

Abstract

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The impact of depositary receipts on the stock price volatility

Depositary Receipts (DR) listed in London and New York stock exchanges became one of the most important elements in the integrated study of exchanges in Egypt and developing countries stock exchanges and its effect on stabilizing stock prices. From this point, this paper aimed to highlighting concepts of DR and its efficiency on lessening intensity of fluctuations in stock prices listed in Cairo and Alexandria stock exchanges (The range between highest price and lowest price). The paper divided the research plan into two stages: The first stage highlighted the concept, benefits and risks of issuing DR. It came out with the privilege of stocks covered with DR over stocks non-covered with DR. The second stage was based on statistical comparative analysis between fluctuations in stock prices covered and non-covered with DR listed in Cairo and Alexandria stock exchanges by using Standard deviation (StDev) and Coefficient of variation (CoefVar) as statistical tools for analysis where the higher degree of Coefficient of variation the higher the risk.