

SIR ARTHUR LEWIS INSTITUTE OF SOCIAL & ECONOMIC STUDIES

Invites you

to a **Research Seminar**

by **John Cozier, MPhil Candidate**

on

The Impact of Cross-border listing on the three major CARICOM Stock Markets of Jamaica, Trinidad and Barbados

on **Friday 23rd September, 2011 at 10.00am**
in the **SALISES Conference Centre, UWI**

ABSTRACT

The focus of this paper is to analyse the impact of cross-listed securities on the three major CARICOM equity markets: those of Jamaica, Trinidad and Tobago and Barbados. This will be accomplished through the use of a set of “market indicators” which are similar to those used in Cozier (2010) pertaining to regional stock market development. In addition, the degree to which market information is reflected in the prices of the cross-listed securities shall be determined through the use of the Gonzalo-Granger (1995) Permanent-Transitory Decomposition and the Hasbrouck Estimation (1995) methodologies. Finally, an attempt is made to determine whether arbitrage takes place within the region. The evidence seems to suggest that the cross-listing of securities has not produced the desired effects in the three major CARICOM equity markets, particularly in Jamaica and Barbados where little interest has been shown by its investors. Market liquidity has not seen any improvement as a result of the initiative. Interestingly, the market capitalisations of these cross-listed companies represent a significant portion of Jamaica’s total capitalisation, which may allude to a bias against these securities.

Keywords: Cross-listings, Co-integration, Price discovery