

RATE OF RETURN AND INFORMATION ASYMMETRY AROUND MULTIPLE RESTATEMENT FIRMS

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ABSTRACT

In this paper we empirically examine the market reaction of restatement announcements for multiple restatement firms by exploring the various reaction dimensions in terms of short and long term market reactions as well as the market reaction by direction of restatement announcements. Our findings show that market penalizes the companies that make more than one restatement announcements. Further we look at pattern of information asymmetry in terms of spread behavior and find that spread widens before the restatement announcements.

Keywords: *Financial Restatements; Information asymmetry; market return; Market Efficiency*