

**The Role of IPO Underwriting Syndicates:
Pricing, Information Production, and Underwriter Competition**

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Abstract

We examine syndicates for 1,638 IPOs from January 1997 through June 2002. We find strong evidence of information production by syndicate members. Offer prices are more likely to be revised in response to information when the syndicate has more underwriters and especially more co-managers. More co-managers also results in more analyst coverage and additional market makers following the IPO. Relationships between underwriters are critical in determining the composition of syndicates, perhaps because they mitigate free-riding and moral hazard problems. While there appear to be benefits to larger syndicates, we discuss several factors that may limit syndicate size.