



## **Do Ownership Restrictions Affect Firm Value? Evidence from Mexico**

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*Accepted February 2020*

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### **ABSTRACT**

In Mexico, firms are permitted to issue different classes of equity shares that appeal to different investors. Share classes differentiate between investors based on investor origin (domestic vs. foreign) and voting rights. We hypothesize and find an association between firm value and share class. In addition, we find this relation has changed over time, coinciding with improvements in Mexico's corporate governance and financial reporting environment. The results suggest firm value is lower in firms that restrict ownership to Mexican nationals (closed firms) compared to those that issue stock to non-Mexican investors (open firms). We contribute to the understanding of how firms make decisions about financing, ownership, and control.

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*Keywords:* firm value, share class, Mexico

*JEL classification:* G11, G15, G32, G38

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