ABSTRACT

Underpricing become one phenomenon that often occurs in every capital market in some countries with different underpricing, at which time the company did the first time public offering, the price is determined by the issuer (company) and the underwriters (underwriter). Meanwhile, in the secondary market price is determined by the results of the mechanism of supply and demand. Underpricing is a condition which indicates that the stock price in the primary market is lower than the first day the stock market.

This study aimed to examine the effect of the underwriter's reputation, Return on Equity, Debt to Equity Ownership Concentration and inflation on the level of underpricing. This research uses descriptive and verification. The population of this research is a company conducting an initial public offering in the period 2010-2016. The sampling method used in this research is purposive sampling with a total sample of 118 companies. The data used in this research is secondary data from the prospectus and financial statements of the company. The analytical method used in this research is descriptive analysis and multiple regression analysis.

Based on the results of the study, showed that the underwriter reputation, Debt to Equity and Ownership Concentration simultaneously significant effect on the level of underpricing. Partially, Return on Equity, and inflation did not significantly affect the level of underpricing.

Keywords: *Underpricing,Initial Public Offering, Return on Equity, Debt to Equity,Ownership Concertation and Inflation.*