

This diploma thesis examines the trading behavior of investors on the French stock market during the ex-dividend period, between 2003 and 2008. The analysis of the French Tax Code confirms, the capital gains and the dividends are taxed in a different manner, hence the fiscal system creates a tax heterogeneity among different group of stockholders. Consequently, it creates an opportunity for tax-induced trading several days around the ex-date. Our empirical results show significant abnormal trading volumes during the ex-dividend period. The excess trading volumes are the most pronounced in 2003 and 2004, when the investors were heterogeneous not only with respect to the tax rates, but as well with respect to the pre-tax value of dividends. On the other hand, the lowest trading volumes are recorded in 2008 due to equilibration of capital gains and dividend taxation. Putting these three observations together, one may conclude, that in fact, some tax-motivated trading is taking place on the French stock market.