

# Initial Public Offerings

## Abstract

In the 1990s, thousands of firms have gone public around the world. This article surveys the market for initial public offerings (IPOs). The process of going public is discussed, with particular emphasis on how contractual mechanisms deal with potential conflicts of interest. The valuation of IPOs, bookbuilding, price stabilization, and the costs of going public are also discussed. Three empirical patterns are documented and analyzed: short-run underpricing, hot issue markets, and long-run underperformance.

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