Accepted Manuscript

Selling out or going public? A real options signaling approach

Michi Nishihara

PII: S1544-6123(16)30310-5
DOI: 10.1016/j.frl.2017.04.003
Reference: FRL 704

To appear in: *Finance Research Letters*

Received date: 15 November 2016
Revised date: 31 March 2017
Accepted date: 11 April 2017

Please cite this article as: Michi Nishihara, Selling out or going public? A real options signaling approach, *Finance Research Letters* (2017), doi: 10.1016/j.frl.2017.04.003

Highlights

- We study the choice between selling out and going public under asymmetric information.
- The high-growth firm signals to outsiders through the IPO timing.
- The high-growth firm goes public earlier while the low-growth firm sells out later.
- Strong asymmetric information and low cash flow volatility foster trade sales in a hot
- IPO market and IPOs in a cold IPO market.