Felicia Lipin / 26160260 /2016 / Analysis on the Effects of Bid-Ask Spread, Market Value, and dividend policies to the holding period of companies’ ordinary shares that are registered in the LQ 45 for period 2014-2017 / Advisor: Pembimbing: Bonnie Mindosa S.E., M.B.A.

Investors in the capital market have the purpose of obtaining returns in the form of dividend or capital gain. To get the maximum profit, investors always buy and resell at the right time. The length of time an investor has in stock ownership is also called a holding period. Previous studies and data indicate that investors in Indonesia have a short holding period which means that Indonesian investors prefer to invest in the short term, and not in long term. Therefore, the topic considers the holding period to be interesting to discuss.

This study was to determine the effect of bid-ask spread, market value and ratio of dividend payments to the holding period of the company's shares. Signaling theory explains that a large bid-ask spread will signal that the holding period is long. High market value will provide a positive signal for investors. In addition, the Dividend Payment Ratio provides a positive signal for investors who provide large and definite results.

This research was conducted on companies registered in LQ 45 for the 2014-2017 period, using a purposive sampling method and a sample of 15 companies was obtained. Data collection is done by using non-participants observation method through annual financial reports. Annual financial reports are accessed through the official website of the Indonesia Stock Exchange (IDX) and the Indonesian Capital Market Directory (ICMD). Data for bid- ask spread are obtained from the Indonesian Capital Market Institute (TICMI). The data analysis technique used is multiple linear regression and t-test hypothesis testing.

The results of the study indicate that the Bid-Ask Spread does not have a significant effect on the holding period. Whereas Market Value and Payment Dividend Ratio (DPR) have a significant and positive influence on the holding period.

The conclusion that can be drawn from this study is the market value and the ratio of dividend payments is one of the things that can be considered by investors in holding their shares.

**Keywords:** Period Holding Shares, Bid-Ask Spreads, Signaling Theory, Dividend Policy Theory, Market Value, Dividend Payment Ratio