

The JOBS Act and the Costs of Going Public

Susan Chaplinsky

Darden Graduate School of Business, University of Virginia

Kathleen Weiss Hanley

College of Business and Economics, Lehigh University

S. Katie Moon

Leeds School of Business, University of Colorado

Compliance with Data Policy for the Journal of Accounting Research

February 2017

1. *A description of which author(s) handled the data and conducted the analyses.*

All authors were involved in the collection of the data. Both S. Katie Moon and Kathleen W. Hanley conducted the data and statistical analyses.

2. *A detailed description of how the raw data were obtained or generated, including data sources, the date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated source of the raw data.*

We identify an initial list of all U.S. IPOs issued between January 1, 2003, and April 30, 2015, from the *Thomson Reuters Security Data Corporation (SDC) New Issues* database. Then, we utilize the textual information from the registration statements publicly available from the Security Exchange Commission (SEC) EDGAR filings site. Our price data come from the Center for Research in Security Prices (CRSP) and Yahoo! Finance.

Data except the age of the firm are from Compustat and if not available, hand collected from the IPO prospectus. Information on the age of the firm is obtained from Jay Ritter's website and supplemented by the authors (and reported to Jay Ritter) from information from the prospectus when missing (<https://site.warrington.ufl.edu/ritter/ipo-data/>).

All authors vouch for the above stated sources of the raw data.

3. *If the data are obtained from an organization on a proprietary basis, the authors should privately provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to the editors about the data sharing agreement with the organization (e.g., non-disclosure agreement, any restrictions imposed by the organization on the authors with respect to publishing certain results).*

We do not use the data obtained from an organization on a proprietary basis.

4. *A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental papers, we require information about subject eligibility and/or selection, as well as any exclusion criteria.*

From the initial list of U.S. IPOs, we make use of both SDC information and our own PERL script codes to read the first 1,000 words of each S-1 to eliminate American Depository Receipts (ADRs), foreign issuers, closed-end funds, Real Estate Investment Trusts (REITs), limited partnership interests, right issues, unit issues, blank-check offerings, and IPOs whose offering techniques are best efforts or self-underwritten. We restrict the sample to offerings of common shares, and class A or B ordinary shares that are listed on an exchange with offer prices greater than \$2. We remove any firm that was previously traded on the OTCBB or the OTCQB, or that filed a 10-K prior to the IPO. Finally, we exclude any issuer that is in registration with the SEC for more than 550 days and/or that has missing file dates or first-day closing prices.

We obtain pricing from the Center for Research in Security Prices (CRSP) and hand collect missing trading prices from Yahoo! Finance. Eight IPOs are missing the first-day closing price and are dropped from our sample. We collect information on balance sheet and income statement variables in the fiscal year prior to the IPO from Compustat, and if unavailable, we hand collect the data from IPO prospectuses.

To obtain the sample of EGC IPOs, we verify that the issuer self-identifies as an “emerging growth company” in its offering documents and files its first registration statement after the passage of the Act. The final EGC sample consists of 312 firms.¹

We construct a sample of 757 control IPOs that go public both before and after the Act. Before the Act, control IPOs include issuers that went public between January 1, 2003, and April 4, 2012, and have revenue less than or equal to \$1 billion adjusted for 2012 purchasing power dollars using the Consumers Price Index (CPI). After the Act, control

¹ When the Act was passed on April 5, 2012, its provisions were made retroactive to December 8, 2011. We exclude 25 firms from the EGC sample that went public between December 8, 2011 and April 4, 2012 because these firms could not take advantage of any of the Act’s IPO provisions. We do, however, include them in the control sample. We also exclude 28 firms from the EGC sample that filed their initial registration before April 5, 2012 but went public after the Act was passed because these firms could not benefit from the confidential filing and testing-the-waters provisions. These firms are not included in any of the analyses.

IPOs include 25 firms whose EGC status was made retroactive but that could not take advantage of any of IPO provisions before going public. We exclude from the sample five IPOs that met the EGC criteria based on revenues less than \$1 billion but did not select EGC status. See the table below for a complete description of the sample selection process.

Table: Selection Criteria for IPO Sample

Request	Exclusion Description	IPOs	EGCs
<i>SDC Request</i>			
1	SDC: US Common Stock, Issue Date: 01/01/2003 to 4/30/2015 (Calendar)		
2	IPO: Select All IPOs	2848	
3	Closed End Fund Investment Type : NOT A,Z	2664	
4	Foreign Issue Flag (e.g., Yankee): Exclude All Foreign Issue Flag	2200	
5	REIT Type : NOT EQ, HY, MO, UN	2050	
6	REIT Segment : NOT AP, CA, FR, DV, GO, HC, IN, HO, MG, MH, MG, OF, OC, PR, RM, SS, SC, TN, UN	2050	
7	Rights Issue: Exclude All Rights Issues	2046	
8	Unit Issues: Unit Issue: Exclude All Unit Issues: Unit Issues	2045	
9	Limited Partnership: Exclude All Limited Partnerships	1947	
<i>Exclusion with SDC Flags and Manual Verification</i>			
10	Merge with our EGC list	1947	500
11	Drop closed-end funds	1630	471
12	Drop best-efforts offers	1528	429
13	Drop self-underwritten offers	1479	408
14	Keep only NASDAQ, NYSE, AMEX, and OTC IPOs	1467	408
15	Drop IPOs with offer price < \$2	1464	407
16	Keep only (Class A & B) Common/Ordinary Shares; Drop if SDC's Type of Security flag equals Beneficial Ints, Enhnce Incm Sec, Income Dep Sec, Ltd Liab Int, Ltd Prtnr Int, Shs Benficl Int, Stp Security or Units	1407	393
17	Difference between the file date and the offer date > 18 month	1379	385
18	Drop if the first-day close price is missing	1371	382
19	Drop manually verified non-IPOs: OTC and foreign exchange cross-listings, or firms that filed 10-Ks before IPOs Drop manually verified closed-end funds, REIT, Unit Issues, Limited Partnership, blank checks, best-efforts offers	1260	365
20	Drop EGCs that filed their initial registration before the Act	1232	337
21	Drop five IPO firms that qualify as EGCs based on the revenue cutoff but that did not elect EGC status	1227	337
Final Sample	Exclude from the EGC sample 25 IPOs that went public between 11/09/2011 and 04/05/2012 and retroactively qualified for EGC status	1227	312

5. *Prior to final acceptance of the paper, the computer program used to convert the raw data into the dataset used in the analysis plus a brief description that enables other*

researchers to use this program. Instead of the program, researchers can provide a detailed step-by-step description that enables other researchers to arrive at the same dataset used in the analysis. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the sample was formed, including the treatment of outliers, Winsorization, truncation, etc. This programming is in most circumstances not proprietary. However, we recognize that some parts of the data generation process may indeed be proprietary or otherwise cannot be made publicly available. In such cases, the authors should inform the editors upon submission, so that the editors can consider an exemption from this requirement.

We use Stata to convert the raw data and perform all analyses. The Stata do-file “JOBS_Act_Code_JAR.do” uses the “FINAL_SAMPLE.dta” dataset as input and yields the contents of the analyses as output. The “FINAL_SAMPLE.dta” is not provided because it is generated using CRSP and Compustat data, which by contract we cannot provide to others.

6. *Data and programs should be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.*

The authors will maintain all data and programs for at least six years.