

IPO Trading with Short-term & Intraday Temporal Functionalities

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Abstract

Trading is a temporal (i.e. time-based) historical living system with a number of functions, like: Initial Public Offerings (IPO), Seasoned Equity Offerings (SEO), stock (instrument) price action Gaps, Breakouts, etc. In this domain, a number of warning dynamics timing functionalities is available, like: On Open Gap-Ups (ooGUp), On Open Gap-Downs (ooGDn), Morning Breakouts (mB), etc. All these time-based functionalities are regarded as 2nd level functions (i.e. functions of functions; because of the timing involved) with great trading opportunities, and they are defined—for the first time in the corporate finance literature—by this paper as Temporal (timing) Trading Functionalities (TTF). In particular, the IPOs with the embedded TTF functionalities are great trading opportunities for the institutions, the individual (non-commercial) market investors, the swing traders, and the speculators. Data analysis shows that during the seasoned equity offerings time, shareowners significantly increase their share share-holding, including offerings that would be classified as overpriced at that time; hence, the involved trading volatility is increased resulting in great trading and profit opportunities. This paper contributes to corporate finance literature by examining the IPOs functions and define and document their inherit TTF functionalities. For this purpose, four categories of shareholders are regarded: The long-term institution and non-commercial traders (investors), the swing momentary institution traders (institutions), the short-term non-commercial traders (speculators) and the intraday non-commercial traders (speculators). Paper concludes that, in IPO/TTF trading, the swing traders(institutions), incorporating in their trading strategies the short-term TTF functionalities, are benefit at the expense of momentary and intraday speculators, while the long-term investors are not affected by the IPO offerings.

Keywords: Equity issue timing; Corporate ownership; Liquidity; Market timing; Initial public offerings; Temporal (timing) Trading functionalities

Introduction

Trading is regarded as a temporal historical living system [1,2] with a number of time-based company initiatives operating as trading functions. One of these company initiatives is the Initial Public Offering (IPO) which, like the Seasoned Equity Offering (IPO) initiative, has a great timing trading functionality [3-5], resulting in excellent profit and wealth growth opportunities [6,7]. In this domain, economics and finance literature reasoning that the companies time their SEOs and IPOs to months of relatively high stock prices, mainly because the CEOs and officers think that the prices of the shares (company stocks) will probably be overbought at such times (an encapsulated TTF functionality).

The observed mispricing concealed such as trading timing could be as the result of a lack of available TTF information for the investors, institutions and speculators for the embedded time-based behavioral biases dominant in equity, Forex and option markets. The reason that long-term investors (institutions) could buy overbought shares in IPOs/TTF is same with Edelen, Ince, and Kadlec [8], who provide evidences that long-term investors and speculators prefer to purchase shares classified as overbought (momentum trading psychology) based on a number of classical equities-trading strategies (trend-follow trading; without any TTF functionality in this case).

Corporate financing approach emphasizes that disengagement of holding and domination has as a result the clash of interest between outside shareowners, CEOs, and governors [9]. In this domain, the literature reasoning that big corporate shareowners can alleviate such as clashes by observing and controlling CEOs and governors [10]. Trading [11] and trading timing [12] theories of economics and financing try to clarify such as attitude assuming that the shares trading decisions (open/close positions; lot trade size, etc.) are formed for the regard of old non-speculative shareowners, who adequately take profit

from IPO shares as a consequence of right-timing IPO initiatives/issues (IPO/TTF, SEO/TTF). The current paper agrees that the data are consistent with such as expectations as far as the timing for the company initiatives is regarded as a TTF functionality.

In the situation of equities and non-equities IPO timing (stocks, options, Forex, etc.), Cesari, et al. [13] argues on the effects of share-holding and stock liquidity on the SEO/TTF timing of repurchase and close (i.e. “buy” in case of a short position; and “sell” in case of a long position) transactions but no more details for TTF functionalities were given, and Demiralp, D'Mello, Schlingemann, and Subramaniam [5] state that old-issue shares returns and passive trading are both emphatically related to the coexisting old-issue changes in corporate holding for up to 3 weeks after the IPO/TTF time.

In this article, the author concludes that her results are persistent with the control acting of long-term passive-trading investors. Also, in this case the TTF functionalities were not discussed. Furthermore, Hao [14] states that companies with higher short-term non-commercial shareowners (speculators) experience more negative atypical returns at the report release (TTF timing) of IPOs and concludes that momentary corporate shareowners and speculators are not prompted to control the usage of the lifted trading capital and profit [4].

The current article is relevant to some other articles that investigate corporate share-holding under the prism of the IPO/TTF timing. In

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this domain, some articles targeted on the information asset and stock-taking intelligence of corporate investors but no TTF information was given. Gibson, Safieddine, and Sonti [15] report that seasoned equity and option IPO initiatives, with the bigger boost in corporate share-holding, are detected between the (relative to IPO/TTF, IPO timing) quarters -1 and +1; these long-term investors reported that their positions outperform in the subsequent the IPO issue year and qualify this outperform to their competitive convenience asset position. Chemmanur, He, and Hu [16] find that long-term passive-trading investors (as opposed to non-commercial short-term investors and traders) are able to receive more share portions in IPOs hoping on better future returns (profit) and their post-IPO transactions somewhat greatly exceed a (even a well designed) passive “Buy-and-Hold” trading planning by the share-holding investors.

In contrast, Edelen, Ince, and Kadlec [8], who examined corporate trading and stock return abnormalities, found that corporate firms prefer to purchase shares categorized as overbought and that there is a negative association (i.e. relationship functionality) between corporate open-position and future trading (close-position) returns. Unlike these articles that spotlight on whether institutions are better-informed (i.e. insiders functionality), the current research article targets on the dominant relationship and the underlined trading functionalities between the corporate shareowners and the CEO/managers.

In disagreeing with these articles, Alti and Sulaeman [17] point to how company IPO issuing initiative is influenced by corporate and non-commercial trading. In their paper, they support that high stock returns and profit trading trigger equity derivation only when if it is connected with a great pre-issue initiative corporate investor demand, as it is regarded consistent by new corporate holdings (swing momentary traders). The Alti and Sulaeman clarify their results as logical and dependable with SEO initiatives using the corporate investor demand as a gauge of the market's interest in the company's equity SEO initiative. In this domain, the main target of the current article is disparate. Actually, I investigate whether old shareowners (as long-term investors), gain profit from the IPO/TTF timing. It is notable that, the results obtained are not dependable with the supposition and conclusion that IPOs/governors are gauged to sell overbought shares for the interest and profit of such kind of shareowners (corporate investors as opposed to non-commercial momentary speculators).

The rest of the article is organized as follows: next Section (“Share-holding and Trading Data”) describes the share-holding data as the corporate share-holding variables; following Section (“Temporal (timing) Trading Functionality”) documents the introduced TTF term by examining the relation between IPO timing and institutional and non-commercial share purchases, as well as the impact of corporate and non-commercial holdings on IPO timing; Finally, last Section (“Conclusions and Discussion”) summarizes the conclusions and discusses paper's innovations and contributions.

Share-holding and Trading Data (Institutions And Non-Commercial Traders)

For the current paper, the Share-holding information, the changes in insider holdings and some sample profit/losses trading data (1990-2016) - used in this paper as the share-holding and profit variables-came from many resources. The Barron's information databases and sources, a Wall Street Journal affiliate [18]; the Stock Charts.com initiative; the Securities and Exchange Commission/SEC notices, releases and announcements; the Commitments of Traders (CoT)/CFTC speculative net positions reports; the Yahoo! Finance insiders

data feed; the SEC EDGAR database; individual filings SEC's Forms 4 (CEO) and 14a (Directors and Officers); and the Thomson Financial corporate holdings SEC's Form 13f database, which reports corporate share-holdings and profit/losses on a calendar-quarter base ending in March 31st, June 30th, September 30th, and December 31st.

The United States SEC requires that all institutions with a total position greater than \$100 million of securities or equities positions greater than 10,000 shares or positions in individual shares greater than \$200,000, must report their holdings, using the SEC's Form 13f, quarterly.

In this paper, these numbers were used for back-testing purposes and estimation of the total corporate holdings and position changes. Also, current paper identifies long- and short-term corporate investors and speculators based on their average portfolio “share turnover” (defined as a measure of stock liquidity; calculated by dividing the total number of shares traded over a period by the average number of shares outstanding for that period. Obviously, the higher the “share turnover” number, the more liquid the share of the company) in the last four quarters [19].

Following, for each of the above 4 quarters, the traders involved in IPO were sorted into four categories according to their temporal (time-based) corporate holdings as the percentage of total shares outstanding at the end of each of these quarters. In the first category, I placed the institutions ranked in the bottom third after having the lowest “share turnover”; they are classified as Long-term corporate passive investors (LT share-holding) (Table 1). In the second category, I placed the institutions ranked in the top third after having the highest “share turnover”; they are classified as Momentary corporate swing-trading investors (swing ST institution share-holding) (Table 1). Then, the rest third is divided into two equal categories (third and fourth category). In the third category, I placed the individual traders involved in swing IPO trading (ST non-commercial share-holding) (Table 1). Finally, in the forth category the detected intraday individual traders were placed (Intraday non-commercial share-holding) (Table 1).

The result is an unbalanced panel, covering the sample time period from January 1st 2000 to June 30th 2016, with up to 100,000 observations, plus a number of more than 3,000 IPOs. The sample back-testing period starts from 2000 because from this year the data (share-holding, transaction, etc.) are available in a digital format with a relatively low cost.

While quarterly data allow me to better and more accurate to associate share-holding changes with IPO/TTF, time shorter (weekly) results are presented for two reasons. First, because they help me to understand how unusual the changes in ownership at the time of IPO they are; and Secondly, the annual (fiscal year) data provide firmness as well as flexibility but with some serious throwbacks, which are estimated using (fiscal year) annual data.

The statistics for the sample time period are presented in the following Table 1 which display the summary numbers of IPO initiatives and Non-IPO initiatives from 1st January 2000 to 30th June 2016 (IPO offerings are obtained from SEC/SDC).

Temporal (timing) Trading Functionalities (TTF)

In this section, the innovative term Temporal (timing) Trading Functionality (TTF) is introduced, analyzed and documented.

	Equity IPO initiatives				Non-IPO initiatives				Difference
	Obs.	Mean	Median	St. dev.	Obs.	Mean	Median	St. dev.	
Panel A. Firm characteristics									0.26*
Size	3105	4.54	4.74	1.72	100,005	4.80	4.87	2.15	
Return	3105	0.66	0.25	1.35	100,005	0.16	0.04	0.87	0.50
Market-to-book	3105	2.30	1.82	1.59	100,005	1.69	1.25	1.22	0.61
Total share-holding (%)	3105	51.62	49.88	26.50	100,005	35.04	39.80	26.92	16.58*
(1) LT share-holding (%)	3105	9.00	6.92	8.26	100,005	9.55	7.50	12.84	-0.55
(2) Swing ST institution share-holding (%)	3105	12.27	10.46	10.48	100,005	10.17	7.00	11.58	2.10
(3) ST non-commercial share-holding (%)	3105	14.70	11.41	12.54	100,005	11.70	7.57	12.35	3.00
(4) Intraday non-commercial share-holding (%)	3105	17.90	15.70	17.72	100,005	12.88	8.02	13.66	5.02
Panel B. Changes in share-holding (%)									
Continuing share-holding	3984	5.42	3.07	8.37	100,740	1.00	0.32	5.94	4.42
LT Continuing share-holding	3504	1.56	0.95	2.97	100,200	0.61	0.22	2.46	0.95
ST Continuing share-holding	3504	1.09	1.03	5.48	80,900	0.12	0.02	4.42	0.97
Liquidations	3809	-7.99	-6.19	6.99	100,230	-8.18	-5.27	9.15	0.19**
LT liquidations	2552	-1.19	-0.51	1.42	62,802	-1.26	-0.22	2.55	-0.07
ST liquidations	3884	-4.35	-3.92	4.71	77,300	-4.90	-2.03	6.53	0.55*
Initiations	4399	22.79	20.33	15.59	100,005	9.95	6.13	11.03	12.84**
LT initiations	4223	2.31	2.57	3.33	90,009	2.04	1.35	3.99	0.27
ST initiations	4196	12.42	10.83	10.22	81,770	4.77	2.33	6.26	7.65
*Changes significantly different from zero at 5% level									
**Changes significantly different from zero at 1% level									

Where:

Size - The natural Logarithm of Sales.

Return - The Stock return measured over the fiscal year.

Market-to-book is (total assets – book equity + market equity)/total assets.

LT - The Long-term corporate share-holding (Corporate investors' horizons are identified based on their portfolio "share turnover" over the last four weeks).

ST: The Momentary corporate ownership (Corporate investors' horizons are identified based on their portfolio "share turnover" over the last four weeks).

Continuing share-holding: This term is referred to corporate investors, as shareowners both at the beginning and at the end of the fiscal 6-week period.

Liquidations: This term is referred to cases where institutions own shares at the beginning of the fiscal year but liquidate their holdings by the end of the fiscal 6-week period.

Initiations: This term is referred to cases where institutions own no shares at the beginning of the fiscal year but establish new positions by the end of the fiscal 6-week period.

Difference - The difference in Means between IPO initiatives and Non-IPO initiatives.

Table 1: Sample statistics.

Equity IPO initiative timing and corporate share-holding around equity IPO initiatives

Hovakimian and Hu [4] first well examine the arrangement of changes in corporate share-holding around equity IPO initiatives and then (just) present the time-series functionalities of mean Market-to-Book ratios and stock returns for 3 weeks prior and 3 weeks after the year of equity issue (IPO) without a temporal TTF functionality. The presented arrangements are consistent with prior evidence in the literature on equity IPO initiative timing that stock returns and market-to-book ratios tend to increase prior to equity issuance and tend to decline following the issuance.

Also, the results of the tests of statistical significance of the changes in stock returns and market-to-book ratios between weeks-3 and -1, -1 and 0, and -1 and +3 are presented. All the changes are statistically significant at 1% level. These results establish that the functionality, commonly referred to as Market Timing in the literature, is also present in their sample. Their finding rises for future researchers some questions about the interpretation of IPO timing (i.e. TTF functionalities) reflected in patterns as attempts to sell overvalued equity. Obviously, they do not know whether the increase comes from existing corporate shareowners or from new investors [4].

If IPOs are timed to sell overvalued shares, then wealth is transferred from shareowners buying IPO shares to existing share-holders who do not buy IPO shares. Shareowners, trading (buy or sell) shares in the open market around the time of IPO, neither lose nor benefit from IPO timing. Hence, only continuing shareholders can benefit from IPO market timing whereas initiating share-holders can only lose from IPO timing.

Corporate share-holding around the equity IPO initiatives

Chen, Harford, and Li [20] and Hao [14] argue that long-term institutions tend to be passive traders not interested therefore for the IPO/TTF functionalities. On the other hand, momentary, swing, and intraday trading institutions (and speculators as well) are better informed and tend to trade short-term (or even intraday) the IPO initiatives to materialize their own informational convenience asset position. In this subsection, the changes in share-holding of corporate investors with short and long investment horizons are investigated. The analysis is repeated separately for long-term corporate investors and for short-term swing trading corporate investors. The significance information, gained by Figure 1, is the comparison tests between the share-holding changes during the indicated period to share-holding changes in period 0 (i.e. IPO timing).

The results in Figure 1 show that momentary swing trading corporate shareowners, clearly and strongly increment (boost positions) their share purchases in the IPO year; and explicitly in the current quarter of the IPO initiative. Actually, these share-holding changes are significantly different from zero. On the other hand, the level of share acquisitions by the long-term passive-trading institution shareowners remains inflated for at least three (3) week after the IPO initiative; whereas the level of withdrawals (liquidations) for the short-term speculators and the swing traders constantly and continuously increases just after the IPO initiative. The results also show that the level of new share-holding position initiations rises in the year and particular at the quarter of the IPO initiative (insiders).

Figure 1 presents the mean Market-to-Book Ratios (MB) and Returns (return) of equity IPO initiatives from week -3 to weeks +3 relative to the IPO issue week.

Following, Table 2 presents the time-series profiles of mean Market-to-Book ratios and Returns of equity IPO initiatives from weeks -3 to +3 relative to the IPO issue week.

The results in Table 2 show that, similar to insiders and unlike the long-term corporate shareowners, existing momentary swing trading corporate shareowners sharply increase their share purchases in the year and especially in the quarter of the IPO initiative (TTF functionality). Then, in the period following the IPO initiative, the level of share purchases by continuing short-term swing trading shareowners drops below the pre-IPO initiative level.

The securities liquidation increases during the IPO initiative week, while additional liquidations have been notified just after the IPO "time". The back-testing statistical analysis also indicated that the level of ownership rises during this 3-week pre-IPO issue period, and then it drops again to pre-IPO initiative level. Overall, these results suggest

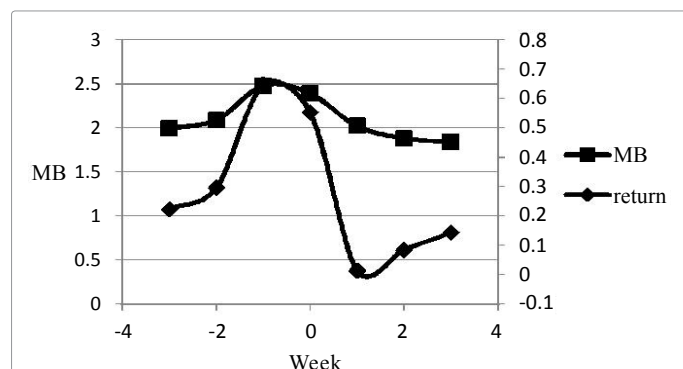


Figure 1: Market Timing of Equity IPO initiatives. Where: *Market-to-Book*: The price defined as: (total assets – book equity + market equity)/total assets. *Return*: The stock return measured over the fiscal year. *Tear (Time) 0*: The IPO issue week.

that the existing long-term institution shareowners act as if they are not concerned about IPO/TTF timing. Furthermore, the fractional share-holding level of existing momentary corporate investors and speculators increases in the IPO quarter, which implies that IPO's fractional allocation to these shareowners exceeds their fractional pre-existing stakes in the firm. This means that existing long-term corporate shareowners do not benefit from IPO timing.

Finally, according to the back-testing sample statistical data, the post-IPO security trading activity is similar for both low and high ownerships (i.e. no interest in trading and TTF functionalities).

The temporal (timing) trading functionality

Company initiatives and particular the IPO ones, offer great trading opportunities (leverage, options, Cfd's, long/short positions, etc.) for all kind of traders (investors, institutions, insiders, individual non-commercial market investors, and speculators). Trading these initiatives is a time sensitive procedure that requires to have and to obey a strict time-based strategy. So, in trading, the need for a 2nd level timing function of the IPO trading opportunities is obvious.

The innovative term "Temporal (timing) Trading Functionalities" (TTFs) is defined as an array of temporal functionalities applied to traditional company initiatives like IPO and IPO, and stock price action patterns like Gaps ("Windows" in technical analysis terminology) and Breakouts.

These TTFs temporal functionalities could be documented by time-targets in trading (stocks, options, futures, Forex) as follows: define swing, momentary and intraday trading strategies based on specific short-term (or even intraday) time-targets; and open/close long/short positions at a specific time-target.

These time-targets could be the IPO announcement time; the IPO actual time; the first/last 5-minutes in a daily trading session (09:30-09:35 am EST, 03:55-04:00 pm EST); the Fed/FOMC meetings decision announcement at 02:00 pm EST, the Fed/FOMC conferences at 02:30 pm EST; the Fed/FOMC minutes timing; the Non-Farm Payrolls reports (NFPs) on the first Friday each month at 08:30 am EST; the API and EIA reports on WTI inventories on 04:30 pm EST (on Tuesdays for API data) and 10:30 am EST (on Wednesdays for EIA data) respectively, etc.

Following, Table 3 presents a small number of initiatives (functions) and the related warning dynamics temporal (timing) TTF functionalities acting actually as time-targets in stock, option, futures, and Forex short-term, swing and intraday trading.

Comparative analysis shows that the TTF temporal functionalities better apply to the following four categories of traders:

- (1) Long-term Institution and Non-commercial traders

Levels								Changes		
Week	-3	-2	-1	0	1	2	3	-3 to -1	-1 to 0	-1 to 3
Market-to-Book	1.96	2.07	2.40	2.39	2.05	1.86	1.85	-0.44*	0.01*	0.50*
Return	0.23	0.3	0.68	0.55	0.02	0.11	0.18	-0.45*	0.13*	0.50*

*Changes significantly different from zero at 1% level.

Where:

Market-to-Book: The price is defined as: (total assets – book equity + market equity)/total assets.

Return: The stock return measured over the fiscal year.

Tear (Time) 0: The IPO issue week.

Table 2: The Time-series profiles of mean market-to-book ratios and returns.

Company Initiatives, Fed Meetings, Reports	Time-Targets (trading)
IPO company initiative	IPO announcement time
IPO company initiative	IPO actual time
Day Trading	first/last 5-minutes in a daily trading session (09:30-09:35 am EST, 03:55-04:00 pm EST)
Fed/FOMC monetary policy meetings	Fed/FOMC meetings decision announcement at 02:00 pm EST
Fed/FOMC monetary policy meetings	Fed/FOMC conferences at 02:30 pm EST
Fed/FOMC monetary policy meetings	Fed/FOMC meetings minutes announcement at 01:00 pm EST
Fed Members Speeches	at 10:00 am EST; at 01:00 pm EST
Non-Farm Payrolls reports	first Friday each month at 08:30 am EST
API reports for WTI (USO) inventories	On Tuesdays at 04:30 pm EST
EIA reports for WTI (USO) inventories	On Wednesdays at 10:30 am EST

Table 3: Company initiatives, fed meetings, reports and time-targets.

Share-holding (share-holding position) (%)					Trading Results (%)	
	Before IPO	@IPO	After IPO	St. dev.	Profit	St. dev.
(1) Long-term Institution and Non-commercial Traders (Investors)	100	20	100	1.13	0	2.34
(2) Swing Short-term Institution and Non-commercial Traders (Institutions)	0	25	0	2.33	20	3.55
(3) Momentary Non-commercial Traders (Speculators)	0	45	0	3.21	-5	3.21
(4) Intraday Non-commercial Traders (Speculators)	0	10	0	4.19	-15	5.82

Table 4: Ownership and Trading Results (%).

(“Investors”)

(2) Short-term Swing Institution traders (“Institutions”)

(3) Momentary Non-commercial traders (“Speculators”)

(4) Intraday Non-commercial traders (“Speculators”)

Following, Table 4 presents, in summary, the ownership % (share-holding position) and the trading results (profit %) for these four categories of traders. The data used were those presented in Section 2 “Share-holding and Trading Data” (1st January 2000 – 30th June 2016).

Conclusions and Discussion

The main target of this paper is to approach the IPO trading opportunities under the prism of a number of temporal short-term trading functionalities (short-term TTFs) introduced for the first time in corporate finance literature.

The Initial Public Offerings (IPOs) trading functions offer great temporal (i.e. time-based) trading opportunities (i.e. Temporal Trading Functionalities, IPO/TTF: time-based leverage, options, CfdS, Long/Short positions, etc.) for the institutions, the insiders, the individual non-commercial market investors, and the speculators. Paper's back-testing trading data analysis shows that, those short-term swing traders incorporating TTF functionalities in their trading plans and strategies, gain much better results rather than the short-term or intraday speculators.

Due to the fact and in the sense that corporate shareowners can control and restraint CEOs, governors and managers, the IPO/TTF initiatives are expected to be in the interest of such shareowners. According to the corporate finance literature, these short of shareowners are expected to be disappointed with company's CEOs, governors and managers. Obviously, not all corporate shareholders benefit from these IPO/TTF initiatives. Actually, the swing traders profit at the expense of the short-term speculators.

One could argue that any management should be expected to act especially in the interest of existing corporate shareholders with continued share-holding interest since shareowners who liquidate their share-positions actually abandon and drop-out their claims, benefits

and power to control the CEOs, governors and managers.

In this paper, I assume that the managers' motivation is to sell overbought equities and options in IPO/TTF initiatives, boost with the pre-existing old corporate shareholder holding and drop with corporate shareowner presence in the IPO/TTF initiatives. Hence, my proposed trading planning is to investigate, control and document how IPO/TTF timing is functioning within shareowners (i.e. institutions vs. non-commercial individual traders vs. speculators) and if the prepared IPO/TTFs and the corporate shareholder trades are logical, steady and dependable with the assumption that IPO/TTF timing profits the issuing company's old corporate shareowners.

In the process to examine the functionalities of corporate share-holding at IPO/TTF, the paper categorizes corporate shareholders along two compatible and consistent functions. First, I isolate the trading of old corporate shareowners from the share acquisition by new institutions that open new positions in IPO/TTF companies on the announcement of the IPO initiative (TTF functionality). Then, I further separate existing institutional shareowners that continue to maintain share-holding interest in the company after the IPO announcement and the IPO timing from those that liquidate their positions around the time of the IPO itself (TTF functionality). In this paper, I follow Gaspar et al. [21] and Yan and Zhang [19] to categorize corporate investors according to their short or long position, investment and trading attitude [22].

In the view that the control by the corporate shareowners is the basis of many of the pragmatic and speculative guesses, in the current paper I also isolate corporate investors that are more likely to control and discipline from those that are not. Economics and finance literature propose that some corporate investors control, plan and invest for the long run; whereas others (speculators) focuses their skills on spotting any short-run undervalues and then trade heavily to profit from their informational convenience asset positions [23].

It is found that trading behavior of corporate investors at IPO/TTF suggest and denote that such as traders, largely, boost their share-holdings just before or at the time of the IPO. I further find no evidence that these increases consider the Table 3's IPO timing-targets (i.e. no TTF functionality is detected). These IPO timing-targets are valid for

both groups of corporate shareowners (i.e. for both: institutions with long and institutions with short investment horizons). Finally, the results show that firms with higher corporate share-holdings favor to employ less in timing of their IPOs. The above conclusion is further supported by my findings that IPO/TTF timing does not transfer wealth (profit) from the IPO swing-trading temporal investors and speculators to the old shareowners (passive-trading institutions). Explicitly, I find (from the 2000-2016 Barron's data sources analyzed) that the companies decide the IPO initiative when the share prices are relatively high [24].

These results signify and suggest that IPO/TTF timing does not, normally, benefit long-term corporate and short-term non-commercial shareowners. As long as the corporate swing-trading shareholders purchase shares in IPO/TTF and hence, they cannot discipline the CEO and the managers, the results further imply that the timing of IPOs is unlikely to be impulse (catalyst functionality) by the intention of trading overbought equities, options, futures and Forex pairs [25,26].

Paper contributes to corporate finance literature by: (i) the introduction and documentation of the innovative term "Temporal (timing) Trading Functionality" (TTF) as a 2nd level timing function of the IPO function; and (ii) the application of TTF functionalities (long/short positions at a particular time during the daily trading session: 09:30 am – 04:00 pm EST, swing and intraday time-based trading strategies) to IPOs initiatives. The IPOs were discussed under the TTF prism for four categories of shareowners: The long-term institution and non-commercial traders (investors), the swing momentary institution traders (institutions), the short-term non-commercial traders (speculators) and the intraday non-commercial traders (speculators).

The data analysis applied found that swing momentary institution traders (institutions) and insiders (CEO, Governors, Officers, etc.) increase their share share-holding just before or at the announcement of the Seasoned Equity Offerings and they are benefit at the expense of short-term and intraday non-commercial speculators, while the long-term institution and non-commercial investors' wealth position is not affected significantly by these IPO offerings (accepted standard deviation prices).

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Conflict of Interests

The author has not declared any conflict of interests.

Author's Bio Profile

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