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CEOs sit on good news till it's time to sell stock, study finds

Chief executives strategically time the release of good news to coincide with months in which their equity vests, according to a new study.

The study, first reported by the Financial Times, found that CEOs apportion 5% more “discretionary news” in vesting month than in prior months.

The [study](#) by the London Business School's Alex Edmans and Moqi Xu, the National University of Singapore's Luis Goncavles-Pinto and Insead's Yanbo Wang looked at company news releases and the subsequent media reports for tone. The disclosure of one discretionary news item in a vesting month generates a significant 16-day abnormal return of 28 basis points, they found.

Since the average CEO equity sale is over 6% of average daily trading volume, chief executives also benefit from the increased liquidity caused by an information release.

– Steve Goldstein

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