**1.2 IPO and stock performance**

IPOs have been widely studied in several aspects. The studies most relevant to this paper deal with shares performance up to three years post-IPO. Jain and Kini (1994) showed low performance of IPOs for up to three years after the offering. Loughran and Ritter (1995) reported that IPO stocks yielded an average of 5% over the one-year post-IPO period, compared to 12% for the size-matched non-IPO benchmark. Ritter and Welch (2002) investigated the long-run performance of IPOs and found that the three-year average market-adjusted return )CAAR) on IPOs was negative 23.4%. Conversely, Goergen et al., (2009) conducted a study on IPOs in France and Germany during 1996-2000 that did not observe any significantly abnormal returns. In one of Ritter’s latest studies, Chang et al. (2017) found that if one purchased a share of every company that went public between 1980 and 2015, a simple buy-and-hold strategy for three years post-IPO would yield a decreased value of 18.7%. They also found that shares of technological firms exhibited even greater decreases in value. The returns around the expiration of IPO lock-up periods have puzzled researchers, although a few previous studies indicate that the market reacts negatively to the expiration of lock-up periods. Ofek (2000), who conducted their research in the U.S during 1996-1998, found an abnormal negative return during this period. In addition, they documented a 1% to 3% drop in the stock price, and a 40% increase in volume 180 days post-IPO. Field and Hanka (2001), Bradley et al. (2001), and Brav and Gompers (2003) all observed negative abnormal returns of approximately 2% around the expiration of the lock-up period of IPOs in the U.S. during 1988-1997.