This paper comprehensively investigates the effects of stock splits on the market characteristics of the stocks and tries to give an explanation for the results. This topic is very interesting and the authors have done an excellent research work and a good job of citing the relevant literature. There are mainly three explanations on firm’s motivation on stock split: signaling hypothesis, trading range hypothesis or so called liquidity hypothesis, and tick size hypothesis. All three above hypotheses are examined through various measures.

The results on the trading activity support the trading range hypothesis and tick size hypothesis, which states that small traders will be attracted by the lower price following stock splits. The liquidity effects examined also support trading range hypothesis. Next, the reduction of information asymmetries supports the signaling hypothesis. Lastly, the results show that the appearance of both kinds of traders increases significantly after stock splits supports the trading range hypothesis.

My main suggestions for the paper are summarized as follows: 1) explain more precisely why this paper is important, and 2) do a better job understanding the main features of your study in order to identify a clear contribution of the paper. Overall, I feel that the authors are looking for “an interesting story” going through a large number of tests which most of results remain not much different from theoretical expectations. Following, I have some recommendations that I hope will increase the publishability of the manuscript.

1. The main problem with the paper is that it tries to do too many things and fail to provide a good arrangement of explanations for analytical work in respect to what this paper tries to answer in the beginning. This paper proposes three hypotheses; however, the following tests do not correspond to those hypotheses mentioned in the beginning part of the paper.
2. In 3.2 Estimation Windows, it says “To avoid other events such as stock dividends and mergers contaminating the effects of the stock splits, the pre-split period begins 10 days prior to the split announcement.” Any reason you choose “stock dividends and mergers” only? Should you also consider other significant corporate events at the same time?
3. In Table 2, the total sample size is 138 while both Manufacturing and Wholesale and Retail Industry occupy almost 62% of the sample. Do you need to handle
this clustering effect?

4. Since you are looking the comparison between pre-split and post-split period based on the samples. To make sure the difference has nothing to do with the macro market situation, is it possible for you to use a matching-firm being applied the same tests on those three hypotheses too?

5. Most of the analyses are carried out through MEAN and MEDIAN tests. I would prefer to see more powerful test, such as, at least, OLS analyses incorporated in the study. For example, we can see the relationship between tick size and bid-ask spread and control other factors at the same time to further explore the relationship.

6. I am impressed that the author employees the market quality index to take care of the mixed results when investigating liquidity issue.

In Sum, I think this paper has done a nice work in the analyses. All it needs to do is to rephrase part of its description more concisely. Plus, add some more analytical works which mentions above. And hope it will be published at outstanding journal.