

Online Appendix to
“The Speed of Communication”

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Table A1. Target Investor Instrumented via Lagged One-Year Holdings

This table reports coefficient estimates from analyses similar to those reported in Tables 2 and 4. *Target Investor* now takes the value of one if an investor holds the target stock one year prior to the M&A announcement, and zero otherwise. *Target Neighbor* takes the value of one if the investor lives within three miles of such a target investor and is not a target investor him-/herself; *Target Neighbor* is zero otherwise. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Stock-Financed M&As		Cash-Financed M&As	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
Panel A: Target Investors				
<i>Target Investor</i>	0.0142*** [0.0034]	0.0120*** [0.0033]	0.0013 [0.0033]	0.0013 [0.0033]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.50%	1.44%	2.35%	2.24%
No. Obs.	6,943,336	6,943,336	3,220,313	3,220,313
Panel B: Target Neighbors				
<i>Target Neighbor</i>	0.0014** [0.0006]	0.0015** [0.0007]	-0.0001 [0.0009]	-0.0001 [0.0009]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.50%	1.45%	2.35%	2.24%
No. Obs.	6,941,105	6,941,105	3,219,641	3,219,641

Table A2. The Effect of Number of Target Investors in the Neighborhood

This table reports coefficient estimates from analyses similar to those reported in Panel B of Tables 2 and 4. The main independent variable, *N of Target Investor*, now is the number of target investors who live within three miles of an investor. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Stock-Financed M&As		Cash-Financed M&As	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
<i>N of Target Investors</i>	0.0013*** [0.0004]	0.0011*** [0.0004]	0.0006 [0.0008]	0.0005 [0.0008]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.66%	1.59%	2.37%	2.26%
No. Obs.	7,596,415	7,596,415	3,488,558	3,488,558

Table A3. Target Neighbors' Trading in the Acquirer Firm

This table reports coefficient estimates from regressions of investor trading in the acquirer firm on a target neighbor dummy. The dependent variable in Column (1) is the number of trades in the acquirer firm in months seven through eighteen after the M&A announcement. The dependent variable in Column (2) is the logarithm of the trading dollar amount in the acquirer firm in months seven through eighteen after the M&A announcement. The dependent variable in Column (3) is a dummy variable, which takes the value of one if an investor places any trades in the acquirer firm in months seven through eighteen after the M&A announcement; it equals zero otherwise. The main independent variable, *Target Neighbor*, takes the value of one if an investor lives within three miles of a target investor and is not a target investor him-/herself. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	# Trades (1)	\$ Trades (2)	I(Trades) (3)
<i>Target Neighbor</i>	0.0016*** [0.0005]	0.0073*** [0.0021]	0.0008*** [0.0002]
Investor Controls	YES	YES	YES
Zip Code Controls	YES	YES	YES
M&A Fixed Effects	YES	YES	YES
Adj. R ²	0.49%	0.76%	0.75%
No. Obs.	7,596,415	7,596,415	3,488,558

Table A4. The Effect of Population Density within Metropolitan Areas

This table reports coefficient estimates from analyses similar to those reported in Panel B of Table 2, but we now consider only zip codes that are part of a metropolitan area. Within all zip codes that are part of a metropolitan area, we separate zip codes based on the 75th percentile of the population distribution. We choose this cutoff point to ensure we have roughly the same number of observations in both groups. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	< 75 th Percentile		>= 75 th Percentile	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
<i>Target Neighbor</i>	0.0026** [0.0012]	0.0025** [0.00012]	0.0011 0.0010	0.0011 0.0010
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.73%	1.64%	1.99%	1.94%
No. Obs.	1,510,209	1,510,209	1,436,074	1,436,074

Table A5. The Effect of Target Firm Announcement Day Returns

This table reports coefficient estimates from analyses similar to those reported in Panel B of Table 2, but we now separate M&As based on the target firm's announcement day returns (Panel A) or market returns in the month of the M&A announcement (Panel B). "High" and "Low" represent top-half- and bottom-half observations, respectively. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	High		Low	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
Panel A: CAR(-1,1) Around Announcement Day				
<i>Target Neighbor</i>	0.0032*** [0.0010]	0.0031*** [0.0010]	0.0017* [0.0010]	0.0016 [0.0010]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.83%	1.63%	1.63%	1.56%
No. Obs.	3,360,116	3,360,116	4,238,599	4,238,599
Panel B: Market Return				
<i>Target Neighbor</i>	0.0022** [0.0010]	0.0020** [0.0010]	0.0027*** [0.0010]	0.0026** [0.0011]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	2.10%	2.00%	1.31%	1.26%
No. Obs.	3,573,951	3,573,951	4,024,764	4,024,764

Table A6. The Effect of Number of Stocks in a Target Investor's Portfolio

This table reports coefficient estimates from analyses similar to those reported in Panel B of Table 2, but we now separate investors based on the number of stocks in their portfolios prior to the corresponding M&A announcement. "High" and "Low" represent top-half- and bottom-half observations, respectively. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	High		Low	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
<i>Target Neighbor</i>	0.0017* [0.0010]	0.0016* [0.0009]	0.0032*** [0.0011]	0.0029*** [0.0010]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.73%	1.66%	1.73%	1.66%
No. Obs.	6,698,311	6,698,311	6,696,256	6,696,256

Table A7. The Effect of Residence Length

This table reports coefficient estimates from analyses similar to those reported in Panel B of Table 2, but we now separate investors based on the residence length of the corresponding target investor. “Long” and “Short” represent target investors who have lived more than and less than five years in their locale, respectively. We choose this cutoff point to ensure we have roughly the same number of observations in both groups. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Long		Short	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
<i>Target Neighbor</i>	0.0026*** [0.0008]	0.0027*** [0.0008]	0.0010 [0.0020]	0.0006 [0.0021]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.73%	1.66%	1.73%	1.56%
No. Obs.	6,711,168	6,711,168	6,689,865	6,689,865

Table A8. Alternative Definitions of Target Neighbors and Different Time Horizons

This table reports coefficient estimates from regressions of investor trading in the acquirer industry on a target investor- or a target neighbor dummy, but we now experiment with alternate definitions of what constitutes a neighbor and we examine trading over alternate time horizons. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

Panel A: Neighbors of Different Distances from Target Investors

	0 to 3 Miles		3 to 7 Miles		7 to 15 Miles		15 to 30 Miles	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Target Neighbor</i>	0.0023*** [0.0007]	0.0022*** [0.0007]	0.0018*** [0.0005]	0.0018*** [0.0005]	0.0014*** [0.0003]	0.0015*** [0.0003]	0.0002 [0.0003]	0.0002 [0.0003]
Investor Controls	YES	YES	YES	YES	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES	YES	YES	YES	YES
No. Obs.	7,596,415	7,596,415	7,558,105	7,558,105	7,485,049	7,485,049	7,336,619	7,336,619
Adj. R ²	1.66%	1.59%	1.66%	1.59%	1.65%	1.59%	1.65%	1.58%

Panel B: Alternative Time Horizons

	Target Investors				Target Neighbors			
	Months 19 to 30		Months 31 to 42		Months 19 to 30		Months 31 to 42	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Target</i>	0.0178*** [0.0030]	0.0130*** [0.0026]	0.0123*** [0.0035]	0.0107*** [0.0032]	0.0005 [0.0006]	0.0008 [0.0006]	0.0001 [0.0007]	0.0005 [0.0007]
Investor Controls	YES	YES	YES	YES	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES	YES	YES	YES	YES
Adj. R ²	1.47%	1.39%	1.28%	1.21%	1.47%	1.39%	1.28%	1.21%
No. Obs.	5,814,983	5,814,983	3,696,168	3,696,168	5,812,950	5,812,950	3,694,682	3,694,682

Panel C: Trading in Months 7-18 minus Trading in Months 1-6

	Target Investors				Target Neighbors			
	Stock-Financed M&As		Cash-Financed M&As		Stock-Financed M&As		Cash-Financed M&As	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Target</i>	0.0122*** [0.0038]	0.0118*** [0.0038]	0.0089* [0.0051]	0.0091* [0.0051]	0.0025*** [0.0007]	0.0026*** [0.0007]	0.0008 [0.0011]	0.0006 [0.0011]
Investor Controls	YES	YES	YES	YES	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES	YES	YES	YES	YES
Adj. R ²	1.42%	1.38%	2.06%	1.99%	1.41%	1.37%	2.06%	1.98%
No. Obs.	4,892,588	4,892,588	2,283,907	2,283,907	4,890,872	4,890,872	2,283,329	2,283,329

Table A9. Buy vs. Sell Transactions

This table reports coefficient estimates from regressions of target neighbor trading in the acquirer industry on target investor trading in the acquirer industry. The dependent variable in Columns (1) and (3) is a target neighbor's number of buy (sell) trades in the acquirer industry (excluding the acquirer firm) as a fraction of the total number of buy (sell) trades across all industries in months seven through eighteen after the M&A announcement. The dependent variable in Columns (2) and (4) is a target neighbor's dollar value of buy (sell) trades in the acquirer industry (excluding the acquirer firm) as a fraction of the total dollar value of buy (sell) trades across all industries in months seven through eighteen after the M&A announcement. The main independent variable, *Target Investor Trading*, is the corresponding target investor's total number or total dollar value of buy (sell) trades in the acquirer industry (excluding the acquirer firm) as a fraction of the total number or total dollar value of buy (sell) trades across all industries in months seven through eighteen after the M&A announcement. Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Buy		Sell	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
<i>Target Investor Trading</i>	0.0175*** [0.0056]	0.0173*** [0.0057]	0.0080** [0.0041]	0.0079* [0.0044]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	1.64%	1.44%	2.35%	2.24%
No. Obs.	7,596,415	7,596,415	7,596,415	7,596,415

Table A10. The Effect of Positive Prior Exposure to Acquirer Industry

This table reports coefficient estimates from analyses similar to those reported in Tables 2 and 4, but we now consider only investors who trade or hold stocks in the acquirer industry in the year prior to the M&A announcement (and, as a result, are much less likely to be positively “shocked” by the endowment of acquirer firm shares). Standard errors, shown in brackets, are clustered at the zip-code- and the year-month-of-an-M&A-announcement level. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Stock-Financed M&As		Cash-Financed M&As	
	# Trades (1)	\$ Trades (2)	# Trades (3)	\$ Trades (4)
Panel A: Target Investors				
<i>Target Investor</i>	0.0048 [0.0050]	0.0009 [0.0052]	-0.0015 [0.0096]	-0.0040 [0.0098]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	8.83%	8.68%	9.87%	9.68%
No. Obs.	1,551,059	1,551,059	587,642	587,642
Panel B: Target Neighbors				
<i>Target Neighbor</i>	-0.0034 [0.0029]	-0.0040 [0.0030]	0.0026 [0.0055]	0.0044 [0.0059]
Investor Controls	YES	YES	YES	YES
Zip Code Controls	YES	YES	YES	YES
M&A Fixed Effects	YES	YES	YES	YES
Adj. R ²	8.83%	8.68%	9.87%	9.68%
No. Obs.	1,549,568	1,549,568	587,323	587,323

Table A11. Income Gap Definition

Our data vendor groups households into one of the following nine *bins* based on their income:

<i>bin</i> = 1:	household income < \$15,000;
<i>bin</i> = 2:	\$15,000 ≤ household income ≤ \$19,999;
<i>bin</i> = 3:	\$20,000 ≤ household income ≤ \$29,999;
<i>bin</i> = 4:	\$30,000 ≤ household income ≤ \$39,999;
<i>bin</i> = 5:	\$40,000 ≤ household income ≤ \$49,999;
<i>bin</i> = 6:	\$50,000 ≤ household income ≤ \$74,999;
<i>bin</i> = 7:	\$75,000 ≤ household income ≤ \$99,999;
<i>bin</i> = 8:	\$100,000 ≤ household income ≤ \$124,999;
<i>bin</i> = 9:	\$125,000 ≤ household income.

Figure A1. U.S. Heat Map of Number of Investors

