Online Appendix Table A1
Client firms' stock price reactions to the dissolution of Daiwa Securities SMBC, based on a simple market model.

This table reports the mean CARs for client firms in the three trading days surrounding the news release about the dissolution of Daiwa Securities SMBC. Abnormal returns are estimated based on a simple market model including only the value-weighted market return. Panel A reports the results for the full sample of the client firms of Daiwa Securities SMBC. By comparison, the panel also reports the results for client firms of other major investment banks, namely, firms whose IPO lead underwriters were Nomura Securities, Mizuho Securities, and Mitsubishi UFJ Securities. Panel B reports the results for client firms with and without lending relationships with SMFG. Firms are defined as having lending relationships with SMFG if they had a positive value of LOAN at the end of the fiscal year before September 2009. Panel C reports the results for client firms with and without shareholding relationships with SMFG. Firms are defined as having shareholding relationships with SMFG if SMFG was among the top ten largest shareholders (SMFG's ownership stake is the sum of the ownership held by its subsidiary banks at the end of the fiscal year before September 2009). For the mean CARs, the *t*-statistics are calculated based on the method proposed by Kolari and Pynnonen (2010), which accounts for a potential cross-sectional correlation among abnormal returns. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively, in two-tailed tests.

Panel A: Full sample

	Clients of Daiwa Securities SMBC (*N*=124)		Clients of other investment banks (*N*=478)	
Event window	Mean CAR	*t*-stat	Mean CAR	*t*-stat
(-1,1)	-1.36%	-1.58	-0.60%	-0.61
(-1,0)	-0.80%	-1.41	-0.22%	-0.28
(0,0)	-0.67%	-1.28	-0.17%	-0.48
(0,1)	-1.23%	-1.40	-0.55%	-0.68

Panel B: Lending relationships with SMFG

	Clients with lending relationships (*N*=60)		Clients without lending relationships (*N*=64)	
Event window	Mean CAR	*t*-stat	Mean CAR	*t*-stat
(-1,1)	-1.32%*	-1.80	-1.38%	-1.14
(-1,0)	-1.29%**	-2.50	-0.33%	-0.48
(0,0)	-1.39%***	-2.62	0.00%	-0.04
(0,1)	-1.43%*	-1.70	-1.05%	-0.93

Panel C: Shareholding relationships with SMFG

	Clients with shareholding relationships (*N*=12)		Clients without shareholding relationships (*N*=112)	
Event window	Mean CAR	*t*-stat	Mean CAR	*t*-stat
(-1,1)	-1.81%	-1.29	-1.31%	-1.50
(-1,0)	-0.57%	-0.46	-0.82%	-1.45
(0,0)	-0.36%	-0.25	-0.71%	-1.35
(0,1)	-1.59%	-1.15	-1.19%	-1.32

Online Appendix Table A2
Closeness of lending relationships and stock price reactions for informationally opaque firms, controlling for firm characteristics.

This table reports the OLS estimates investigating how the impact of the dissolution of Daiwa Securities SMBC depended on client firms' characteristics. The regressions include the variables for firm characteristics and industry dummies. The dependent variable is (0, 0) CAR. The definitions of the variables are presented in Table 2. Columns 1 and 2 report the results when the sample firms are split by the median value of SIZE, while Columns 3 and 4 report the results when the sample firms are split by the median value of AGE. The *t*-statistics, reported in parentheses, are derived from the portfolio time-series OLS regression approach of Sefcik and Thompson (1986), which accounts for a potential cross-sectional correlation among abnormal returns. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively, in two-tailed tests.

	SIZE		AGE	
	Small (1)	Large (2)	Young (3)	Old (4)
LOAN	-0.129**	-0.060	-0.095*	-0.016
	(-2.17)	(-1.42)	(-1.75)	(-0.41)
LOW COVERAGE DUMMY	-0.003	0.005	-0.010	-0.000
	(-0.18)	(0.36)	(-0.62)	(-0.02)
NET LEVERAGE	0.000	-0.001	0.000	-0.001
	(0.03)	(-0.38)	(0.09)	(-0.33)
CURRENT RATIO	0.000	-0.004	-0.000	-0.001
	(0.11)	(-0.60)	(-0.22)	(-0.29)
TANGIBILITY	0.014	-0.027	-0.046	-0.002
	(0.37)	(-0.69)	(-1.04)	(-0.05)
Number of observations	62	62	62	62
Adjusted R^2	0.02	-0.09	-0.04	-0.10
Industry dummy	Yes	Yes	Yes	Yes

Online Appendix Table A3
Closeness of lending relationships and stock price reactions for informationally opaque firms, controlling for firm characteristics.

This table reports the OLS estimates investigating how the impact of the dissolution of Daiwa Securities SMBC depended on client firms' characteristics. The regressions include the variables for firm characteristics and industry dummies. The dependent variable is (0, 0) CAR. The definitions of the variables are presented in Table 2. Column 1 reports the results for noninvestment-grade firms (including unrated firms). The estimate for investment-grade firms is not reported because of their small sample size. Columns 2 and 3 report the results when the sample firms are split by the value one of NUMBER OF ANALYSTS. The *t*-statistics, reported in parentheses, are derived from the portfolio time-series OLS regression approach of Sefcik and Thompson (1986), which accounts for a potential cross-sectional correlation among abnormal returns. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively, in two-tailed tests.

	DEBT RATING	NUMBER OF ANALYSTS	
	Noninvestment-grade (1)	Small (2)	Large (3)
LOAN	-0.058*	-0.101**	-0.023
	(-1.88)	(-2.27)	(-0.47)
LOW COVERAGE DUMMY	-0.005	-0.008	0.024
	(-0.48)	(-0.68)	(0.99)
NET LEVERAGE	-0.000	-0.000	-0.002
	(-0.14)	(-0.06)	(-0.53)
CURRENT RATIO	-0.000	-0.000	-0.007
	(-0.29)	(-0.13)	(-1.04)
TANGIBILITY	0.002	-0.004	-0.055
	(0.05)	(-0.14)	(-1.11)
Number of observations	113	90	34
Adjusted R^2	-0.01	0.04	0.01
Industry dummy	Yes	Yes	Yes

Online Appendix Table A4
Closeness of lending relationships and stock price reactions for financially constrained firms, controlling for firm characteristics.

This table reports the OLS estimates investigating how the impact of the dissolution of Daiwa Securities SMBC depended on client firms' characteristics. The regressions include the variables for firm characteristics and industry dummies. The dependent variable is (0, 0) CAR. The definitions of the variables are presented in Table 2. Columns 1 and 2 report the results when the sample firms are split by the median value of DIVIDEND PAYMENTS, while Columns 3 and 4 report the results when the sample firms are split by the median value of CASH HOLDINGS. The *t*-statistics, reported in parentheses, are derived from the portfolio time-series OLS regression approach of Sefcik and Thompson (1986), which accounts for a potential cross-sectional correlation among abnormal returns. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively, in two-tailed tests.

	DIVIDEND PAYMENTS		CASH HOLDINGS	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
LOAN	-0.167*	-0.034	-0.101**	-0.024
	(-1.92)	(-1.32)	(-2.02)	(-0.72)
LOW COVERAGE DUMMY	-1.320	0.017	0.000	-0.001
	(0.24)	(1.26)	(0.01)	(-0.03)
NET LEVERAGE	-0.001	-0.001	-0.000	-0.000
	(-0.29)	(0.16)	(-0.27)	(-0.02)
CURRENT RATIO	-0.001	-0.000	-0.001	0.000
	(-0.53)	(-0.05)	(-0.11)	(0.26)
TANGIBILITY	-0.016	-0.011	-0.034	0.009
	(-0.42)	(-0.33)	(-0.88)	(0.23)
Number of observations	62	62	62	62
Adjusted R^2	0.00	-0.03	0.03	-0.03
Industry dummy	Yes	Yes	Yes	Yes