

SUMMARY

Financial reporting information was needed by investor in order to make an investment decision. The implementation of IFRS adoption which also includes the concept of fair value in it can be regarded as external factors which are the regulations of the government that have an impact on the price and volume of securities of certain companies affected by the regulations. Therefore, This research conducted to know market reaction towards the information generated by the implementation of IFRS adoption reflected by average abnormal return, cummulative average abnormal return and average trading volume activity.

The population used in this research were the companies listed in Indonesia Stock Exchange. The companies which were included in LQ 45 indices were selected as sample. There were 39 companies selected from 45 companies available. This research conducted during 67 months which divided into estimation period during 60 months and event period during 7 months. Thus, this research was an Event Study research.

Results of this research represented that there is market reaction there is market reaction reflected by average abnormal return before and after the implementation of IFRS adoption in the company listed in Indonesia Stock Exchange but there was no significant difference in AAR during the event period. Revealed that there is market reaction reflected by cummulative average abnormal return before and after the implementation of IFRS adoption in the company listed in Indonesia Stock Exchange also and there was significant difference in CAAR. Meanwhile, there is no significant difference reflected by Average Trading Volume Activity before and after the implementation of IFRS adoption in the company listed in Indonesia Stock Exchange even though, there is market reaction reflected by ATVA during the event period.

Keywords : *Average Abnormal Return, Average Trading Volume Activity, Cummulative Average Abnormal Return, , Event Study, IFRS adoption.*