisting incentives vary with IFRS adoption in each of the firm's cross-listing venues, we treat each cross-listing venue of a cross-listed firm as a unit of analysis.

3.2. Summary Statistics

Our main dependent variable is *Delist*, which is coded as 1 if the cross-listing venue of a firm goes dark (i.e., if a foreign country is no longer a cross-listing venue) because of delisting, and 0 otherwise. Panel A of Table 1 presents the distribution by year. For the sample period spanning 2003–2004, 2,676 firm-year observations (about 22.7%) are classified as delisted. The pre- and post-IFRS adoption comparison reveals that although a major goal of IFRS adoption is to foster cross-border security listing activities, there is a significant increase in firms' delisting propensity in the period after the 2005 IFRS adoption.

Panel B presents the year-by-year sample distribution partitioned by the IFRS adoption status of *home* and *host* countries of cross-listed firms. It shows that the average increase in delisting propensity is significantly higher for non-IFRS-/domestic GAAP-reporting firms cross-listed in host countries that adopted IFRS in the post-adoption period (i.e., when the indicator variable for a non-IFRS-reporting firm cross-listed in an IFRS-reporting host country, *nonIFRSHome&IFRSForeign*, equals 1). The average increases are 10.76% and 21.55% for the two-year and four-year sample windows, respectively. This finding is contrary to what the bonding hypothesis would predict, that non-IFRS-reporting cross-listed firms should be more likely to retain their cross-listings in IFRS-adopting host countries because of the perceived increase in bonding benefits. We also observe that IFRS-reporting firms tend to have the smallest increases in delisting propensities when they are cross-listed in countries that have also adopted IFRS (i.e., when *IFRSBoth* = 1; increases of 0.11% and 3.22% for the two-year

and four-year sample windows, respectively). The significant difference in the change in delisting propensity between these two groups of firms can be clearly observed in Figure 1.

[Insert Table 1 and Figure 1 about here]

In Table 2, we report the descriptive statistics of our main variables. We winsorize all of the continuous variables at the top and bottom 1% to avoid any problems with outliers. As shown in Table 2, 22.5% (26.0%) of our sample experienced a delisting and 30.4% (26.9%) of the sample experienced IFRS adoption in both the home and foreign host countries in the four-year (two-year) sample.

[Insert Table 2 about here]

Table 3 presents the Pearson correlations of the main variables. The result shows that for IFRS-reporting firms, being cross-listed in IFRS-adopting host countries (i.e., *IFRSBoth*) is negatively correlated with *Delist*, which suggests that IFRS-reporting firms are less likely to be delisted from IFRS-adopting host countries. It also shows that for non-IFRS-reporting firms, being cross-listed in IFRS-adopting host countries (i.e., *nonIFRSHome&IFRSForeign*) is positively correlated with *Delist*, indicating a higher delisting propensity.

[Insert Table 3 about here]

4. REGRESSION ANALYSIS

We begin our empirical analysis by estimating the following logit regression model (with firm and year subscripts omitted for brevity):[16]

[16] All of the control variables are measured in year *t-1*, and the dependent variable is measured in year *t*. Measuring all of the control variables in year *t* instead of year *t-1* does not change our inferences.

$$
\begin{aligned}
Delist_{i,t} = {} & \alpha + \alpha_1 Post_t + \alpha_2 IFRSBoth_i + \alpha_3 IFRSBoth_i \times Post_t \\
& + \alpha_4 nonIFRSHome\&IFRSForeign_i + \alpha_5 nonIFRSHome\&IFRSForeign_i \\
& \times Post_t + \alpha_6 IFRSHome\&nonIFRSForeign_i \\
& + \alpha_7 IFRSHome\&nonIFRSForeign_i \times Post_t + Controls_{i,t-1} \\
& + \sum Industry\ Indicators\ + \sum Year\ Indicators\ + e
\end{aligned}
\tag{1}
$$

Post is defined as an indicator variable that equals 1 for the period after 2005 and 0 for the period before 2005. We classify all of the cross-listed firms into one of four groups based on the status of IFRS adoption in each home country and foreign host country pair; thus, the coefficients on the interaction terms, α_3, α_5, and α_7, capture the changes in cross-delisting propensity for each of the three groups (i.e., *IFRSBoth*, *nonIFRSHome&IFRSForeign*, and *IFRSHome&nonIFRSForeign*) relative to the benchmark group (*nonIFRSHome&nonIFRSForeign*) between the pre- and post-IFRS periods.

Following prior literature, we include several control variables in our model. We include the *Relative Size* of a firm, which is defined as the market value of equity as a percentage of the total capitalization of its domestic equity market, to control for the firm's capital demand in a country. *Firm Age* is included to control for the age of the firm, as older firms are more likely to have their securities cross-listed in and delisted from foreign countries. Because a firm's cross-delisting likelihood is presumed to be positively associated with its cross-listing intensity, we include *Crosslist Intensity*, which is defined as the total number of unique foreign countries in which a firm's securities are cross-listed during a given year. We also include *ROA* to control for the firm's profitability (Chaplinsky and Ramchand 2012). Other control variables include the number of *Analysts Following* (Chaplinsky and Ramchand 2012); *Leverage* (Marosi and Massoud 2007; Leuz et al. 2008); *Market to Book* and *Sales Growth* (Leuz et al. 2008; Chaplinsky and Ramchand 2012); *Insider Holding* (Marosi and Massoud 2007); and

Liquidity, *Prior Returns*, and *Debt/SEO Issue* (Chaplinsky and Ramchand 2012).

Because both foreign and domestic institutional investments may affect a firm's cross-delisting decision, we use two variables to proxy for institutional investor interest. *Host Country FIO* is defined as the fraction of a firm's outstanding shares owned by foreign institutional investors from the host country in which the firm is cross-listed in a given year. *DIO* is defined as the percentage of outstanding shares owned by domestic institutional investors. In our sample, *Foreign IPO* firms have no primary listings in their home countries, but their IPOs are listed in a foreign country. Although we include foreign IPO firms in our sample, because of the possible difference in foreign IPO firms' cross-delisting incentives, we control for these firms directly in our model.

In addition, because cross-listing/delisting and the choice of cross-listing venue may be jointly determined decisions, we also include a direct measure to proxy for the relative attractiveness of a host country to a particular home country. Specifically, *Host Country Attractiveness* is defined as the total market capitalization of all firms cross-listed in a particular foreign host country from a common home country during the past 12 months scaled by the total market capitalization of all firms cross-listed in any foreign countries from the same home country during the same period. Finally, we include industry and year fixed effects to address the concern that differences in industry characteristics or time periods may influence the results.[17] Detailed variable definitions are provided in Appendix I.[18]

[17] Because *Post* (indicating the post-adoption period) is a linear combination of year fixed effects included in the models, the main effect on *Post* should be interpreted with care.

[18] In all of our tests, standard errors are clustered by firms. We also conduct all of our tests with standard errors clustered by (1) year and home country or by (2) year and firm, and our results remain qualitatively unchanged.

5. EMPIRICAL RESULTS

5.1. Mandatory IFRS Adoption and Cross-Delisting

We examine the effects of IFRS adoption in the host country of a cross-listed firm on the change in a firm's cross-delisting propensity using model (1) and report the results in Table 4. We find a significant negative association between *IFRSBoth* and *Post* and a significant positive association between *nonIFRSHome&IFRSForeign* and *Post*. These findings suggest a lower delisting propensity for firms from IFRS home countries and a higher delisting propensity for firms from non-IFRS home countries after a firm's host country adopts IFRS.[19] Our finding also suggests that the effect is non-trivial. For example, the odds ratio of a firm being delisted is roughly 86% (37%) higher in the two-year (one-year) period after a host country's IFRS adoption based on results reported in Column 1 (2) relative to the two-year (one-year) period before the IFRS adoption for firms from non-IFRS-reporting home countries.

The finding of an increased delisting propensity for non-IFRS-reporting firms after IFRS adoption in a host country is surprising. Based on the bonding hypothesis, which predicts that committing to higher financial reporting requirements through foreign cross-listings is associated with significant valuation gains, a reduced delisting propensity would be expected for non-IFRS-reporting or domestic GAAP-reporting firms after the adoption of IFRS in the host country. However, our results support the argument that IFRS adoption in a foreign host country imposes higher costs on cross-listed firms relative to any benefits from bonding.

[Insert Table 4 about here]

5.2 Mandatory IFRS Adoption and Cross-Delisting: Cross-Sectional Tests

[19] In an untabulated robustness test, we re-estimate our model using the full sample containing firms with and without cross-listings; our inferences remain unchanged.

In this section, we explore the possible cross-sectional variations in the effect of IFRS adoption in a host country on delisting propensity of cross-listed firms across home or foreign host countries with high and low GAAP differences relative to IFRS (i.e., the difference in financial reporting requirements between a non-IFRS-reporting firm's domestic GAAP and the requirements from IFRS, based on Bae et al. 2008). Our results, reported in Table 5, indicate that the finding of an increased cross-delisting propensity after a host country adopts IFRS is more pronounced in home or foreign host countries with higher GAAP differences relative to IFRS. These findings lend further support to the conjecture that although bonding has potential benefits, especially for firms from home countries without IFRS adoption, the increased financial reporting costs resulting from IFRS adoption by a firm's foreign host country may increase the delisting incentives of cross-listed firms.

Next, we examine whether the effect of IFRS adoption in a host country on delisting decisions of cross-listed firms varies with the level of regulatory quality of a host country (Christensen et al. 2013). To the extent that a higher level of regulatory quality increases the cost of IFRS compliance, we expect IFRS adoption in a firm's host country to have a greater effect on the firm's cross-delisting likelihood in host countries with high levels of regulatory quality. Our results (untabulated) support this conjecture.

[Insert Table 5 about here]

6. ADDITIONAL ANALYSES AND ROBUSTNESS TESTS

6.1. Market Reactions Around the Cross-Delisting Event

Given that cross-listings are generally considered to be value-enhancing for both firms and their shareholders, we examine whether and how shareholders react to the decision to terminate foreign cross-listings. Presumably, shareholders react positively to cross-delisting if they consider it to be beneficial to the firm (e.g., if the delisting can result in incremental cost savings). Alternatively, shareholders may react negatively to cross-delisting if they consider it to be value-destroying (e.g., if the delisting increases agency costs because of insider expropriation). To test these predictions, we examine the market reactions associated with delisting.

Table 6, Panel A presents the market reaction to a firm's delisting during the post-IFRS adoption window using three measures of signed cumulative returns (*CAR*) measured during the -1 to 1-day window (with day 0 as the delisting date). Our results show that delisting is generally associated with negative abnormal returns during the three-day window (Panel A). This finding suggests that shareholders generally consider cross-delisting to be value-destroying. However, further analysis reveals that the negative market reaction tends to be associated only with the delisting decisions of IFRS-reporting firms from an IFRS-adopting host country (Panel B), which suggests that shareholders consider such decisions to be a negative signal.

[Insert Table 6 about here]

In Table 7, we replace the signed cumulative returns with the change in trading volume measured in four different event windows: pre- and post-30 days, 60 days, 90 days, and 180

days.[20] Consistent with the results shown in the previous table, we find a general decrease in trading volume after a firm delists (Panel A), especially when IFRS-reporting firms delist from IFRS-adopting host countries (Panel B).

[Insert Table 7 about here]

6.2. Analyst Following and Cross-Delisting

Prior research suggests that cross-listing is associated with a better information environment as measured by analyst following (Fernandes and Ferreira 2008). However, it is less clear whether and to what extent analyst following will be affected by delisting. In Table 8, we examine the association between delisting in year *t* and the number of analysts following in year *t+1*. We follow past studies (e.g., Dhaliwal et al. 2011; Tan et al. 2011) in identifying the control variables and estimate the following model:

$$\begin{aligned} Analysts\ Following_{\ i,t+1} &= \alpha + \alpha_1 Delist_{i,t} + \alpha_2 Relative\ Size_{i,t} + \alpha_3 Stock\ Price\ Volatility_{i,t} \\ &+ \alpha_4\ ROA_{i,t} + \alpha_5 Market\ to\ Book_{i,t} \\ &+ \alpha_6 Debt\ or\ SEO\ Issue_{i,t} + \alpha_7 Stock\ Return_{i,t} + \alpha_8 Liquidity_{i,t} \\ &+ \sum Industry\ Indicators + \sum Year\ Indicators + e \end{aligned} \quad (2)$$

As the results reported in Table 8 indicate, although delisting is in general negatively associated with analyst following (Column 1), this result is mainly attributable to IFRS-reporting firms delisting from IFRS-adopting host countries (Column 2).

[Insert Table 8 about here]

6.3. Foreign Institutional Ownership and Cross-Delisting

[20] Because we are unable to obtain the actual trading volume for most of the foreign stock listings, in conducting this test, we use the total trading volume in a firm's home country to proxy for firm-level trading volume. Thus, the results of this section are exploratory and should be interpreted with this caveat in mind.

Evidence suggests that one of the major capital market benefits associated with cross-listing is higher foreign institutional ownership (FIO) (Pagano et al. 2002). Table 9 shows the results of the association between delisting in year *t* and *FIO* in year *t+1*. Following previous studies (e.g., Dhaliwal et al. 2011), we estimate the following model.

$$\begin{aligned} Foreign\ Institutional\ Ownership_{\ i,t+1} \\ &= \alpha + \alpha_1 Delist_{i,t} + \alpha_2 Stock\ Return_{i,t} + \alpha_3 Liquidity_{i,t} \\ &+ \alpha_4\ Stock\ Price\ Volatility_{i,t} + \ \alpha_5 Relative\ Size_{i,t} + \alpha_6 Leverage_{i,t} \\ &+ \alpha_7 Dividend_{i,t} + \ \alpha_8 ROA_{i,t} + \ \alpha_9 Market\ to\ Book_{i,t} + \alpha_{10} Sales\ Growth_{i,t} \\ &+ \alpha_{11} Voluntory\ Disclosure_{i,t} + \sum Industry\ Indicators \\ &+ \sum Year\ Indicators\ + e \end{aligned} \quad (3)$$

Our result in Table 9 shows that delisting is indeed associated with reduced foreign institutional ownership. Consistent with the findings in the previous tables, we find that the delisting of IFRS-reporting firms from IFRS-adopting host countries tends to have a significantly negative effect on foreign institutional ownership.[21]

[Insert Table 9 about here]

6.4. Delisting from the U.S. and Smaller-Sized Firms

Our cross-listing sample includes foreign firms cross-listed in the U.S. Around the mandatory IFRS adoption period in 2005, U.S. firms were subject to new governance and reporting requirements that arose from the introduction of SOX. A popular explanation for the decrease in foreign cross-listings in the U.S. in the post-SOX period is that the passage of SOX made U.S. listings less appealing to foreign firms (Doidge et al. 2009). To explicitly address the concern that our results may be due to delisting from U.S. stock exchanges, we re-estimate

[21] Several studies show that a higher level of foreign institutional ownership can play an important role, for example, in restraining earnings management activities (Lel 2019), fostering higher level of voluntary disclosure (Tsang et al. 2019), and facilitating access to public debt financing (Hu et al. 2019).

our main tests after omitting all foreign firms cross-listed on U.S. stock exchanges. Untabulated results show that our main inferences are robust to the omission of cross-listings in the U.S.

In a recent study, Doidge et al. (2017) further document that the net benefits of being cross-listed vary with firm size and that smaller firms tend to have greater costs than benefits relative to larger firms. Because an increase in disclosure costs resulting from IFRS adoption in a firm's foreign host country could be more significant for smaller firms than for larger firms, we examine whether smaller firms drive our findings. Specifically, we partition our sample into two subsamples based on the median firm size and re-estimate our main tests. Untabulated results show that firm size plays an important role in a firm's delisting decisions. Specifically, our results indicate that smaller firms are more affected by IFRS adoption than larger firms, supporting the argument for a disproportionate increase in the cost of cross-listing for smaller firms.

6.5. Home and Foreign Country Proximity and Delisting Propensity

Another potential explanation for the lower propensity to delist when both the home and host countries adopt IFRS is that these countries tend to have stronger economic ties and geographic proximity (Ramanna and Sletten 2014). To rule out this explanation, we conduct an additional test by repeating our main tests on subsamples with different levels of proximity between a firm's home and host countries. We use several variables related to the proximity of each country pair to control for geographical, economic, and cultural proximities. These variables include (1) the average physical distance (in thousands of miles) between the capital cities of a firm's home and host countries, (2) an indicator variable that captures whether a firm's home and host countries speak the same language, and (3) an indicator variable that

captures whether there are greater levels of trading activity between a firm's home and host countries.[22] Our results do not vary using these different country-level measures of proximity.

6.6. Other Robustness Tests

We conduct an array of additional tests to check the robustness of our results. First, we remove all firms that are cross-listed on stock exchanges in the U.K. and Germany separately because of concerns about whether these major countries unduly influence our results. Second, we conduct a subsample analysis that includes only cross-listed firms that have existed since the pre-IFRS period (i.e., a constant sample analysis). This test reduces the concern that our findings are driven by changes in the sample firms rather than by changes in the delisting activities of firms across the pre- and post-IFRS period. Third, because some firms are cross-listed in multiple venues, we conduct a test excluding all firms with multiple cross-listings. All of our results and conclusions remain qualitatively unchanged.

Finally, we conduct two placebo tests to assess the parallel trend assumption underlying our difference-in-difference research design. In the absence of treatment, the average change in the delisting likelihood of firms would have been the same for the treatment and benchmark groups. In the first placebo test, we restrict the analysis to the pre-IFRS period and set the pseudo IFRS adoption year as three years *before* the actual IFRS adoption year. Similarly, in the second placebo test, we restrict the analysis to the post-IFRS period and set the pseudo IFRS adoption year as three years *after* the actual IFRS adoption year. We find no significant

[22] Data on geographical distance and languages are obtained from the CEPII database on the World Economy (http://www.cepii.fr/cepii/en/bdd_modele/bdd.asp). Trade flow data for each country pair are obtained from the World Trade Organization (https://www.wto.org/english/res_e/statis_e/merch_trade_stat_e.htm).

changes in the delisting propensity of firms between the pre- and post-pseudo-IFRS adoption periods.

6.7. Additional Test: Post-Delisting Re-Cross-Listing Propensity

Our results show that a host country's IFRS adoption may reduce its attractiveness as a cross-listing host market, especially for non-IFRS-reporting firms. Thus, a related question worth exploring is whether (and subsequently where) delisting firms want to re-cross-list their securities. The finding that firms are likely to re-cross-list their securities in another country also supports the conjecture that some (if not all) delisting decisions are based on changes in the benefits and costs associated with maintaining cross-listings in a particular foreign host country rather than reduced demand for foreign capital.

The results presented in Table 10 show that a nontrivial percentage of firms re-cross-list their securities during the three-year period following their delisting. Specifically, our results show that domestic GAAP (IFRS)-reporting firms tend to have a higher re-cross-listing propensity in foreign host countries without (with) IFRS adoption after their delisting. These findings complement previous studies on the factors that affect the market preferences of firms that cross-list their securities abroad (Sarkissian and Schill 2004; Chen et al. 2015) by showing that firms have a higher tendency to re-cross-list their securities in countries with similar accounting standards. More importantly, these findings confirm that firms shift their stock listings from their current cross-listing markets to other foreign host markets because of changes in the relative attractiveness of foreign host countries.

[Insert Table 10 about here]

6.8. Additional Test: Cross-Sectional Tests on Disclosure Cost/Pressure

We conduct several additional firm-level cross-sectional tests to examine whether the effect of IFRS adoption in a host country on cross-delisting decisions of firms varies with a firm's disclosure cost/pressure. Specifically, we measure the disclosure costs of firms in the pre-IFRS adoption period using firm-specific measures, including (1) the level of analyst following from IBES, (2) foreign institutional ownership from Factset, (3) media coverage from RavenPack, and (4) the level of firm disclosure hand-collected following the methodology of the Center for International Financial Analysis and Research (CIFAR) scores. We find that relative to firms with lower levels of pre-IFRS disclosure level/pressure, the IFRS adoption of a host country tends to have a greater effect on cross-delisting incentives, especially for firms with a higher level of disclosure cost/pressure in the pre-IFRS adoption period. This evidence supports our argument that disclosure cost plays an important role in the delisting decisions of cross-listed firms and that the adoption of IFRS in a firm's foreign host country alters this cost.

7. CONCLUSION

Although the literature documents that IFRS adoption facilitates the integration of global capital markets, thereby promoting cross-border stock-listing activities, we find that a foreign host country's IFRS adoption increases the delisting incentive for non-IFRS-reporting firms (i.e., domestic GAAP-reporting firms). This finding suggests that a country's IFRS adoption does not always increase its attractiveness to foreign firms. Together, our results suggest that although there are presumably benefits of bonding for firms from home countries without IFRS adoption following IFRS adoption in a foreign host country, the cost arising from the diverging accounting standards between a firm's home and host countries appears to outweigh such

benefits. Additional analyses show that the delistings of IFRS-reporting firms from IFRS-adopting host countries are associated with greater negative abnormal returns, greater reductions in trading volume, fewer analysts following, and reduced foreign institutional ownership. In contrast, we do not find such reactions for non-IFRS-reporting firms, which is consistent with shareholders' recognition of the additional disclosure costs associated with retaining their cross-listings.

Our study makes several contributions to the IB literature. First, our study informs the debate on the effects of accounting harmonization through the wide adoption of IFRS on the cross-listing retention decisions of MNEs. This is important given the increase in the cross-delisting activities around the world. Second, although numerous studies examine the factors that affect a firm's cross-listing decisions, few examine cross-delisting activities outside the U.S. Using the mandatory adoption of IFRS in 2005 in many countries around the world as a quasi-experiment, our study responds to call for further research along this line. Third, by showing the differential effects of IFRS adoption in host countries on the cross-delisting decisions of MNEs from various home countries, our findings suggest that the effect of a country's IFRS adoption on its attractiveness to foreign firms may be contextual.

Our findings add to the literature on the potential costs associated with IFRS adoption for MNEs accessing global capital markets. Given that mandatory adoption of IFRS in the U.S. is not expected for the foreseeable future, the fully harmonized international accounting disclosure practices will not be unavailable for foreign MNEs operating in the U.S. for some time. Our results provide important insights to securities regulators and stock exchanges around the world for designing rules to attract and retain cross-listings from foreign firms when IFRS

adoption status of home and host countries differ. This is particularly salient for MNEs accessing global capital markets from non-IFRS countries such as the U.S. or for IFRS reporting MNEs accessing the U.S. capital markets.

Our study is subject to several caveats. We acknowledge that cross-delisting decisions may be the result of either voluntary or involuntary events (e.g., breaching minimum listing requirements, privatization, and M&A). In studying the effects of IFRS adoption on cross-delisting, we recognize the importance of focusing on voluntary cross-delistings. Moreover, despite the consistency of our findings across various analyses, our results are based on a quasi-experiment in which our treatment countries and IFRS adoption are not randomly assigned. Although we address this concern using a difference-in-difference approach, as in any study that exploits time-series variation from an exogenous event, it is difficult to unambiguously attribute causality to the observed effects because the event itself—in this case, the adoption of IFRS—is likely to be endogenous to other political and market conditions as well. The results should therefore be interpreted with caution.

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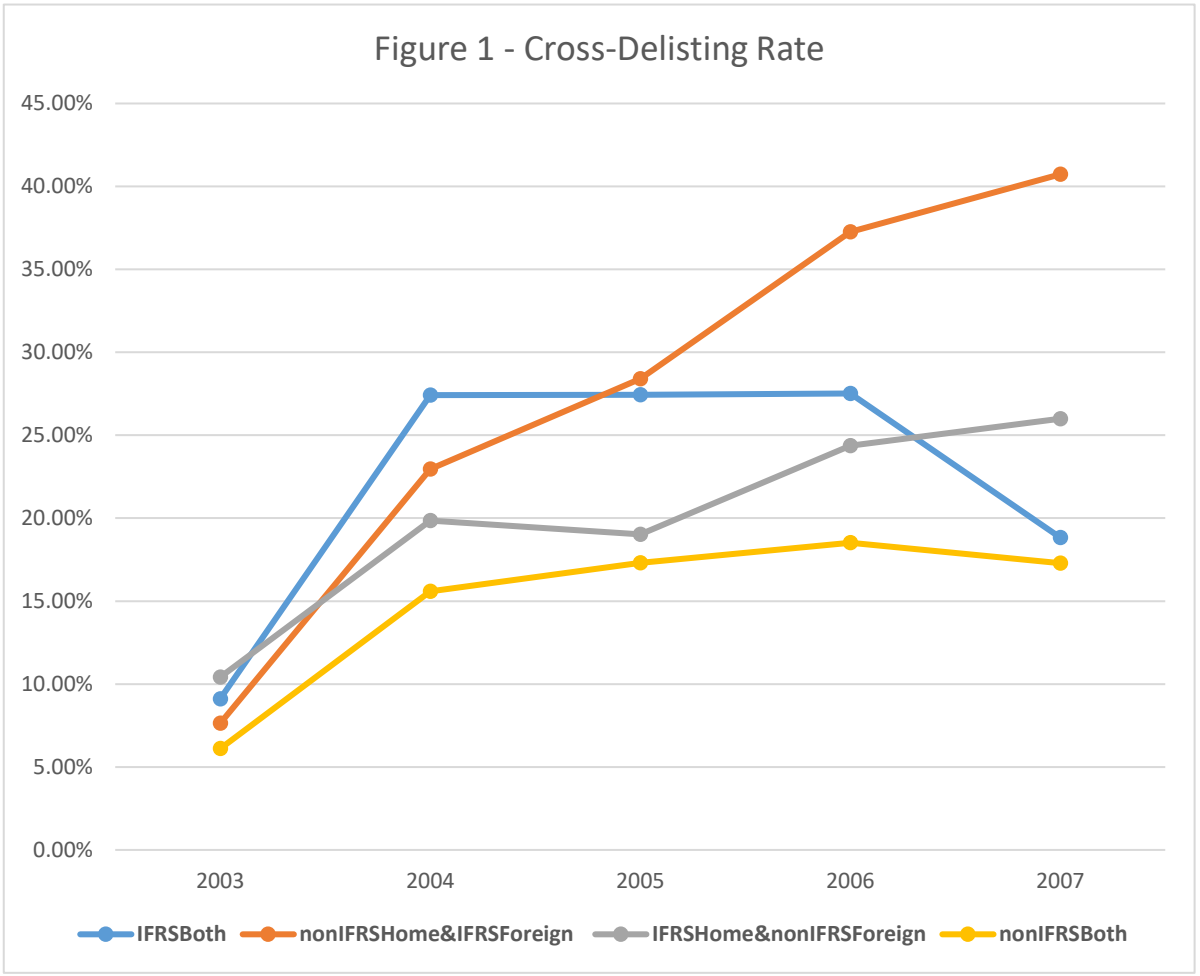
Figure 1 - Cross-Delisting Rate
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
2003
2004
2005
2006
2007
IFRSBoth
nonIFRSHome&IFRSForeign
IFRSHome&nonIFRSForeign
nonIFRSBoth

Appendix I - Variable Definition

Main Variables	**Definition**
Delist	An indicator variable that is coded as 1 if the cross-listing venue of a firm becomes dark because of delisting, and 0 otherwise;
IFRSBoth	An indicator variable that equals 1 if a cross-listing firm's home and foreign host country both adopted IFRS in 2005, and 0 otherwise;
nonIFRSHome&IFRSForeign	An indicator variable that equals 1 if a cross-listing firm's home country did not adopt IFRS in 2005 (i.e., home country still uses domestic GAAP), while its foreign host country adopted IFRS in 2005, and 0 otherwise;
IFRSHome&nonIFRSForeign	An indicator variable that equals 1 if a cross-listing firm's home country adopted IFRS in 2005, while its foreign host country did not adopt IFRS in 2005 (i.e., the foreign host country still uses domestic GAAP), and 0 otherwise;
nonIFRSBoth	An indicator variable that equals 1 if a cross-listing firm's home and foreign host country both did not adopt IFRS in 2005 (i.e., both the home and foreign host countries use domestic GAAP), and 0 otherwise;
Post	An indicator variable that equals 1 for the post-2005 period (year 2006 only, or years 2006-2007), and 0 for the pre-2005 period (year 2004 only, or years 2003-2004).
Control Variables	
Relative Size	The market value of a firm's shares listed on its domestic exchange divided by the total capitalization of its domestic equity market in a given year;
Firm Age	The natural logarithm of a firm's age (plus 1) in a given year;
Crosslist Intensity	The total number of unique foreign countries where a firm's securities are cross-listed in a given year;
ROA	The ratio of net income to total assets;
Analysts Following	The natural logarithm of the total number of analysts following (plus 1) for a firm in a given year;
Leverage	The ratio of a firm's total debt to total assets in a given year;
Market to Book	A firm's market-to-book ratio in a given year;
Insider Holding	The percentage of a sample firm's shares held by officers and directors in a given year;
Liquidity	The average daily trading volume of a firm divided by the firm's total shares outstanding (in percentage).
Debt/SEO Issue	An indicator variable that equals 1 if a firm issues debt or SEO in a given year, and 0 otherwise;
Sales Growth	A firm's annual growth rate of total sales from the prior year;
Host Country FIO	The percentage of a firm's outstanding shares owned by foreign institutional investors from the host country where the firm is cross-listed in a given year (i.e., cross-listing host-country-specific foreign institutional ownership). For a firm-year with multiple cross-listing host countries, we take the average value for all of its cross-listing host countries;
DIO	The percentage of a firm's outstanding shares owned by domestic institutional investors;
Stock Price Volatility	The standard deviation of the daily stock price for a firm in a given year;
Stock Return	The annual stock return for a firm in a given year, adjusted for contemporaneous annual market return;
FIO	The percentage of a firm's outstanding shares owned by all foreign institutional investors;
Foreign IPO	An indicator variable that equals 1 if a firm does not have a domestic listing in its home country, and 0 otherwise;
Prior Return	The average market-adjusted annual stock return for a firm during the prior three years, i.e., year *t-3* to *t-1*;
Host Country Attractiveness	A variable measuring the relative attractiveness of a particular foreign host country to a firm as a cross-listing venue, which is defined as the total market capitalization of all firms cross-listed in a particular foreign host country from a common home country during the past 12 months scaled by the total market capitalization of all firms cross-listed in any foreign countries from the same home country during the same period.

Appendix II - Mandatory IFRS Adoption Date

Panel A: Countries with Mandatory IFRS Adoption in 2005

	Country	Adoption of mandatory IFRS reporting
1	Australia	12/31/05
2	Austria	12/31/05
3	Belgium	12/31/05
4	Denmark	12/31/05
5	Finland	12/31/05
6	France	12/31/05
7	Germany	12/31/05
8	Greece	12/31/05
9	Hong Kong	12/31/05
10	Italy	12/31/05
11	Netherlands	12/31/05
12	Norway	12/31/05
13	Philippines	12/31/05
14	South Africa	12/31/05
15	Sweden	12/31/05
16	United Kingdom	12/31/05

Panel B: Countries without Mandatory IFRS Adoption in 2005

	Country	Adoption of mandatory IFRS reporting
1	Argentina	01/01/2012
2	Brazil	12/31/2010
3	Canada	01/01/2011
4	Chile	12/31/2009
5	China	n.a.
6	India	n.a.
7	Indonesia	n.a.
8	Japan	n.a.
9	Malaysia	01/01/2012
10	Mexico	01/01/2012
11	Morocco	n.a.
12	South Korea	n.a.
13	Switzerland	n.a.
14	Taiwan	01/01/2013
15	Thailand	n.a.
16	United States	n.a.

Data source: http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx.

Table 1 Sample Distribution by Year
Panel A: All countries

		All Countries			
		N (Firms)	**N (Crosslist)**	**N (Delist)**	**% (Delist)**
Pre-IFRS	2003	1,170	1,787	142	7.95%
	2004	1,293	1,978	454	22.95%
Adoption Year	**2005**	**1,433**	**2,174**	**521**	**23.97%**
Post-IFRS	2006	1,675	2,526	716	28.35%
	2007	2,225	3,307	843	25.49%
Total		***7,796***	***11,772***	***2,676***	

2004 vs. 2006: 22.95% vs 28.35% (diff = 5.40%)***
2003-2004 vs. 2006-2007: 15.83% vs 26.72% (diff = 10.89%)***

Panel B: Sample partitioned by home–host country pair based on IFRS adoption

		IFRSBoth			***nonIFRSHome&IFRSForeign***			***IFRSHome&nonIFRSForeign***			***nonIFRSBoth***		
		N (Crosslist)	**N (Delist)**	**% (Delist)**	**N (Crosslist)**	**N (Delist)**	**% (Delist)**	**N (Crosslist)**	**N (Delist)**	**% (Delist)**	**N (Crosslist)**	**N (Delist)**	**% (Delist)**
Pre-IFRS	2003	417	38	9.11%	655	50	7.63%	240	25	10.42%	475	29	6.11%
	2004	467	128	27.41%	721	191	26.49%	277	55	19.86%	513	80	15.59%
Adoption Year	**2005**	**532**	**146**	**27.44%**	**771**	**219**	**28.40%**	**305**	**58**	**19.02%**	**566**	**98**	**17.31%**
Post-IFRS	2006	745	205	27.52%	867	323	37.25%	320	78	24.38%	594	110	18.52%
	2007	1,291	243	18.82%	933	380	40.73%	377	98	25.99%	706	122	17.28%
Total		***3,452***	***760***		***3,947***	***1,163***		***1,519***	***314***		***2,854***	***439***	
2004 vs. 2006		***27.41% vs 27.52% (diff = 0.11%)***			***26.49% vs 37.25% (diff = 10.76%***)***			***19.86% vs 24.38% (diff = 4.52%)***			***15.59% vs 18.52% (diff = 2.93%)***		
2003-2004 vs. 2006-2007:		***18.78% vs 22.00% (diff = 3.22%**)***			***17.51% vs 39.06% (diff = 21.55%***)***			***15.47% vs 25.25% (diff = 9.78%***)***			***11.03% vs 17.85% (diff = 6.82%***)***		

Table 1 reports the sample distribution of the number of firms, N(Firms), number of cross-listing observations, N(Crosslist), and number and percentage of delisting observations, N(Delist) & %(Delist) by year. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 2 Descriptive Statistics

Sample Period	**Pre and Post Two-Year Window**			**Pre and Post One-Year Window**		
	2003-2004 & 2006-2007, N=9,598			**2004 & 2006, N=4,504**		
Variables	**Mean**	**Std.**	**Median**	**Mean**	**Std.**	**Median**
Delist	0.225	0.417	0.000	0.260	0.439	0.000
IFRSHome	0.431	0.495	0.000	0.402	0.490	0.000
IFRSForeign	0.635	0.481	1.000	0.622	0.485	1.000
IFRSBoth	0.304	0.460	0.000	0.269	0.444	0.000
nonIFRSHome&IFRSForeign	0.126	0.332	0.000	0.133	0.339	0.000
IFRSHome&nonIFRSForeign	0.331	0.471	0.000	0.353	0.478	0.000
nonIFRSBoth	0.238	0.426	0.000	0.246	0.431	0.000
Post	0.608	0.488	1.000	0.561	0.496	1.000
Relative Size	0.013	0.026	0.002	0.014	0.027	0.002
Firm Age	3.709	1.066	3.892	3.728	1.048	3.912
Crosslist Intensity	2.622	2.270	2.000	2.665	2.300	2.000
ROA	0.030	0.116	0.041	0.030	0.117	0.041
Analysts Following	1.987	1.385	2.485	1.946	1.411	2.485
Leverage	0.223	0.180	0.203	0.216	0.177	0.194
Market to Book	3.202	3.775	2.122	3.201	3.827	2.108
Insider Holding	0.011	0.053	0.000	0.011	0.052	0.000
Liquidity	0.454	0.491	0.337	0.451	0.482	0.338
Debt/SEO Issue	0.169	0.375	0.000	0.156	0.363	0.000
Sales Growth	0.205	0.433	0.138	0.202	0.439	0.138
Host Country FIO	0.017	0.042	0.001	0.015	0.040	0.001
DIO	0.172	0.227	0.052	0.175	0.230	0.050
Foreign IPO	0.104	0.305	0.000	0.105	0.307	0.000
Prior Return	0.229	0.789	0.141	0.245	0.805	0.156
Host Country Attractiveness	0.201	0.192	0.157	0.194	0.190	0.146

Table 2 presents the descriptive statistics for the key variables. All of the continuous variables are winsorized at the top and bottom 1% level. Please refer to Appendix I for detailed variable definitions.

Table 3 Pearson Correlation Matrix (2003-2004 & 2006-2007, Pre and Post Two Years, N=9,598)

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1	***Delist***																					
2	***IFRSBoth***	***-0.02***																				
3	***nonIFRSHome&IFRSForeign***	***0.12***	***-0.47***																			
4	***IFRSHome&nonIFRSForeign***	-0.01	***-0.25***	***-0.27***																		
5	***nonIFRSBoth***	***-0.10***	***-0.37***	***-0.39***	***-0.21***																	
6	***Post***	***0.13***	***0.12***	***-0.06***	***-0.03***	***-0.05***																
7	***Relative Size***	***-0.02***	***0.07***	***-0.16***	***0.24***	***-0.09***	***-0.04***															
8	***Firm Age***	***0.07***	***-0.12***	***0.05***	***0.02***	***0.06***	***-0.04***	***0.14***														
9	***Crosslist Intensity***	***0.04***	***-0.09***	***-0.07***	***0.17***	***0.04***	-0.01	***0.33***	***0.40***													
10	***ROA***	0.00	0.01	0.01	***0.04***	***-0.05***	0.01	***0.17***	***0.26***	***0.17***												
11	***Analysts Following***	-0.01	-0.01	-0.01	***0.08***	***-0.03***	***0.04***	***0.24***	***0.28***	***0.32***	***0.31***											
12	***Leverage***	***0.02***	0.00	0.01	0.00	0.00	***-0.03***	0.00	***0.08***	***0.05***	***-0.08***	***0.04***										
13	***Market to Book***	0.00	***-0.07***	0.00	-0.01	***0.08***	***0.06***	***-0.04***	***-0.06***	0.00	***-0.17***	***-0.09***	***0.05***									
14	***Insider Holding***	0.00	***0.04***	-0.01	***-0.05***	0.00	***0.04***	***-0.04***	***-0.11***	***-0.11***	***-0.04***	***-0.12***	***-0.03***	***0.04***								
15	***Liquidity***	***0.04***	***-0.11***	***0.14***	***-0.05***	0.00	***0.02***	***-0.09***	-0.01	0.00	***0.06***	***0.05***	-0.01	***0.06***	-0.01							
16	***Debt/SEO Issue***	***-0.02***	***-0.16***	***0.03***	***-0.03***	***0.16***	***0.03***	***-0.02***	***0.10***	***0.18***	0.01	***0.02***	***0.06***	***0.02***	***-0.04***	***0.05***						
17	***Sales Growth***	***-0.03***	***0.07***	***-0.04***	-0.01	***-0.02***	***0.04***	-0.01	***-0.13***	***-0.10***	***0.05***	***-0.03***	-0.01	-0.02	***0.03***	0.01	0.00					
18	***Host Country FIO***	***-0.15***	-0.01	***-0.19***	***0.07***	***0.16***	***0.08***	0.00	***-0.06***	***-0.11***	***0.02***	***0.03***	***-0.06***	0.00	***-0.03***	***-0.05***	0.00	***0.07***				
19	***DIO***	***0.07***	***-0.25***	***0.16***	***-0.13***	***0.19***	***-0.02***	***-0.19***	***0.22***	***0.17***	***0.18***	***0.11***	***-0.02***	***0.13***	***-0.06***	***0.33***	***0.28***	***-0.09***	***-0.09***			
20	***Foreign IPO***	***-0.06***	***-0.05***	***-0.06***	***0.13***	***0.03***	0.01	***0.03***	***-0.26***	***-0.13***	***-0.15***	***-0.15***	***0.03***	***0.07***	***0.08***	***-0.03***	***-0.02***	***0.05***	***0.02***	***-0.24***		
21	***Prior Return***	-0.01	***0.03***	***-0.02***	0.00	-0.01	***0.03***	-0.01	***-0.07***	***-0.08***	***0.02***	***-0.07***	***-0.06***	***0.04***	***0.02***	***0.03***	***-0.02***	***0.12***	***0.04***	***-0.07***	***0.05***	
22	***Host Country Attractiveness***	***-0.13***	***0.04***	***-0.08***	***-0.09***	***0.11***	***0.03***	***0.04***	***-0.09***	***-0.25***	***0.08***	***-0.02***	***0.04***	***-0.08***	0.00	***-0.12***	***-0.09***	***0.06***	***0.21***	***-0.24***	***-0.14***	***0.05***

Table 3 reports the Pearson correlations among our variables. All of the variables are defined in Appendix I. Italic and bold text indicate that correlations are significant at a p-value of 0.10 or lower.

Table 4: IFRS Adoption and Cross-Delisting (Dep. Var. = *Delist)*

	Crosslisting Firm Sample			
Sample Period	**2003-2004 & 2006-2007**		**2004 & 2006**	
Model	**1**		**2**	
	Est.	p	Est.	p
Post	0.234	0.008	0.327	0.000
	(0.089)		(0.077)	
IFRSBoth	0.624	0.000	0.566	0.001
	(0.174)		(0.171)	
IFRSBoth * Post	**-0.310**	**0.023**	**-0.240**	**0.045**
	(0.136)		**(0.120)**	
nonIFRSHome&IFRSForeign	0.304	0.046	0.395	0.010
	(0.153)		(0.154)	
nonIFRSHome&IFRSForeign * Post	**0.623**	**0.000**	**0.319**	**0.002**
	(0.117)		**(0.105)**	
IFRSHome&nonIFRSForeign	0.445	0.050	0.270	0.211
	(0.227)		(0.216)	
IFRSHome&nonIFRSForeign* Post	**0.049**	**0.734**	**-0.018**	**0.886**
	(0.145)		**(0.127)**	
Relative Size	1.241	0.543	1.604	0.469
	(2.038)		(2.215)	
Firm Age	0.274	0.000	0.216	0.001
	(0.058)		(0.066)	
Crosslist Intensity	-0.033	0.264	-0.034	0.253
	(0.029)		(0.030)	
ROA	-0.398	0.326	-0.227	0.619
	(0.405)		(0.457)	
Analysts Following	-0.057	0.169	-0.064	0.137
	(0.041)		(0.044)	
Leverage	0.209	0.430	0.502	0.082
	(0.265)		(0.289)	
Market to Book	-0.011	0.353	-0.020	0.141
	(0.012)		(0.014)	
Insider Holding	-0.019	0.981	-0.644	0.519
	(0.805)		(0.997)	
Liquidity	0.012	0.890	-0.016	0.876
	(0.089)		(0.105)	
Debt/SEO Issue	-0.316	0.003	-0.350	0.009
	(0.108)		(0.134)	
Sales Growth	-0.083	0.267	-0.014	0.880
	(0.075)		(0.093)	
Host Country FIO	-21.430	0.000	-17.350	0.000
	(3.088)		(3.308)	
DIO	0.079	0.745	0.111	0.678
	(0.243)		(0.267)	
Foreign IPO	-0.678	0.000	-0.572	0.006
	(0.190)		(0.209)	
Prior Return	0.002	0.942	0.037	0.368
	(0.031)		(0.041)	
Host Country Attractiveness	-2.378	0.000	-1.692	0.000
	(0.408)		(0.390)	
Intercept	-13.550	0.000	-12.020	0.000
	(1.079)		(1.106)	
Industry, Year Fixed Effects	Included		Included	
Cluster by firms	Yes		Yes	
N (Crosslist)	9,598		4,504	
N (Delist)	2,155		1,170	
N (Countries)	32		32	
Pseudo R-Sqr.	12.49%		9.06%	

Table 4 reports the logistic regression results for a firm's cross-delisting decisions. We examine the effect of a host country's IFRS adoption on domestic GAAP and IFRS reporting firms' delisting decisions using two windows around 2005. *Post* is an indicator variable that equals 1 for the post-IFRS period (year 2006 only or years 2006-2007) and 0 for the pre-IFRS period (year 2004 only, or years 2003-2004). *IFRSBoth* is an indicator variable that equals 1 if a cross-listing firm's home country and foreign host country both adopted IFRS in 2005, and 0 otherwise. *nonIFRSHome&IFRSForeign* is an indicator variable that equals 1 if a cross-listing firm's home country did not adopt IFRS in 2005 but its foreign host country did adopt IFRS in 2005, and 0 otherwise. *IFRSHome&nonIFRSForeign* is an indicator variable that equals 1 if a cross-listing firm's home country did adopt IFRS in 2005 but its foreign host country did not adopt IFRS in 2005, and 0 otherwise. Detailed variable definitions are provided in Appendix I. Two-digit industry and year fixed effects are included in all of the regressions. We cluster all of the standard errors by firm.

Table 5: Cross-sectional Tests on IFRS Adoption and Cross-Delisting

Sample Period	**Host Country GAAP Difference 2003-2004 & 2006-2007**				**Home Country GAAP Difference 2003-2004 & 2006-2007**			
	High		**Low**		**High**		**Low**	
Model	**1**		**2**		**3**		**4**	
	Est.	p	Est.	p	Est.	p	Est.	p
Post	0.298	0.002	0.896	0.183	-0.134	0.515	-0.088	0.536
	(0.097)		(0.673)		(0.205)		(0.142)	
IFRSBoth	-0.052	0.794	2.770	0.001	0.0646	0.838	0.483	0.045
	(0.197)		(0.814)		(0.316)		(0.241)	
IFRSBoth × Post	**0.142**	**0.335**	**-1.691**	**0.018**	**0.269**	**0.322**	**0.081**	**0.625**
	(0.148)		**(0.714)**		**(0.272)**		**(0.166)**	
nonIFRSHome&IFRSForeign	-0.528	0.004	2.972	0.000	0.355	0.266	0.111	0.567
	(0.183)		(0.783)		(0.319)		(0.194)	
nonIFRSHome&IFRSForeign ×Post	**0.867**	**0.000**	**-0.673**	**0.326**	**0.967**	**0.000**	**0.619**	**0.000**
	(0.147)		**(0.686)**		**(0.238)**		**(0.149)**	
IFRSHome&nonIFRSForeign	0.060	0.814	1.962	0.022	0.200	0.612	0.180	0.563
	(0.253)		(0.857)		(0.393)		(0.312)	
IFRSHome&nonIFRSForeign ×Post	**0.066**	**0.691**	**-0.752**	**0.303**	**0.498**	**0.038**	**-0.122**	**0.574**
	(0.165)		**(0.730)**		**(0.240)**		**(0.218)**	
Relative Size	3.027	0.164	-0.062	0.990	1.056	0.727	-3.784	0.343
	(2.175)		(5.025)		(3.020)		(3.993)	
Firm Age	0.144	0.035	0.312	0.005	0.120	0.158	0.342	0.000
	(0.068)		(0.112)		(0.085)		(0.085)	
Crosslist Intensity	-0.007	0.827	-0.152	0.005	0.055	0.131	-0.132	0.001
	(0.030)		(0.054)		(0.037)		(0.041)	
ROA	-0.449	0.332	0.499	0.503	0.053	0.950	-0.006	0.989
	(0.462)		(0.745)		(0.858)		(0.486)	
Analysts Following	-0.015	0.740	-0.188	0.006	-0.090	0.176	-0.063	0.234
	(0.046)		(0.069)		(0.067)		(0.053)	
Leverage	0.188	0.517	0.479	0.325	-0.050	0.912	0.514	0.136
	(0.291)		(0.486)		(0.448)		(0.345)	
Market to Book	-0.009	0.524	0.005	0.822	0.025	0.313	-0.006	0.672
	(0.014)		(0.021)		(0.025)		(0.014)	
Insider Holding	0.749	0.418	-11.53	0.013	-1.808	0.206	0.991	0.433
	(0.924)		(4.623)		(1.430)		(1.263)	
Liquidity	-0.006	0.955	0.151	0.375	0.231	0.093	-0.086	0.460
	(0.100)		(0.171)		(0.138)		(0.116)	
Debt/SEO Issue	-0.344	0.003	-0.112	0.505	-0.343	0.058	-0.186	0.134
	(0.117)		(0.168)		(0.181)		(0.124)	
Sales Growth	0.046	0.560	-0.516	0.002	-0.199	0.149	-0.054	0.514
	(0.079)		(0.165)		(0.138)		(0.082)	
Host Country FIO	-11.00	0.001	-11.43	0.000	-22.350	0.000	-13.340	0.000
	(3.459)		(2.906)		(4.170)		(3.239)	
DIO	-0.110	0.686	0.312	0.468	2.391	0.006	-0.139	0.656
	(0.272)		(0.430)		(0.876)		(0.313)	
Foreign IPO	-0.782	0.000	-0.575	0.088	-0.132	0.808	-0.760	0.001
	(0.220)		(0.337)		(0.544)		(0.219)	
Prior Return	0.010	0.762	-0.255	0.176	0.092	0.612	-0.022	0.498
	(0.034)		(0.188)		(0.181)		(0.032)	
Host Country Attractiveness	-0.317	0.363	-3.448	0.000	-4.148	0.000	-0.427	0.219
	(0.348)		(0.817)		(0.907)		(0.348)	
Intercept	-0.772	0.116	-14.55	0.000	-1.111	0.064	-14.30	0.000
	(0.491)		(1.662)		(0.600)		(1.208)	
Industry, Year Fixed Effects	Included		Included		Included		Included	
Cluster by firms	Yes		Yes		Yes		Yes	
N (Crosslist)	5,655		3,943		4,721		4,877	
Pseudo R-Sqr.	9.69%		27.08%		20.81%		13.57%	

Table 5 reports the cross-sectional test results for the effect of a host country's IFRS adoption on domestic GAAP and IFRS reporting firms' delisting decisions. Specifically, we test whether the effect of a host country's IFRS adoption on cross-listing firms' delisting decisions varies with the host or home country's GAAP difference relative to IFRS (obtained from Bae, Tan, and Welker (2008)). *Post* is an indicator variable that equals 1 for the post-IFRS period (year 2006 only or year 2006-2007), and 0 for the pre-IFRS period (year 2004 only, or years 2003-2004). *IFRSBoth* is an indicator variable that equals 1 if a cross-listing firm's home country and foreign host country both adopted IFRS in 2005, and 0 otherwise. *nonIFRSHome&IFRSForeign* is an indicator variable that equals 1 if a cross-listing firm's home country did not adopt IFRS in 2005 but its foreign host country did adopt IFRS in 2005, and 0 otherwise. *IFRSHome&nonIFRSForeign* is an indicator variable that equals 1 if a cross-listing firm's home country did adopt IFRS in 2005 but its foreign host country did not adopt IFRS in 2005, and 0 otherwise. More detailed variable definitions are provided in Appendix I. Two-digit industry and year fixed effects are included in all of the regressions. We cluster all of the standard errors by firm.

Table 6 Market Reaction around Cross-delisting
Panel A CAR in Different Samples

		Post Three Years 2006-2008, N =513 % CAR			**Post Two Years 2006-2007, N = 319** % CAR			**Post One Year 2006, N = 190** % CAR		
		Est.	SE	p	Est.	SE	p	Est.	SE	p
Return Type										
CAR	t=-1	-0.371	0.164	0.024	0.147	0.169	0.387	0.220	0.186	0.238
	t=0	-0.765	0.197	0.000	-0.279	0.197	0.158	-0.150	0.233	0.521
	t=+1	-0.820	0.376	0.030	-0.842	0.423	0.047	-0.713	0.549	0.195
	t=-1 to +1	**-1.482**	**0.454**	**0.001**	**-0.502**	**0.480**	**0.296**	**-0.012**	**0.531**	**0.983**
CAR (-60 days return) Adj.	t=-1	-0.202	0.168	0.229	0.124	0.176	0.479	0.154	0.191	0.421
	t=0	-0.651	0.207	0.002	-0.390	0.210	0.064	-0.262	0.248	0.291
	t=+1	-0.235	0.282	0.404	-0.675	0.345	0.052	-0.620	0.459	0.178
	t=-1 to +1	**-0.822**	**0.445**	**0.065**	**-0.624**	**0.496**	**0.209**	**-0.253**	**0.546**	**0.644**
CAR Market Adj.	t=-1	-0.080	0.213	0.706	-0.097	0.305	0.751	-0.559	0.401	0.164
	t=0	0.059	0.233	0.800	0.283	0.327	0.387	0.769	0.458	0.095
	t=+1	-1.016	0.392	0.010	-0.868	0.474	0.068	-0.701	0.598	0.242
	t=-1 to +1	**-0.716**	**0.469**	**0.127**	**-0.377**	**0.577**	**0.514**	**0.039**	**0.626**	**0.950**

Panel B *CAR* around cross-delisting (2006-2008, N=513, Event Window= -1 to +1), Post Three Years

	IFRSBoth % CAR			***nonIFRSHome&IFRSForeign*** % CAR			***IFRSHome&nonIFRSForeign*** % CAR			***nonIFRSBoth*** % CAR		
	Est.	SE	p	Est.	SE	p	Est.	SE	p	Est.	SE	p
Return Type												
CAR	-0.551	0.342	0.108	-0.097	0.390	0.803	0.075	0.952	0.937	1.077	0.810	0.188
CAR (-60 days return) Adj.	-0.634	0.362	0.081	-0.210	0.411	0.609	-0.560	1.043	0.593	0.965	0.862	0.267
CAR Market Adj.	-0.793	0.320	0.014	-0.387	0.395	0.327	-0.206	0.857	0.811	0.677	0.889	0.449

Table 6 Panel A reports the market reaction to all cross-delisting events for the period following the 2005 IFRS adoption. *CAR* is the raw cumulative returns of the cross-delisting firm's primary security around the cross-delisting event; *CAR (-60 days return) Adj*. is the raw cumulative returns of the primary security around the cross-delisting event adjusted by the average daily returns over -60 to -10 days relative to the cross-delisting event date; and *CAR Market Adj.* is the raw cumulative returns of the primary security around the cross-delisting event adjusted by the market index returns of the same window. In Panel B, we classify all of the cross-delisting firms into four groups according to the IFRS adoption status of the firms' home and foreign countries.

Table 7 Trading Volume Change around Cross-delisting

Panel A Trading volume changes in different windows

		Post Three Years 2006-2008, N =513 *Volume (%)*			**Post Two Years 2006-2007, N = 319** *Volume (%)*			**Post One Year 2006, N = 190** *Volume (%)*		
		Est.	SE	p	Est.	SE	p	Est.	SE	p
pre delisting period	t=-30 to -1	0.738	0.056	0.000	0.839	0.077	0.000	0.913	0.146	0.000
post delisting period	t=+1 to +30	0.654	0.038	0.000	0.726	0.053	0.000	0.792	0.105	0.000
changes from pre to post	**Δ (post - pre)**	**-0.084**	**0.028**	**0.003**	**-0.113**	**0.039**	**0.004**	**-0.121**	**0.082**	**0.140**
pre delisting period	t=-60 to -1	0.717	0.051	0.000	0.804	0.070	0.000	0.856	0.131	0.000
post delisting period	t=+1 to +60	0.639	0.037	0.000	0.697	0.050	0.000	0.731	0.095	0.000
changes from pre to post	**Δ (post - pre)**	**-0.078**	**0.028**	**0.006**	**-0.107**	**0.035**	**0.003**	**-0.125**	**0.069**	**0.072**
pre delisting period	t=-90 to -1	0.727	0.051	0.000	0.822	0.070	0.000	0.804	0.117	0.000
post delisting period	t=+1 to +90	0.672	0.044	0.000	0.735	0.060	0.000	0.748	0.109	0.000
changes from pre to post	**Δ (post - pre)**	**-0.055**	**0.033**	**0.091**	**-0.087**	**0.044**	**0.046**	**-0.056**	**0.064**	**0.387**
pre delisting period	t=-180 to -1	0.677	0.044	0.000	0.751	0.060	0.000	0.718	0.103	0.000
post delisting period	t=+1 to +180	0.640	0.039	0.000	0.695	0.051	0.000	0.694	0.091	0.000
changes from pre to post	**Δ (post - pre)**	**-0.037**	**0.029**	**0.210**	**-0.056**	**0.037**	**0.127**	**-0.024**	**0.053**	**0.651**

Panel B Trading volume changes in different countries pairs, Post Three Years

	IFRSBoth *Δ Volume (%)*			***nonIFRSHome&IFRSForeign*** *Δ Volume (%)*			***IFRSHome&nonIFRSForeign*** *Δ Volume (%)*			***nonIFRSBoth*** *Δ Volume (%)*		
Test Window	**Est.**	**SE**	**p**	**Est.**	**SE**	**p**	**Est.**	**SE**	**p**	**Est.**	**SE**	**p**
Pre and Post 30 Days	-0.106	0.040	0.008	-0.066	0.046	0.160	-0.176	0.144	0.227	0.022	0.105	0.835
Pre and Post 60 Days	-0.107	0.045	0.018	-0.048	0.042	0.254	-0.096	0.108	0.379	-0.025	0.068	0.707
Pre and Post 90 Days	-0.102	0.057	0.073	0.005	0.041	0.896	-0.072	0.066	0.278	-0.021	0.056	0.710
Pre and Post 180 Days	-0.081	0.046	0.077	0.035	0.048	0.461	-0.097	0.081	0.237	-0.033	0.046	0.474

Table 7 Panel A reports the changes in trading volume around the cross-delisting events for the period following the 2005 IFRS adoption. *Volume* is the average daily trading volume of a firm divided by the firm's total shares outstanding (in percentage) in different windows. Δ *Volume* is the difference in average trading volume during the different post- and pre-delisting windows. In Panel B, we classify all cross-delisting firms into four groups depending on the IFRS adoption status of firms' home and foreign countries.

Table 8 Analysts Following and Cross-delisting (Dep. Var.= *Analysts Following* $_{t+1}$), Post Three Years

	Full Sample		***IFRSBoth***		***nonIFRSHome & IFRSForeign***		***IFRSHome & nonIFRSForeign***		***nonIFRSBoth***	
Model	**1**		**2**		**3**		**4**		**5**	
	Est.	p	Est.	p	Est.	p	Est.	p	Est.	p
Delist	**-0.144**	**0.000**	**-0.382**	**0.000**	**0.108**	**0.079**	**0.120**	**0.213**	**-0.101**	**0.180**
	(0.021)		**(0.048)**		**(0.061)**		**(0.096)**		**(0.076)**	
Relative Size	12.440	0.000	13.920	0.000	12.210	0.000	8.049	0.000	5.869	0.044
	(0.456)		(1.363)		(2.564)		(1.665)		(2.901)	
Stock Price Volatility	0.017	0.000	0.019	0.000	0.011	0.102	0.047	0.022	0.005	0.715
	(0.002)		(0.005)		(0.007)		(0.020)		(0.015)	
ROA	3.042	0.000	3.695	0.000	2.871	0.000	2.260	0.000	3.089	0.000
	(0.092)		(0.317)		(0.241)		(0.582)		(0.305)	
Market to Book	-0.005	0.068	0.016	0.047	-0.008	0.305	-0.018	0.342	-0.026	0.022
	(0.003)		(0.008)		(0.008)		-0.018		(0.012)	
Debt/SEO Issue	0.304	0.000	0.303	0.000	0.326	0.000	0.201	0.088	0.290	0.001
	(0.023)		(0.049)		(0.065)		(0.117)		(0.085)	
Stock Return	-0.014	0.561	0.060	0.177	-0.023	0.684	-0.184	0.038	-0.047	0.537
	(0.025)		(0.044)		(0.056)		(0.088)		(0.076)	
Liquidity	0.407	0.000	0.671	0.000	0.373	0.000	0.413	0.051	0.199	0.039
	(0.022)		(0.081)		(0.066)		(0.211)		(0.097)	
Intercept	1.779	0.000	2.643	0.000	1.057	0.000	1.589	0.000	2.441	0.000
	(0.249)		(0.063)		(0.034)		(0.138)		(0.225)	
Industry, Year Fixed Effects	Included		Included		Included		Included		Included	
Cluster by firms	Yes		Yes		Yes		Yes		Yes	
N (Observations)	9,693		3,762		2,775		1,094		2,062	
N (Delist)	2,666		822		1,133		301		410	
N (Countries)	32		32		32		32		32	
R-Sqr.	31.20%		39.90%		31.50%		41.40%		33.70%	

Table 8 reports the OLS estimates of the relation between a firm's cross-delisting in year *t* and the number of analysts following defined as the natural logarithm of the total number of analysts following (plus 1) measured in year *t+1* for the sample period of 2006-2009 (post three years period). For models 2-5, we classify all cross-delisting firms into four groups according to the IFRS adoption status of firms' home and foreign countries. The definitions of all of the other variables are provided in Appendix I. Two-digit industry and year indicators are included in all of the regressions. We cluster all of the standard errors by firm.

Table 9 Cross-delisting and Foreign Institutional Ownership (Dep. Var. =*FIO t+1), Post Three Years*

	Full Sample		***IFRSBoth***		***nonIFRSHome & IFRSForeign***		***IFRSHome & nonIFRSForeign***		***nonIFRSBoth***	
Model	**1**		**2**		**3**		**4**		**5**	
	Est.	p	Est.	p	Est.	p	Est.	p	Est.	p
Delist	**-0.020**	**0.000**	**-0.017**	**0.002**	**0.007**	**0.290**	**-0.004**	**0.736**	**-0.044**	**0.000**
	(0.004)		**(0.005)**		**(0.007)**		**(0.011)**		**(0.008)**	
Stock Return	0.004	0.341	0.009	0.096	0.006	0.414	-0.010	0.347	-0.009	0.292
	(0.004)		(0.006)		(0.008)		(0.011)		(0.008)	
Liquidity	0.002	0.700	0.060	0.000	0.006	0.389	0.057	0.108	-0.004	0.651
	(0.005)		(0.009)		(0.006)		(0.035)		(0.009)	
Stock Price Volatility	0.001	0.028	0.001	0.054	0.002	0.012	0.001	0.589	0.002	0.032
	(0.000)		(0.000)		(0.001)		(0.001)		(0.001)	
Relative Size	0.681	0.000	0.481	0.002	1.229	0.000	-0.661	0.001	0.947	0.025
	(0.157)		(0.156)		(0.324)		(0.202)		(0.422)	
Leverage	0.005	0.747	-0.001	0.952	0.003	0.892	-0.001	0.986	-0.014	0.573
	(0.014)		(0.018)		(0.019)		(0.066)		(0.025)	
Dividend	-0.345	0.001	-0.562	0.000	0.360	0.191	-1.721	0.010	1.609	0.134
	(0.105)		(0.103)		(0.275)		(0.664)		(1.072)	
ROA	0.170	0.000	0.317	0.000	0.075	0.005	0.280	0.000	0.126	0.000
	(0.018)		(0.031)		(0.027)		(0.050)		(0.030)	
Market to Book	-0.001	0.966	0.002	0.001	-0.002	0.014	0.002	0.346	0.001	0.814
	(0.001)		(0.001)		(0.001)		(0.002)		(0.001)	
Sales Growth	0.002	0.613	-0.004	0.361	0.004	0.503	-0.004	0.699	0.021	0.019
	(0.004)		(0.004)		(0.006)		(0.011)		(0.009)	
Voluntary Disclosure	0.059	0.000	0.060	0.000	0.032	0.000	0.045	0.041	0.066	0.000
	(0.005)		(0.005)		(0.008)		(0.022)		(0.012)	
Intercept	0.101	0.462	0.008	0.484	0.498	0.000	-0.078	0.019	-0.046	0.013
	(0.137)		(0.012)		(0.005)		(0.033)		(0.018)	
Industry, Year Fixed Effects	Included		Included		Included		Included		Included	
Cluster by firms	Yes		Yes		Yes		Yes		Yes	
N (Observations)	9,693		3,762		2,775		1,094		2,062	
N (Delist)	2,666		822		1,133		301		410	
N (Countries)	32		32		32		32		32	
R-Sqr.	11.00%		20.70%		15.10%		30.90%		20.20%	

Table 9 reports the OLS estimates of the relation between a firm's cross-delisting in year *t* and the total foreign institutional ownership (*FIO*) defined as the percentage of a firm's outstanding shares owned by all foreign institutional investors measured in year *t+1* for the sample period of 2006-2008 (post three years period). For models 2-5, we classify all cross-delisting observations into four groups according to the IFRS adoption status of firms' home and foreign host countries. All of the variable definitions are provided in Appendix I. Two-digit industry and year indicators are included in all of the regressions. We cluster all of the standard errors by firm.

Table 10: Re-cross-listing Likelihood after Delisting

Panel A: Re-cross-listing likelihood in *IFRS-mandating* host countries (2006-2008)

	# Cross-Delist = 1	Re-cross-list in ***IFRS-mandating*** host country		
		Re-cross-list in *t+1*	Re-cross-list in *t+2*	Re-cross-list in *t+3*
		N	N	N
(1) IFRSBoth	227	16	8	4
(2) IFRSHome&nonIFRSForeign	61	11	2	3
(3) nonIFRSHome&IFRSForeign	208	2	2	4
(4) nonIFRSBoth	84	3	1	2

Delisted IFRS reporting firms re-cross-listed in ***IFRS-mandating*** host countries: (27+10+7)/ (227+61+208+84) =7.59%
Delisted Domestic GAAP reporting firms re-cross-listed in ***IFRS-mandating*** host countries: (5+3+6)/ (227+61+208+84) =2.41%
t-statistics of difference (7.59% vs. 2.41%) = 3.79***

Panel B: Re-cross-listing likelihood in *non-IFRS-mandating* host countries (2006-2008)

	# Cross-Delist = 1	Re-cross-list in ***non-IFRS-mandating*** host country		
		Re-cross-list in *t+1*	Re-cross-list in *t+2*	Re-cross-list in *t+3*
		N	N	N
(1) IFRSBoth	227	7	3	0
(2) IFRSHome&nonIFRSForeign	61	4	0	0
(3) nonIFRSHome&IFRSForeign	208	15	9	9
(4) nonIFRSBoth	84	3	1	12

Delisted IFRS reporting firms re-cross-listed in ***non-IFRS-mandating*** host countries: (11+3+0)/ (228+80+351+114) =2.41%
Delisted Domestic GAAP reporting firms re-cross-list in ***non-IFRS-mandating*** host countries: (18+10+21)/ (228+80+351+114) =8.45%
t-statistics of difference (2.41% vs. 8.45%) = 4.19***

Table 10 presents the re-cross-listing propensity in the three-year period subsequent to firms' delisting decisions for firms from different groups. *IFRSBoth* represents firms whose home and host countries are both IFRS-mandating countries; *IFRSHome&nonIFRSForeign* represents firms domiciled in IFRS-mandating home countries but cross-listed in non-IFRS-mandating host countries; *nonIFRSHome&IFRSForeign* represents firms domiciled in non-IFRS-mandating home countries but cross-listed in IFRS-mandating host countries; *nonIFRSBoth* represents firms whose home and host countries are both non-IFRS-mandating countries.