Is Indonesia Stock Exchange Semi-Strong Form Efficiency?

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Abstract: This study aims to analyze the effect of the announcement of warrant listing on the stock price movement on the Indonesia Stock Exchange (IDX). The data used in this study is secondary data on companies that warrant listing from 2011 to 2018. The number of samples used is 10 with a purposive sampling technique. The analysis technique used in this study is the study of events, by using ten windows before and after the warrant listing. To prove the hypothesis proposed by conducting a *t*-statistic test. Based on the results of the analysis it was found that there were significant differences an abnormal returns and cumulative abnormal returns before and after the announcement date of the warrant listing on the Indonesia Stock Exchange, and it could be indicated that the Indonesia Stock Exchange was called the semi-strong form efficiency.

Keywords: Abnormal Return, Cumulative Abnormal Return, Warrant, and Indonesia Stock Exchange

Abstrak: Kajian ini bertujuan untuk menganalisis efek pengumuman penerbitan warrant terhadap pergerakan harga saham di Bursa Efek Indonesia (BEI). Data yang digunakan dalam kajian ini adalah data sekunde pada perusahaan yang mengeluarkan warrant tahun 2011 s/d 2018. Jumlah sampel yang digunakan adalah 10 dengan teknik *purposive sampling.* Teknik analisis yang dipakai dalam kajian ini adalah studi peristiwa, dengan menggunakan sepuluh jendela sebelum dan setelah penerbitan warrant. Untuk membuktikan hipotesis yang diajukan dengan melakukan uji t-statistik. Berdasarkan hasil analisis ditemukan bahwa adanya perbedaan yang sangat berarti abnormal return dan cumulative abnormal return sebelum dan setelah tanggal pengumuman penerbitan warrant di Bursa Efek Indonesia, dan dapat diindikasikan bahwa Bursa Efek Indonesia termasuk dalam bentuk effisiensi pasar modal setengah kuat.

Kata Kunci: *Abnormal Return, Cumulative,* Pengumuman penertbitan Warrant, dan Bursa Efek Indonesia.

INTRODUCTION

The Companies that have been listed on the Indonesia Stock Exchange (IDX) and company shares have started to be traded on the secondary market, so the company will always try to improve the company's financial performance to be able to maintain and increase share prices. In market competition, the market reacts to information to reach a new equilibrium price. This is a way to measure an efficient market is a relationship between the price of securities with information (Bodie et al., 2013). (Fama, 1970) states, there are three forms of efficient capital markets namely the weak, semi-strong, and strong

forms. The purpose of differentiating this market form is to classify empirical research on market efficiency. This division is also based on the availability of information, so that market efficiency as it is called information market efficiency (Reilly and Brown, 1997).

The development of trading volume in the capital market is an important indicator for studying market behavior, namely investors. Investors will conduct transactions in the capital market based on decisions from various information they have, both public and private information. Thus, the relevance of information can be said as a link between the volumes of trade in the capital market with the existence of that information (Bodie et al., 2013). The information has to do with choosing the most profitable investment portfolio with a certain level of risk. Information can reduce the uncertainty that occurs, so the decisions taken are expected to be following the expected objectives (Jogiyanto, 2017).

The source of information can be used to predict stock prices by warrant investors. A warrant is a long-term option that gives the holder the right to buy shares on behalf of a certain price (Tandelilin, 2015). The Warrant policy is an attempt by issuers to reduce emissions costs and to increase the number of shares outstanding (Jogiyanto, 2017). The existence of a limited stock offering is expected to be a reaction from the market or changes in stock prices, to increase stock liquidity. Announcement of companies that carry out a warrant, theoretically, and empirically has caused the stock price to react negatively and this is an event caused by systematic risk. The stock price after the warrant will theoretically decline. This is only natural because the price of implementing warrants is always lower than the market price (Tandelilin, 2015). (Jogiyanto, 2017) argues stock prices will be responded unfavorably by the market to the announcement of the warrant. This study conducted by (Ander and Raul, 2015) warrant policy. High stock prices will reduce the ability of investors to buy these shares. The law for requesting and re-offering will apply and as a consequence, the high share price will decrease until a new balance position is created (Chan and Wei, 2001).

This study is a modification from previous research conducted by (Aitken and Segara, 2005), and (Zulkarnain, 2010). In this research the warrant listing date effect on investor decision making, even investors prefer to invest in a warrant because the price of the warrant is much lower than the price of the stock.

The difference between this research and the previous research was in the observation period, which took from 2010 to 2018. The objective of this study is to determine the reaction of the capital market with information on the warrant listing date on the Indonesia Stock Exchange.

THEORETICAL REVIEW

The Efficiency Market Hypothesis. An efficient market is a condition where information about all prices can be obtained openly and quickly without any special obstacles. (Fama, 1970), and (Degustis and Novickytė, 2014) distinguishes market efficiency into three types, namely: a) the weak-form efficiency, b) the semi-strong form efficiency, and c) the strong form of market efficiency.

Reasons for an Efficient Market. The market becomes efficient because of the following events such as (1) investors are recipients of price takers, which means that as market participants investors themselves cannot influence the price of a security. The price of a

security is determined by many investors who determine the demand and supply. (2) Information is widely available to all market players at the same time and the price for obtaining such information is cheap. Market participants generally receive information via radio, newspapers, or other mass media, so that information can be received at the same time. (3) Information is generated randomly and each information announcement is random in nature, randomly meaning that investors cannot predict when the issuer will announce new information. (4) Investors react by using information fully and quickly so that the price of security changes accordingly to reflect that information to reach a new balance. This condition can occur if market participants are sophisticated individuals who are able to understand and interpret information quickly and well (Bagja, B, 2014), (Chandra, 2015), and (Jogiyanto, 2017).

The reasons for an Inefficient Market. The market can be inefficient if the following conditions occur: (1) there are a small number of market participants who can influence the price of a security. (2) The price of information is expensive and there is non-uniform access between one market participant and another to the same information. (3) Information disseminated can be well predicted by some market participants. (4) Investors are naive investors and unsophisticated investors (Wisal et al., 2014), (Biktimirov, and Durrani, 2017), and (Jogiyanto, 2017).

Capital Asset Pricing Model (CAPM). Capital Asset Pricing Model (CAPM) is a model that can be used to determine the expected return (required rate of return) for risky assets. The required rate of return produced by CAPM can be a limit to determine the fairness of the value of an investment (Black et al., 1972). For example, the estimated return that will be generated by an investment, then to determine whether the investment is overvalued, properly valued, or undervalued, a comparison is made between estimated returns and the required rate of return CAPM results.

(Bodie et al., 2013) states a portfolio is a combination of several assets that are invested and held by investors, both individuals, and institutions. This theory formulates the existence of the elements of return and risk in an investment, where the risk element can be minimized through diversification and combining various investment instruments into a portfolio. (Markowitz, 1952) is based on the mean and variance approaches, where the mean is a measure of return and variance is a measure of risk. (Markowitz, 1952), and (Tandelilin, 2015) is also called the Mean-Variant Model, which emphasizes efforts to maximize return expectations and minimize risk to select and arrange optimal portfolios.

Return. Return is an investment return, either through interest or dividends. The purpose of investors investing their capital in a company is to get a reward or profit. These benefits are compensation for the time and risk associated with the investment made (Tandelilin, 2015.

Abnormal Return. (Bodie et al., 2013) argues that returns are investment returns, either through interest or dividends. The purpose of investors to invest in a company is to get benefits or benefits. (Tandelilin, 2015) stated that abnormal returns are the advantages of the actual returns that occur against normal returns. Normal return is the expected return (return expected by investors). Thus, the abnormal return (abnormal return) is the

difference between the actual return that occurs with the expected return. There are several ways that can be done to measure abnormal returns (Bodie et al., 2013):

Average Adjusted Model. The adjusted mean model is an expected return which is constantly equal to the average return of the previous realization during the estimation period. Using this model, the expected return on a security for a given period is obtained by dividing the return on the realization of the security with the length of the estimated period. There is no benchmark for the length of the estimation period, the commonly used period usually ranges from 100 to 300 days to obtain daily data and from 24 to 60 months for monthly data (Reily and Brown, 1997).

Market Model. The market model can calculate the expected returns, this model is done through two stages (Reily and Brown, 1997) namely: i) Form an expectation model by using realization data during the estimated period of estimate returns; ii) Use this expectation model to estimate the expected return in the window period. Expectation models can be formed by OLS (Ordinary Least Square) regression techniques.

Adjusted Market Model. The Warrant is securities issued by a company that gives the holder the right to buy company shares with pre-determined requirements (Bodie et al., 2013). These requirements are usually about the price, amount, and validity period of the warrant. Warrant is also a security that gives the holder the right to buy shares from the issuer of the warrant at a certain price.

Event Study. Event studies are studying that study market reactions to an event whose information is published as an announcement. Event studies can be used to test information content (information content) of an announcement and can also be used to test the market efficiency of a semi-strong form price (Bodie et al., 2013). Testing the information content only tests the reaction of the market, but does not test how quickly the market reacts. If the test involves the speed of reaction from the market to absorb the announced information, then this test is a form of information market efficiency in information (informational market) in the form of semi-strong. The market is said to be efficient in the form of a semi-strong if no investor receives an abnormal return from the information announced or if there is an abnormal return, then the market must react quickly to absorb the abnormal return to the new equilibrium price.

The Research Hypothesis. Zulkaranain (2010) found that there were differences in stock returns received by investors between the period before and after the listing date warrant, in that research stock returns after the date warrant listing showed a tendency to decline compared to the period before the date warrant listing. This condition occurs because investors assess the investment risk that will be faced when investors choose warrants lower than the risk of investing in shares, consequently the mechanism of demand and supply of shares decreases, thereby pushing down stock prices and returns received by shareholders.

Another research found in his research that there were no significant differences in stock returns received by shareholders before or after the date warrant listing announcement on the Indonesia Stock Exchange (Kurniawan, 2010). The absence of

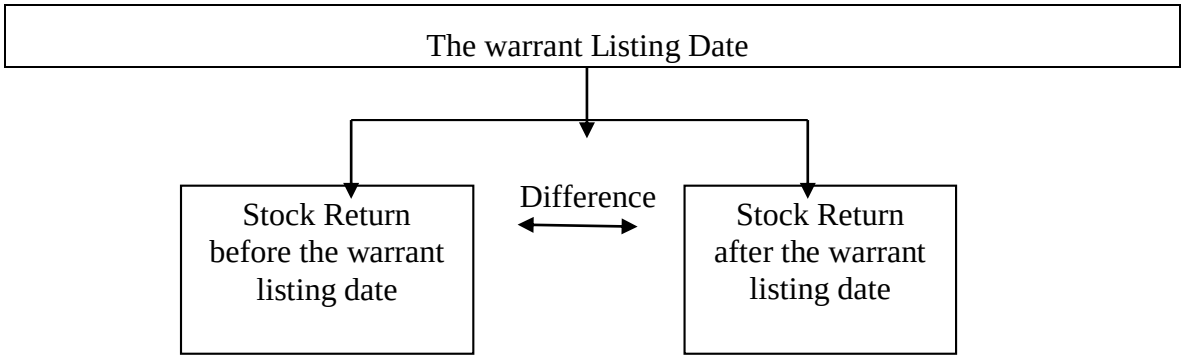
information and news that can motivate investors to invest in strong volumes drives stock prices both before and after the event has not changed. Research conducted by (Zulkaranain, 2010) concluded that there were differences in returns before and after date warrant listings.

Ha: There are differences in stock returns before and after the date warrant listing.

This research was carried out to see which difference in stock returns before and after the warrant listing date on companies listed on the Indonesia Stock Exchange. For more details, see the following conceptual framework.

Conceptual Framework

Figure 1. Conceptual Framework



METHODOLOGY

The samples. The type of research is associative research that is studying the impact of a specific event whose information is published to the public. This research is useful to examine the information content of an event and see the market reaction to that information. The reaction will be indicated by a change in the company's stock price. The population of this study is all companies listed on the Indonesia Stock Exchange (IDX) that carry out the issuance of warrants during the period January 2010 to December 2018. The sample of this research is a company or issuer that issues warrant and meets the criteria. The method of determining the sample in this study is by purposive sampling method, namely, the sample is that meets the criteria (Sekaran, 2013). The desired criteria are as follows: Companies that issue warrants on the IDX from 2010 to 2018. War announcement dates are reported and recorded on IDX Statistics. Companies that delay or cancel warrants are not included in the sample.

The type of data used in this research model is secondary data. According to (Sekaran, 2013) states, secondary data is data that has been published by individuals, groups, or agencies to interested parties. The data is obtained through the Indonesian Capital Market of Directory. The data used is data on company shares that issued a warrant in 2010 up to 2018 obtained from ICMD and IDX Statistics.

THE RESULTS OF STATISTICAL TESTS

The Variable and Measurement

In general, the variables used in this research model consist of:

Returns. The amount of stock returns is determined by the number of abnormal returns. (Black et al., 1972) to calculate the expected return using the market model (market-model) with the following steps: Statistics will be used to test the significance of abnormal returns, (t-statistic = AR / SE * √n). Assessment of the impact of an event requires a measure of abnormal return. The next section will explain in detail the measurements of abnormal returns (Black et al., 1972).

Calculating Abnormal Return

$$AR_{it} = Rit - E\,(Rit) \quad \text{.....(1)}$$

Where:

AR_{it} = Abnormal stock returns

R_{it} = Actual stock returns

E (R_{it}) = Expected stock returns

Calculating Actual Returns of the Company. The return expected by investors in the future is calculated using the market model. From the company's shares that have been selected as observations, the profit rate is calculated, namely the actual return or return (Bodie et al., 2013). Actual stock returns are used as a basis for calculating the expected rate of profit. To calculate the Actual return using formulas (Black et al., 1972):

$$\text{Rit} = \frac{Pi.t - Pi.t_{-1}}{Pi.t} \quad \text{.....(2)}$$

Where:

R_{it} = *Actual stock return i at time t.*

P_{it} = Stock price i at time t.

P_{it-1} = Stock price t-1

Calculate the expected return, using the market model method (Black et al., 1972).

$$E\,(R_{it}) = \alpha_i + \beta_i R_{mt} \quad \text{.....(3)}$$

Where:

$E(R_{it})$ = Expected return

α_i = Intercept

β_i = Systematic risk

Aggregate of Abnormal Returns. Aggregate of abnormal returns is along two dimensions through time and across effects. This study will first consider aggregation of all effects. Individual security Abnormal Returns can be combined using AR_{it} from each event period, t = -10 to +10. Given *n* event for the sample of the aggregate abnormal returns for the average periods (Black et al., 1972):

$$\overline{AR}_t = 1/N \sum_{i=1}^{N} AR_{it} \quad \text{.....(4)}$$

Where:

$\overline{AR}_t$ = Average abnormal returns

AR_{it} = Abnormal returns

N = the number of observation

The Variance is part of the null hypothesis, to eliminate the dependence on estimating the variance of aggregate abnormal returns from the variance estimator to test the null hypothesis. The cross-sectional approach to estimate variance can be applied to the average abnormal return (AR_{it}). Use cross-sections to form a give variance estimator (Black et al., 1972):

$$\text{var}(\overline{AR}_t) = 1/N^2 \sum_{i=1}^{N} (AR_{it} - \overline{AR}_t)^2 \quad \text{.....(5)}$$

Where:

$\text{var}(\overline{AR}_t)$ = varian *abnormal return* rata-rata pada waktu t.

AR_{it} = *abnormal return* saham i pada waktu t.

$\overline{AR}_t$ = Abnormal *return* rata-rata pada waktu t

Aggregate of Cumulative Abnormal Returns. The average abnormal returns are then collected during the event window to give an average cumulative abnormal (ACAR) result. For each interval in the event window (Black et al., 1972):

$$CAR_i(t_1, t_2) = \sum_{t_1}^{t_2} AR_{it} \quad \text{.....(6)}$$

Where:

$CAR_i(t_1, t_2)$ = Cumulative abnormal returns t_1 to t_2

AR_{it} = Abnormal returns

RESULTS

The Stationer Test Results. Before testing a hypothesis, the data must be stationer. The stationary test is an important step in analyzing time series data to see whether there is a unit root contained between variables so that the relationship between variables in the equation becomes valid and not spurious or produces false regressions. In many cases found if time-series data that is not stationary can produce a pattern of false regression relationships (Gujarati, 2013). Spurious regression is a regression that describes the relationship of two or more variables that appear to be statistically significant, whereas, in reality, they are not or not as large as what appears from the resulting regression so that it can lead to misleading in research on an economic phenomenon that is happening. One way to avoid false regressions on variables is to ensure that the variables are stationary, by conducting unit root tests at the level. There are several ways that can be done to measure the presence of stationary, one of which is to use (Dickey and Fuller, 1981), (Philips, 2001), (Robert, 2016), and (Jae Kim and In Choi, 2017). Based on this test, if the statistical ADF value of the tested data is smaller than the MacKinnon critical value, it can be called that the data is stationary.

Table 1. The Stationer Test Result

Keterangan	**Augmented Dickey Fuller Test**		**Philips Peron Test**	
	Level			
Return	t-Statistic	Probability	Adj- Statistic	Probability
	-6.9002	0	-6.8324	0

Source: The data processing

Table 1 shows that the stock return of the stationary test results is carried out with the Augmented Dickey Fuller Test (ADF Test) approach, the test results show that the resulting probability value is below 0.01 (zero) with the result of the t-Statistic test -6.9002 so it was concluded that the data variance that supports stock returns was stationary. Likewise, with the stationary test results with the Philips Peron Test (PP Test) approach, the test results show that the resulting probability value is below 0.01 (zero) with the Adjusted-Statistic result is -6.8324 so it can be concluded that the variance of the data is supporting stock returns is stationary. Therefore, further stages of data processing can be carried out immediately. The t-Statistics value is based on Augmented Dickey Fuller (ADF) and Philips Peron (PP) with regression at the level of the level of significance with alpha 1%.

The proof of research hypotheses aimed at knowing the market's reaction to the information of the warrant listing on changes stock prices on the Indonesia Stock Exchange. This will be reflected in the value of abnormal returns and cumulative abnormal returns of shares before and after the warrant listing date on the Indonesia Stock Exchange. To hypothesis testing used a *t*-statistic test. Based on the analysis that obtained a summary of the results as shown in Table 2.

Table 2 shows the results of the t-statistic test on the value of the abnormal return and the cumulative abnormal return value starting from 10 days before and after the date

of the warrant listing date). There is a positive or negative market reaction or also commonly called positive sentiment or negative. From Table 2, what needs to be paid attention to is that on the day approaching the announcement date of the issuance of the certificate, which is two to one day before the date the announcement of the warrant shows that the t value is + 2.2045 and + 3.4723 with confidence level 95 % (5% error rate).

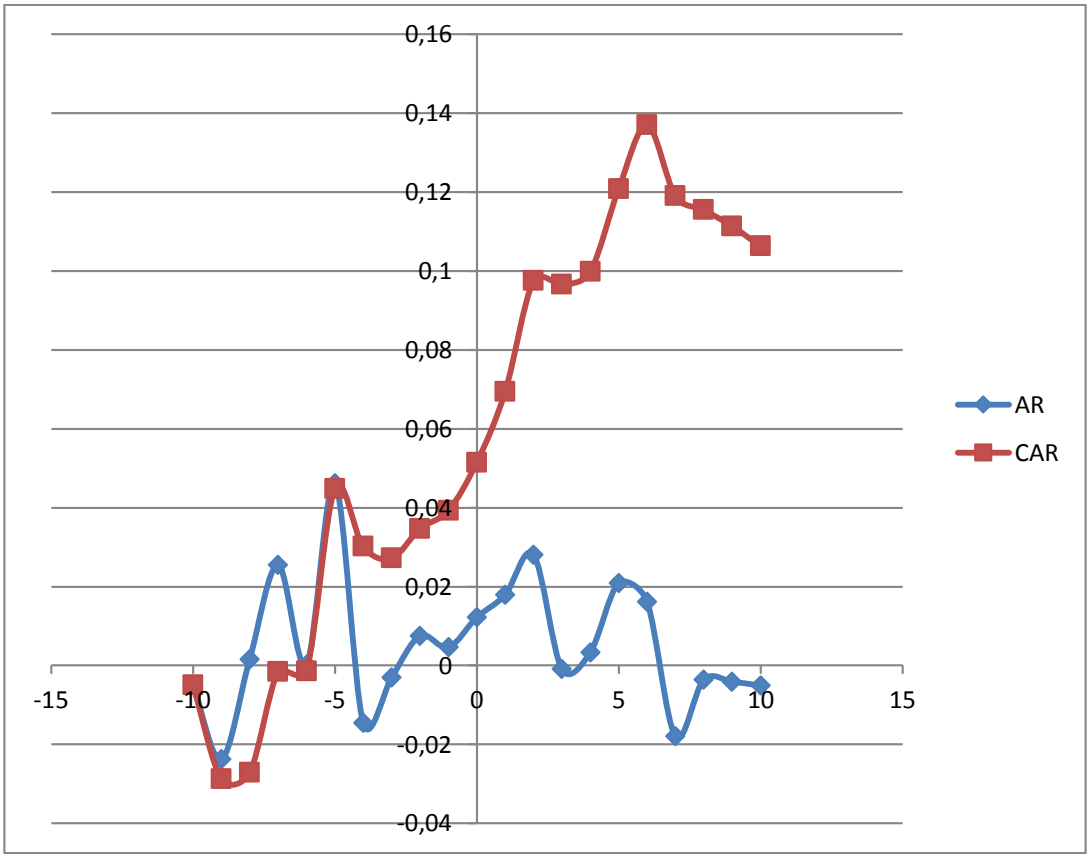
Likewise, the results of the t-statistic test one to two days after the announcement date of the warrant issuance shows a t-statistic value of + 6.6517 and + 2.4600 with a 95% confidence level (an error rate of 5%). From these results indicate that the proposed hypothesis is accepted which means that with the existence of information announcements of warrant issuance will result in a market reaction with indicators of the occurrence of stock price movements on the stock exchange, this can be seen from the value of abnormal returns and cumulative abnormal returns showing a positive value or this also called positive sentiment.

Table 2. Statistic Test Result of Abnormal Return and Cumulative Abnormal Return Before and After Warrant Listing

Time	Abnormal Returns	t-Statistics	Cumulative Abnormal Returns
-10	-0.0049	-0.7041	-0.0049
-9	-0.0238	-5.2399 *)	-0.0287
-8	0.0016	0.3699	-0.0271
-7	0.0255	4.1866 *)	-0.0016
-6	0.0002	0.0292	-0.0014
-5	0.0462	13.4479 *)	0.0448
-4	-0.0146	-2.4694 *)	0.0302
-3	-0.003	-3.6287*)	0.0272
-2	0.0075	2.2046*)	0.0347
-1	0.0046	3.4723 *)	0.0393
0	0.0122	5.6027 *)	0.0515
1	0.0179	6.6517 *)	0.0694
2	0.0281	2.4600 *)	0.0975
3	-0.0009	-0.1934	0.0966
4	0.0033	1.2878	0.0999
5	0.0209	5.6793 *)	0.1208
6	0.0162	4.2912 *)	0.1370
7	-0.0179	-6.6075 *)	0.1191
8	-0.0036	-0.9078	0.1155
9	-0.0041	-2.3809 *)	0.1114
10	-0.0051	-1.0294	0.1063

*) Degree of Significant at α 5% level

Figure 2. The Volatility of Abnormal Return and Cumulative Abnormal Return



Sauces: The data processing

Difference of cumulative abnormal returns before and after the warrant listing date. One of the goals to be gained by shareholders is to obtain a cumulative abnormal return that has a positive value (Black et al., 1972). Based on the results of the study, there is a difference in the cumulative abnormal return value as shown in Table 3.

Table 3. The Statistic Test Result of *Cumulative Abnormal Return*

Panel A: Before Announcement Warrant Listing		
Period	CAR	t-test
CAR (-5, 1)	0.0708	1.8116*
CAR (-3, 5)	0.0906	1.9329*
CAR (-2, 5)	0.0936	2.763**
CAR (-1, 5)	0.0861	2.0041**
Panel B: After Announcement Warrant Listing		
CAR (1, 5)	0.0693	1.8718*
CAR (4, 5)	0.0242	1.8017*

** Degree of significant 5%, and * degree of significant 10%
Source: The data processing

Table 3 Panel A shows the CAR value (-5, +1) or Cumulative Abnormal Return (CAR), five days before one day the date of the announcement of the warrant issuance (Listing date Warrants) shows a positive value of 0.0708 with a t-statistic of 1. 8116 with a 95% confidence level (5% error rate). Next, CAR value (-3, +5) or cumulative abnormal return value on three days before the announcement date of the issuance of warrants up to five days after the date of announcement of the warrant with a positive value of 0.0906 and a t-statistic value of 1.9329 with confidence level 95 %. Furthermore, the CAR value (-2, +5) or cumulative abnormal return value on two days before the announcement date of the issuance of warrants up to five days after the announcement date of the issuance of the warrant with a positive value of 0.0936 and t-statistic value of 2.0763 with confidence level 95% (5% error rate). Then the CAR value (-1, +5) or the cumulative abnormal return value on one day before the announcement date of the warrant issuance up to five days after the announcement date of the issuance of the warrant with a positive value of 0.0861 and a t-statistic value of 2.0041 with confidence level 95 %.

Based on these results indicate that the proposed null hypothesis can be rejected (alternative hypothesis can be accepted), which is that the existence of information issuance of the warrant has an impact on the market reaction on the Indonesia Stock Exchange which will be seen at the market price of the shares of the company that issued the warrant, and Indonesia Stock Market is semi-strong efficiency (Fama, 1970), (Reilly and Brown, 1997), (Aitken. and Segara, 2005), (Ander and Raul, 2015)

Table 3 Panel B shows the value of CAR (+1, +5) or Cumulative Abnormal Return (CAR) one day to five days after the date of announcement of the warrant listing date shows a positive value of 0.0693 and a t-statistic of 1.8718 with a 95% confidence level. Then, CAR value (+4, +5) or cumulative abnormal return value on four days to five days after the announcement date of the issuance of the warrant with a positive value of 0.0242 and t-statistic value of 1.8017 with a 95% confidence level. Based on these results it also shows that the proposed null hypothesis is rejected (alternative hypothesis is accepted), which is that with the existence of information issuing warrant has an impact on the market reaction on the Indonesia Stock Exchange which will be seen in an increase in market prices of shares of companies issuing the warrant, this can be said that sentiment occurred positive for the stock price of the company issuing the warrant.

Based on the results of testing the hypothesis it can be carried out several important discussions, namely the discussion relating to differences in stock returns before and after the date of announcement of Listing. The results of testing the hypothesis, starting 9 days, 7 days, and 5 days to 1 day before the warrant listing date, there is a significant positive change in stock returns. But the focus of attention is on the day approaching of the warrant listing date, where changes in stock returns show a significant positive value. It can be indicated that the information on date warrant listing announcements that have an impact on the market reaction on the Indonesia Stock Exchange which gives a positive signal to the stock market. The results of this study are in line with the results of the study of (Aitken and Segara, 2005), (Suwanto, and Sudana, 2014), and (Ander and Raul, 2015) but are not consistent with the results of the study of (Zulkaranain, 2010), (Febrianti, 2014), (Pratama and Dharmawan, 2015). and (Ira, and Sri, 2016). These events market participants have a positive response to the company's stock price. Besides that, company management on that day was also able to influence market players through investment strategies and programs offered to market participants (investors outside the company) as a result of the company's

mechanism of demand and stock offerings increased, which led to an increase in stock prices get capital gains or returns that tend to increase. Conversely, ninth and fourth day before the announcement date there is a negative significant difference from the stock return value received by shareholders, where there is a decrease in stock returns received by investors.

This is due to the negative sentiment of market participants on the trading day caused by events outside the company such as a sudden increase in the inflation rate. In addition, it could also be caused by depreciation of exchange rates until profit taking by investors will encourage a decrease in the mechanism of demand and supply of shares so that stock prices tend to decline, for investors who have already released some of their shares that day will certainly get capital loss.

Based on the analysis, it is found that there is a market reaction with the information of Warrant publishing, it can be said that the Indonesian capital market, including capital markets is the form of semi-strong efficiency because the securities prices fully reflect all published information that is in the financial statements of the issuer's company. In other words, investors cannot obtain upper normal profit levels by utilizing publicly available information with the issuance of Warrant (Fama, 1970), (Reilly and Brown, 1997), (Aitken and Segara, 2005), **(**Janiantari et al., 2014), (Ander and Raul, 2015), (Bloom, and Jackson, 2016), (Charles and Darné, 2016), (Lusyana, 2017) and (Syed and Bajwa, 2018).

CONCLUSION

Based on the analysis and discussion of the results of hypothesis testing, it can be proposed several important conclusions which the core of the research is, namely as follows: (1). The results of hypothesis show that on the second day before and after the announcement of the date warrant listing there is a tendency for an increase in return of investors who are in each company intend to release their shares will get more profit compared to ordinary days. This will be of interest to investors who will invest their funds in the Capital Market especially for the companies studied. Investors will get positive Abnormal Return and Cumulative Abnormal Return. (2). there is difference in the value of abnormal return and cumulative abnormal return both before and after the date listing announcement, this condition shows that the stability of abnormal returns and cumulative abnormal returns obtained by investors throughout the trading day is fifteen days before and after the date warrant listing does not always produce significant profits. But on the trading day, five days before and after the date listing warrant shows a significant abnormal return and cumulative abnormal return value, so that with the issuance of warrants will increase the profits obtained by investors. (3). the form of the Indonesian capital market including the market is semi-strong form efficiency. This is due to the level of profits obtained by investors on the trading day five days before and after the date warrant listing has increased, because investors obtain information published by the issuing companies will affect the stock market prices in the capital market. So, the level of profits obtained by investors has increased.

This study still has several weaknesses caused by limitations in making this research, these limitations are: (1). this study uses analytical methods with event studies that can only see the effect of market reactions for short periods. (2). the event study period that is used is relatively short, namely for 10 days before and after the announcement date of the

warrant issuance that affects the accuracy of the results obtained in this study. (3). the research year period used is relatively short, for a period of 7 years.

Based on the analysis and discussion of the results of hypothesis testing that has been done can be proposed several important implications which suggestions for the company are, namely: (1). For companies, it is expected to continue to improve operational performance and strive to maintain a commitment to shareholders such as efforts to prosper shareholders through dividend payments, the more attractive the management program will certainly encourage positive sentiments so as to increase the company's stock returns. (2). Investors believe that the market in an inefficient condition will implement an active trading strategy. These investors actively trade in the capital market in order to get a greater return compared to market returns**.**

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