



Figure 1. Gross spread distribution for moderate size IPOs. The sample consists of 3,286 firm commitment (bookbuilding + auctions) IPOs from 1985 through 2006 with global proceeds of at least \$25 million but less than \$100 million (expressed in terms of dollars of 2006 purchasing power) before the exercise of the overallotment option. Closed-end funds, REITs, ADRs, and unit offerings are excluded from the sample. There are three categories of gross spreads expressed as a percentage of proceeds: below 7%, 7%, and above 7%. The percentage of IPOs in each category are from Panel A of Table 1 in Chen and Ritter (2000 *Journal of Finance*) as updated by the authors.