

## THE IMPACT OF THE INTRODUCTION OF MARKET MAKERS ON THE NEGOTIATIONS OF THE BRAZILIAN DEPOSITARY RECEIPTS

### JOÃO EDUARDO RIBEIRO

*Universidade Federal de Minas Gerais. Address: Avenida Presidente Antônio Carlos, 6627 - Sala 4012 | Pampulha | 31270-901 | Belo Horizonte/MG | Brazil.*

<http://orcid.org/0000-0001-6969-6972>  
[joaoribeiro.cco@gmail.com](mailto:joaoribeiro.cco@gmail.com)

### ANTÔNIO ARTUR DE SOUZA

*Universidade Federal de Minas Gerais. Address: Avenida Presidente Antônio Carlos, 6627 - Sala 4012 | Pampulha | 31270-901 | Belo Horizonte/MG | Brazil.*

<http://orcid.org/0000-0002-4725-0758>  
[artur@face.ufmg.br](mailto:artur@face.ufmg.br)

### GABRIEL AUGUSTO DE CARVALHO

*Centro Federal de Educação Tecnológica de Minas Gerais. Address: Av. Amazonas, 7675 | Nova Gameleira | 30510-000 | Belo Horizonte/MG | Brazil.*

<http://orcid.org/0000-0002-3908-1552>  
[ga09carvalho@gmail.com](mailto:ga09carvalho@gmail.com)

### HUDSON FERNANDES AMARAL

*Centro Universitário Unihorizontes. Address: Rua Alvarenga Peixoto, 1270 | Santo Agostinho | 30180-121 | Belo Horizonte/MG | Brazil.*

<http://orcid.org/0000-0001-8455-0285>  
[hfamamaral.cepead@gmail.com](mailto:hfamamaral.cepead@gmail.com)

### ABSTRACT

The present study aims to analyze the effect generated in the liquidity of the Brazilian Depositary Receipts (BDRs) with the introduction of market makers for these stocks. The sample of this study was composed by the BDRs with at least 200 days of negotiations before and after the hiring of the market makers, thus reaching the final number of 42 BDRs, between the years of 2010 and 2017. For the stocks of the sample were obtained the historical series of liquidity proxies, bid-ask-spread, number of trades and volume, an AR (1) model was then estimated for each BDR, and then the Chow test was used to test the stability of the model's parameters. The results found in the Chow test showed that, for a 99% confidence level, 29 BDRs, that is, 69% of the BDRs studied, had abrupt and statistically significant changes in bid-ask-spread, 23 BDRs (55 %) showed significant changes in the number of deals and 22 BDRs (52%) showed significant changes in volume. When the confidence level was relaxed to 95%, 32 BDRs (76%) presented changes in the bid-ask-spread, 29 BDRs (69%) had changes in the number of deals and 29 BDRs, that is, 69% had statistically significant changes in volume. This result presents, therefore, strong evidence on the influence of market makers on the market liquidity of the BDRs, showing that the hiring of market makers can increase liquidity and contribute significantly to the negotiations of these papers.

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