

increasing transactions, exerting a permanent change in the market price of shares which cannot be found in our data. Insider trading cannot therefore account for the inverted-bell shape of the premium around the block transaction.

When investors are heterogeneous only in their private investment opportunities and not in their information sets, stock prices may change following either new public information about future dividends, or changes in an investor's private investment opportunities. In the latter case, price grows (falls) to reflect the investor's need to buy (sell) and to attract trading counterparts. Since price changes without any expected change in future dividends, a return reversal is expected (Campbell et al., 1993). This explanation would fit our data, provided we could explain why private investment opportunities induce investors to buy in the market - rather than sell - before (the announcement of) block transactions. Purchases in advance of block transactions by block traders might be motivated by arbitrage when the market price of shares is lower than the block price. Yet the inverted bell shape is present also when blocks trade at a discount relative to market price.

The distribution of Shapley values across shareholder's types and time is portrayed in Tables 5 (full sample), 6 (size of blocks  $\geq 0.10$ ) and 7 (size of blocks  $< 0.10$ ). The sum of seller's, buyer's and market power indexes before (after) the transaction is lower than 1, on average, because there are other large shareholders who are not involved in the bilateral transaction, and do not belong to the market by construction. Sellers before the transaction have on average greater voting power (mean for full sample is .493) than buyers both before (.036) and after (.283) the transaction. Buyers after the purchase have in turn greater voting power than the market (.149 before and .134 after the transaction) - apart from the case of smaller blocks.

Table 5 reveals that the share of sellers' who are in control of the company is smaller than 50% but larger than 25%. This is true also when we restrict attention to smaller blocks<sup>3</sup>. Consistent with our expectation that larger blocks transfer larger voting power, the voting power differentials  $\varphi_S - \varphi'_S$  and  $\varphi'_b - \varphi_b$  grow when attention is restricted to larger blocks (Table 6). Table 6 confirms that more than 25% of larger block transactions are control transfers, and also shows that 25% of larger block

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<sup>3</sup> Approximately 54% (58%) of our sample is composed of companies which were controlled through the absolute majority of votes before (after) the transaction.