

Examining companies' benefits from dual listing on NASDAQ and TASE

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Abstract

In 2000, the Securities Law was amended to encourage dual listing on the TASE of Israeli companies listed in the US, by exempting these companies from the burden of additional reporting to the ISA. The implication of this exemption is reliance on SEC supervision, with no added costs for dual listing. Since then, over 30 Israeli companies listed on NASDAQ decided to additionally list their shares on the TASE.

In this study, we examine the effects of dual listing on share prices and liquidity. Our findings are: (1) the trading volume in the shares of dual listed companies increased by 123% on average. (2) The shares' increased liquidity had a positive impact on their prices, which rose by 9% on average in the first days following the dual listing. (3) Trading volume in Israel accounted for 42% of the total trading volume in Israel and the US, without any significant change in US trading volumes. (4) The US market has a dominant effect on dual listed share prices.

The findings of this study are indicative of the positive effects of recent harmonization in international financial market regulation (Single Passport), and of its already evident impact in Europe.

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