No Longer a Death Knell: Banks Delist and Deregister following the JOBS Act

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In the two years following passage in April 2012 of the Jumpstart Our Business Startups Act (JOBS Act), nearly 90 banks filed a Form 15 to suspend their Securities and Exchange Commission registration and securities trading reporting requirements. We examine the characteristics of these banks and compare their financial condition and subsequent performance with comparable banks that met the conditions for deregistration but did not do so. We find strong evidence that in addition to being smaller, banks with lower pre-JOBS trading volume and less institutional ownership are more likely to deregister. We also find no evidence that the decision to delist sounds a death knell for bank shareholders. In fact, our evidence suggests that bank performance often improves.

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1. Introduction

In the wake of the 2008 recession, the enactment of a number of financial regulations and laws, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), have added to the overall regulatory landscape for U.S. banks. While publicly traded banks face significant and additional costs associated with Securities and Exchange Commission (SEC) oversight, small banks, which make up 10 percent of banking industry assets but represent 97 percent of all U.S. banks, feel the regulatory burden most severely. For these community banks, the cost of compliance can become a major hindrance to profitability.

As a result, some small banks have taken advantage of provisions in the 2012 Jumpstart Our Business Startups (JOBS) Act that allow them to suspend their SEC registration. The provisions raise the thresholds from 300 to 1,200 persons for holders of record for banks and bank holding companies under Section 12(g) deregistration, and for suspension of reporting under Section 15(d). In the first two months following passage of the JOBS Act, 61 banks filed to cease securities reporting (Blumenthal, 2012). This is more than four times the number of banks seeking to deregister over the prior four-year period.

"Some banks feel SEC reporting offers some stature that in turn boosts stock prices," notes a banking lawyer cited in Blumenthal (2012), while others "don't think it is worth the expense." These remarks suggest that not all banks choose to deregister.

(It should be noted here that a distinction exists between "going dark," deregistering, and "going private." Firms that go dark still have their shares publicly traded, while firms going private release their public shares to either private investors and/or management.) The benefit of "going dark" depends on the costs of SEC compliance, which can run into the hundreds of thousands of dollars for a small public bank. Deregistering, however, may reduce the bank's future ability to raise equity capital.

The objective of our research is to examine the banks that chose to deregister in the first two years following enactment of the JOBS Act. Other studies have examined the decision to deregister, but most of these do not limit their scope to banks and begin earlier, with passage in 2002 of Sarbanes-Oxley Act (SOX). Institutions that delisted post-SOX did so specifically to avoid certain SOX-related regulatory requirements. In contrast, the JOBS Act of 2012 purposefully removes some of the stigma of deregistration through provisions designed to make it easier for banks and bank holding companies to use this option. Furthermore, through new crowdfunding provisions included in the act, some of the liquidity concerns following deregistration may be less severe.

Our research identifies unique characteristics of the deregistering banks in an effort to determine their motivation for the decision, and how they differ from a matched sample of banks that met the conditions under the JOBS Act to deregister but remained registered. We also examine the decision to deregister and its impacts on future shareholder value. We address three research questions:

1. What are the characteristics of banks that deregister?
2. Does the reduced regulatory burden after deregistration improve or diminish performance?
3. What actions do small banks take to reduce potential impacts on shareholder value that come with deregistering?

2. Relevant literature

There is minimal research to date regarding financial institution deregistration trends since the 2012 JOBS Act. However, a body of literature does exist on the strategy of going private, including several studies that examine deregistration following Sarbanes-Oxley. We first focus our literature review on the decision to deregister.

Two studies examining deregistration in the post-SOX period find that shareholders of banks view this decision differently than do shareholders of non-financial firms. Marosi and Massoud (2007) find that the cumulative abnormal return for banks making the decision to go dark is not significantly different from zero. Leuz, Triantis, and Wang (2008) examine a sample of firms that deregistered from 1998 to 2004, but which continue to trade publicly. While the researchers find negative announcement returns for other firms, the coefficient on banks is actually positive in their regression models. They suggest that investors in banks are less concerned about losses from agency problems, given the significant regulatory environment in which banks operate. Both Marosi and Massoud (2007) and Leuz et al. (2008) find that banks do not experience the same decrease in liquidity following deregistration, and suggest that this is due to the continued availability of financial information since the banks must still file with the FDIC or other regulatory bodies.

While deregistration is not the same as going private, research on the latter is particularly relevant when the decision is made in response to regulatory changes. Several studies point to the decision to go private as value-maximizing for smaller firms in the face of higher compliance costs from SOX. Engel, Hayes, and Wang (2007), for example, argue that it is value-maximizing for a firm to go private in response to SOX only if the compliance costs to the firm exceed the shareholder benefits of being a public firm. They find higher returns associated with going-private announcements for smaller firms with high inside ownership in the post-SOX period. Boot, Gopalan, and Thakor (2008) develop a model in which the likelihood of a public firm to go private is positively related to investor participation, negatively related to its share price, and positively related to share price volatility. The authors suggest that the process of going private will lead to an increase in firm value.

Kamar, Karaca-Mandic, and Talley (2008) consider whether SOX led firms to exit the public capital markets. Their study considers the potential acquisition of a firm and whether the acquirer is more likely to be a private or public firm. They find a greater propensity to go private in the year following SOX. O'Rourke (2001) discusses the advantages of taking financial institutions private. Advantages of going private, he finds, include the ability to focus on long-term goals and the reduced risk of a hostile takeover.

In one of the few rigorous studies to date specifically following the JOBS Act, Mitts (2013) examines 187 banks and bank holdings companies. He concludes that, as a result of the JOBS Act, deregistration among smaller banks leads to tangible financial benefits, including a lower level of pretax expenses and increased net income. From a practitioner's standpoint, Fleetwood and Bernstein (2012) issue a Top Ten list that community bankers "need to know" about the JOBS Act. They point to several provisions in the act that could help some deregistering banks and bank holding companies avoid triggering SEC registration and reporting in the event that they need to raise additional capital. Coupled with its new Section 4(6), which permits crowdfunding, the investment decline reported by Bakke, Jens, and Whited (2012) is less likely to occur for banks deregistering under the JOBS Act.

While liquidity may be less of an issue for banks than for non-financial institutions following the decision to deregister (Marosi and Massoud, 2007; Leuz et al., 2008), it is also less of an issue for all firms than previously found. The literature also alludes to the fact that the traditional role of exchanges has declined. Macey and O'Hara (2002) argue that the case for "exchange listing as a means of achieving better monitoring, better signaling, superior legal rules, and more reliable clearing is no longer compelling." According to Ryan (2013), over-the-counter markets are "no longer the domain of issuers under financial strain, near bankruptcy, or plagued with scandal." Ryan suggests that the key to succeeding on the OTC market platform is transparency. Unregistered issuers can continue to release quarterly financial information and insider ownership information through the OTC Markets news service, affiliated with PR Newswire, for issuers on the OTC market.

3. Hypothesis development

We seek to build on prior research by providing information to banks and their shareholders about the characteristics of banks that elect to deregister under the JOBS Act provisions and the impacts on their investors. Our paper is similar to that of Leuz et al. (2008). While their study includes banks, ours focuses exclusively on banks and their decisions to deregister. Furthermore, our study examines the impacts of the act's provision under which banks and other small firms can deregister without the market viewing that process as a negative signal. We acknowledge that bank deregistration decisions fall under a "special case" category for two reasons. First, they continue to report financial information to other regulatory authorities, thus maintaining greater transparency than one would find in the deregistering of non-financial firms. Second, bank monitoring continues through the appropriate regulatory bodies. Therefore, we do not expect to see increased agency costs or informational asymmetry after deregistration. The lessening of redundancy in regulatory burden and reporting costs is expected to provide some benefit to future returns. On the other hand, we do expect a decrease in liquidity. This decrease may be less severe than in the past, with the greater acceptance of alternative trading platforms, as described in Macey and O'Hara (2002), and the opportunities for raising capital that may exist with crowdfunding.

We expect banks to deregister when the cost of compliance is greater than the benefits of continued registration. Given the current regulatory framework, we expect the likelihood that a small bank will deregister to be significantly higher than for a large bank. Banks that currently exhibit lower performance should also be more likely to deregister since the cost of SEC compliance is potentially more burdensome in this setting. We expect a negative relation between traditional accounting and stock performance measures, and the decision to deregister. Since a lower efficiency ratio (ER) is preferred, we anticipate a positive relation between the decision to deregister and the ER.

The type of charter a bank holds determines its corresponding regulatory authority and thus the degree of total regulatory burden. National banks have one primary regulatory authority, while state-chartered banks are more likely to answer to overlapping regulatory authorities. Therefore, we expect savings and state-chartered banks to be more likely to deregister than national commercial banks, as the former often tend to be more regional in focus.

We also expect that a bank's governance characteristics to play a role in the decision to deregister. We hypothesize that greater board independence and larger boards will be associated with banks that remain registered, while banks whose CEO and chairman roles are vested in one individual, and banks with longer board terms and more entrenched boards, will be more likely to deregister. We expect concentrated insider ownership to be another factor that contributes to the decision to deregister.

We proxy for the benefit of registration using average float, calculated as share volume for the year prior to passage of the JOBS Act, scaled by shares outstanding. We expect banks with more active trading and greater pre-JOBS share liquidity to be less likely to deregister. We summarize our hypothesis predictions in Table 1.

Table 1
Predictions on the probability of deregistering

	Possible proxies	Expected coefficient
Size	Total assets	-
	Total deposits	-
	Total loans and leases	-
	Total equity	-
	Number of employees	-
	Number of offices	-
Performance	Return on assets (ROA)	-
	Return on equity (ROE)	-
	Pre-JOBS holding period return	-
	Efficiency ratio (ER)	+
Charter type	Federal commercial	-
	State commercial	+
	Savings	-
Risk profile	Total risk-adjusted capital ratio (TAC)	-
Governance	Board independence	-
	Board size	-
	CEO duality	+
	Board term	+
Ownership	Officers and directors	+
	5% shareholders	+
Compliance costs vs. benefit	Pre-JOBS volume ratio	-

4. Data and Methodology

We obtain complete data for 80 banks that elect to deregister from the SEC in the first two years following passage of the JOBS Act. We exclude eight banks for which we had incomplete information. Panel A presents summary statistics for the deregistering sample, while Panel B presents comparable statistics for a matched sample of 80 institutions that met the shareholder levels to deregister but did not. Variables are measured as of June 2012. We match each sample bank with a control bank of similar size, as measured by total assets. We obtain information on the sample and the matched banks using data from the FDIC and other public documents. Data for the deregistered bank is collected as close as possible to deregistration date with data for the corresponding match being the same approximate timeframe. The results allow for the development of a profile of deregistering banks and an examination of the merits of its decision.

We examine several measures of size, including the number of employees, number of offices, total assets, total deposits, net loans and leases, and total book value of equity. Although we try to provide a good matched sample, the reality is the median bank that deregisters is smaller on all but the number of offices. Still, while the minimum size variables for the deregistering banks are smaller than those for the matched banks, there are clearly relatively large banks that chose to deregister, as shown by the maximum values on these variables. Furthermore, there are small banks that opt not to deregister, as shown by the minimum size variables for the matched bank sample. We match with replacement and do not allow the same bank to be a match for more than one bank.

We also examine several performance measures: total risk-adjusted capital ratio (TAC), return on assets (ROA), return on equity (ROE), and the ER. While there are several alternative measures, we define TAC as the sum of its Tier 1 and Tier 2 capital ratios divided by the bank's risk-weighted assets. The TAC required of all banks in the United States is 8 percent. A bank's ER is a measure of its ability to turn resources into revenue. It excludes interest expense in the calculation. Since it is the cost required to generate a dollar of revenue, a lower ratio is preferred.

We test differences in means and medians across our delisting and the matched sample performance measures. The average and median TACs are not significantly different between the deregistering and matched samples. This is not surprising, given the required levels imposed by Dodd-Frank for these measures. The median levels of the other performance measures are all significantly different, with the matched sample reflecting higher median ROAs and ROE with lower ERs. This is the first evidence that banks that make the decision to deregister have potentially higher costs per assets at the time of election.

We also examine governance and ownership characteristics between the two samples. We obtain governance measures and ownership data from the most recent proxy statement prior to deregistration, with a comparable timeframe for its respective match. The roles of the CEO and COB are vested in one individual for nearly a quarter of the deregistering sample, almost double the percentage among the matched sample. While there is no significant difference in officer and director ownership, controlling ownership (by 5 percent stakeholders) is significantly higher for banks that do not deregister. Board size, board term, and board independence do not differ significantly across the two samples.

Table 2
Descriptive statistics

Variable	Mean	Median	Minimum	Maximum
Panel A: Deregistered firms (N=80)				
Number of employees	115.10	91.00	8.00	476.00
Number of offices	9.50	7.50	1.00	45.00
Total assets (000 $)	436,502.80	341,884.50	45,064.00	1,980,140.00
Total deposits (000 $)	371,784.20	283,430.50	28,926.00	1,792,157.00
Net loans and leases (000 $)	264,849.80	212,674.00	35,490.00	1,388,703.00
Total equity (thousand $)	40,472.80	32,804.00	5,307.00	165,668.00
Total risk-adjusted capital (TAC)	15.80	14.70	4.33	38.17
ROA	0.36	0.47	-2.29	2.64
ROE	2.80	4.62	-38.97	21.98
Efficiency ratio (ER)	80.22*	76.85**	45.65	126.64
Board size	9.60	9.00	4.00	21.00
Board independence (%)	78.43	80.00	35.00	100.00
Officer and director ownership	21.13	17.78	1.33	81.60
5% ownership	15.75	9.43	0.00	96.50
Board term	2.41	3.00	1.00	3.00
CEO = COB	23.75%*			
Pre-JOBS volume	215,777.80	72,199.00	0.00	2,612,648.00
Number of shareholders	652.80	644.00*	177.00	1,182.00
Panel B: Matched firms (N=80)				
Number of employees	141.00*	134.00***	13.00	376.00
Number of offices	11.20*	11.00**	1.00	28.00
Total assets (000 $)	576,412.30***	588,531.0***	98,159.0	1,264,954.00
Total deposits (000 $)	469,701.80**	480,053.0***	67,580.0	1,055,714.00
Net loans and leases (000 $)	371,472.20***	382,455.5***	57,622.0	881,911.00
Total equity (000 $)	61,973.66***	63,231.5***	8,473.0	165,746.00
Total risk-adjusted capital (TAC)	16.04	14.90	7.40	45.25
ROA	0.60**	0.78**	-2.81	1.93
ROE	5.49*	6.70*	-32.06	18.34
Efficiency ratio (ER)	75.35	70.53	39.75	165.61
Board size	9.30	9.00	4.00	15.00
Board independence (%)	78.46	80.00	50.00	100.00
Officer and director ownership	17.99	17.47	1.00	66.00
5% ownership	25.99***	20.65***	0.00	96.47
Board term	2.54	3.00	1.00	3.00
CEO = COB	12.50%			
Pre-JOBS volume	759,331.70***	418,620.00***	24,654.00	7,571,151.00
Number of shareholders	590.40	549.00	144.00	1,162.00

Note: ***, **, * indicates significantly larger than the comparable sample at the 1%, 5%, and 10% levels, respectively.

As a proxy for the benefits of registration, we examine annual trading volume before and after deregistration. A higher volume of shares traded could suggest a greater benefit from continued registration. We find that banks who decide to deregister have significantly lower trading volume in the year preceding the decision relative the matched sample. In further tests, we scale trading volume by the number of shares outstanding.

Table 3 provides additional breakdowns of the banks that deregistered post-JOBS and the matched sample. Although not reported, we also examine the headquarters state. Twenty-two states are represented in the deregistering sample. Virginia has the highest representation, with eight banks completing the deregistration process. Half of these are state-chartered commercial banks. To further analyze our results on national versus state, and federal versus savings, we use the six charter codes granted to banks. The Office of the Comptroller of the Currency (OCC) regulates nationally chartered commercial banks (N). The Federal Reserve regulates state-chartered commercial member banks (SM). The Federal Deposit Insurance Corporation (FDIC) regulates state-chartered nonmember commercial banks (NM) and state savings banks (SB). The Office of Thrift Supervision regulates state or federal savings institutions (SA). One charter code, foreign-chartered institutions (OI), is not represented in our sample.

Table 3
Charter type and deregistration

Code	Description	Regulatory authority	Deregistered	Match	Total
N	Nationally chartered commercial banks	Office of the Comptroller of the Currency	24	15	39
SM	State-chartered commercial member banks	Federal Reserve	14	16	30
NM	State-chartered, nonmember commercial banks	FDIC	36	33	69
SA	State or federal savings institutions	Office of Thrift Supervision	3	9	12
SB	State savings banks	FDIC	3	7	10
	Total		80	80	160

We examine the decision to deregister by running a logistic regression model with the decision to deregister equal to 1 if the bank deregistered and zero otherwise. Our logistic model becomes:

$$\textit{Deregister} = \beta_0 + \beta_1 \textit{Size} + \beta_2 \textit{Performance} + \beta_3 \textit{Bank Type} + \beta_4 \textit{Risk Profile} + \beta_5 \textit{Governance} + \beta_6 \textit{Ownership} + \beta_7 \textit{Compliance/Benefit} \quad (1)$$

To address our second research question—whether a reduced regulatory burden after deregistration improves or diminishes performance—we examine the change in certain performance metrics before and after passage of the JOBS Act. We examine ROA, ROE, ER, and holding period returns for the deregistered bank and its match at the same time period. For ROA, ROE, and the ER, we obtain data from the FDIC website for the comparable time periods. Because the act was passed in April 2012, we use the twelve months ending March 2012 to calculate our holding period return for the pre-JOBS period. For the post-deregistration holding period return, we use the twelve months ending May 2014 and its match returns as of the same time period.

Our final research question addresses the decision by banks to maintain transparency with investors in the post-deregistration period. While reporting is still required to their regulatory authority, we examine banks that continue to file beyond the 90 days mandated by the SEC following the filing of Form 15 versus those that continue to report for only the mandated 90-day period.

5. Results

Table 4 presents the results of a logistic regression of Equation (1), the decision to deregister. Our results confirm that smaller banks are more likely to deregister, and this finding is robust to alternative size proxies.[1] We find little evidence that the decision to deregister is driven by prior performance. After controlling for size, we find some evidence that savings banks are less likely to deregister.

We find no evidence to support our hypothesis that the separation of the roles of CEO and board chairman is associated with banks that remain registered. We also find no evidence that the percentage of board members deemed independent or that ownership by officers and directors is significant. Although not presented in our results, the bank's board term is likewise insignificant. We find strong evidence that a greater concentration of ownership by 5 percent shareholders is associated with banks that do not deregister.

Trading volume significantly reduces the likelihood of deregistration, as expected. There are twelve deregistered banks, or 15 percent of the delisting sample, that had no active trading at the time of deregistration. Although not presented in our results, separate regressions excluding these banks yield similar results to those reported.

To address our second research question, we examine changes in various performance measures between the pre- and post-JOBS periods. As shown in Table 5, in the pre-JOBS period, our median matched bank (Panel B) has significantly higher ROA and trading volume per share outstanding. While trading volume remains higher in the post-JOBS period for our matched banks, as expected, there is no significant difference in other measures between the two groups. From the pre-JOBS

[1] In an alternative regression not shown in our results, the log of total deposits yields virtually identical results to the other size proxies.

to post-JOBS periods, our deregistered sample (Panel A) shows improved performance as measured by mean and median ROA, ROE, and holding period return.

Table 4
Prediction of the deregistration decision

	I	II	III	IV	V
Intercept	13.1321***	14.4706***	15.0786***	14.4489***	13.9566***
Number of employees	-0.0027				
Log of assets		-0.8314**			
Log of loans and leases net			-0.7059*		
Log of total equity				-0.9880***	-0.7727**
ROA	-0.6442**				-0.2982
Efficiency ratio		0.0110			
ROE			-0.0396		
Pre-JOBS HPR				0.4835	
National charter	0.3458	0.2733	0.1145		
Savings bank	-1.2298	-1.3851*	-1.5632**	-1.2505*	-1.2092*
TAC	0.0445	0.0229	0.0018		
Board independence	-0.0150				
CEO duality		1.0464	0.6427	1.0551	0.8625
% officers and directors			-0.0155		
% held by 5%	-0.0299***	-0.0269**		-0.0208*	-0.0238**
Pre-JOBS volume ratio	-0.9336***	-0.8435***	-0.8896***	-0.8627***	-0.8658***
Likelihood ratio	84.3979***	86.5747***	81.6921***	87.2401***	87.2598***
N	160	160	160	160	160

Note: ***, **, * indicate significantly larger at the 1%, 5%, and 10% levels, respectively.

The median ER for the matched sample actually deteriorated, as evidenced by the significantly higher ratio in the post-JOBS period. Both samples reflect higher mean and median holding period returns in the post-JOBS period; but the levels are not different between the two samples for either the pre- or post-JOBS period.

Our final research question addresses the decision by banks to maintain transparency with investors in the post-deregistration period. While reporting to their appropriate regulatory authority is required, reporting to the SEC is only mandated for 90 days following the filing of Form 15. We examine banks that voluntarily continue to file financial statements versus those that report for only the mandated period. Among our 80 deregistering banks, we are able to find voluntary reporting of financial results for 28 banks, or just over one-third. In Table 6, the deregistering sample is split into two subsamples, according to whether they continued to report financial information beyond the mandated period.

Table 5
Pre- versus post-deregistration performance

Variable	Mean	Median	Minimum	Maximum
Panel A: Deregistered firms (N=75)				
2012 Return on assets	0.40	0.49	-2.29	2.64
2012 Return on equity	3.39	4.86	-38.97	21.98
2012 Efficiency ratio	79.72	75.86	45.65	126.64
2014 Return on assets	0.56[b]	0.65[a]	-1.45	1.64
2014 Return on equity	5.38[c]	6.68[a]	-24.14	13.37
2014 Efficiency Ratio	79.50	76.24	56.94	132.62
Panel B:Matched firms (N = 75)				
2012 Return on assets	0.57	0.76**	-2.81	1.93
2012 Return on equity	5.18	6.66	-32.06	18.34
2012 Efficiency ratio	76.56	71.74	42.73	165.61
2014 Return on assets	0.66	0.68	-0.37	1.84
2014 Return on equity	6.88	6.31	-4.09	41.85
2014 Efficiency ratio	78.00	77.09[a]	50.83	108.48
Panel A: Deregistered firms (N=65)				
2012 Volume/shares ratio	0.08	0.04	0.00	0.77
2012 Holding period return	0.02	-0.01	-0.96	3.17
2014 Volume/shares ratio	0.06	0.05	0.00	0.34
2014 Holding period return	0.16[c]	0.14[b]	-0.51	1.03
Panel B: Matched firms (N = 65)				
2012 Volume/shares ratio	0.45	0.09***	0.01	20.77
2012 Holding period return	0.01	0.03	-0.85	0.68
2014 Volume/shares ratio	1.22	0.14***a	0.01	66.69
2014 Holding period return	0.20[a]	0.15[a]	-0.42	0.88

Note: [a], [b], and [c] denote significantly higher than the corresponding 2012 levels at the 1%, 5%, and 10% levels, respectively. A lower efficiency ratio is better. ***, ** denote significantly higher than the deregistered sample at the 1% and 5% levels, respectively.

There are several differences between the two subsamples. Firms designated as "continued to file" maintain reporting at least six months after deregistration. Those banks have higher ROA and ROE levels, as shown in Table 6. The non-reporting banks are more closely held, with greater officer and director ownership and with the role of the CEO and chairman more likely to be vested in the same individual.

6. Conclusion

We answer three questions in this research in an effort to provide information to small banks and their shareholders considering deregistration under the JOBS Act. Not all banks will make this choice, but it is important to understand the types of banks that do, and the impacts on their investors. It is also relevant to examine banks that work to diminish any negative consequences (stigma) of deregistration through continued transparency.

Table 6.
Continued to file versus non-reporting

	Continued to file		Non-reporting	
	Mean	Median	Mean	Median
Number of offices	8.50	7.50	10.10	7.50
Total assets+	373,865.10	341,884.50	470,230.70	339,926.00
Total Deposits	313,089.30	296,840.00	403,389.10	275,703.00
Return on assets	0.58*	0.63	0.25	0.38
Return on equity	5.66**	6.93**	1.25	3.91
Total loans and leases+	231,611.40	209,102.50	282,747.30	218,393.50
Efficiency ratio	76.98	75.43	81.97	78.01
Board size	9.80	10.00	9.60	9.00
Board independence (%)	77.20	79.00	79.10	80.50
Insider ownership	17.10	16.20	23.30*	18.30
5% ownership	13.50	6.30	16.90	12.80*
Board term	2.40	3.00	2.40	3.00
CEO=COB	7.10%		32.70%***	
Pre-JOBS Volume	0.09	0.07*	0.06	0.02
Pre-JOBS HPR	0.01	0.04	-0.00	-0.10

Note: ***, ** and * denote significantly higher at the 1%, 5%, and 10% levels, respectively. + in thousands.

What are the characteristics of banks that deregister? In addition to being smaller, we find strong evidence that banks with lower pre-JOBS trading volume are more likely to deregister. Clearly, smaller banks with lower trading volumes are less likely to reap the benefits of a publicly registered company in the presence of increased regulation. We also find some evidence that the deregistering banks are less likely to have a significant institutional investor base. We find very little evidence to support poor performance driving the decision to deregister. Overall, our results offer the first evidence to suggest that banks that deregister are those facing the highest costs per assets but least benefits from remaining public.

Does the reduced regulatory burden following deregistration improve or diminish performance? For shareholders of small banks, we find no evidence that the decision to delist is a death knell. In fact, our evidence suggests that performance often improves. Deregistering banks showed improvements in both ROA and ROE and post-JOBS holding period returns did not differ significantly from the match sample.

What actions are small banks taking to reduce the impact on shareholder value that comes with deregistering? Banks are already subject to regulatory authority from the Federal Reserve, FDIC, OCC, or Office of Thrift Supervision. This continuing regulatory oversight prevents deregistering banks from suffering the increased agency conflicts found in the previous literature for most non-financial firms in a post-deregistration setting. Overall, about one-third of the deregistering banks continue voluntarily to report financial results beyond the 90-day SEC mandate. Banks that have stronger performance, are more widely held, and enjoy higher trading volumes prior to deregistration, are more likely to voluntarily report financial results to the public in the post-deregistration period.

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