

## **ABSTRACT**

*The capital market is a tool that is generally used by companies to get additional funds by trading stock to investors. Stock prices that are too high will make investors reluctant to invest. This is what drives companies to carry out corporate action activities in the form of stock splits. The stock split aims to break up a smaller piece of stock so that the stock price can be more affordable for investors.*

*This study aims to look at the differences in abnormal return variables between before and after the announcement of stock split to measure stock returns on the company and trading volume activity before and after the announcement of stock split to measure the company's stock liquidity.*

*The phenomenon in this study was explored by the event study method, with secondary data. The observation period was 10 days before, one day at the time, and 10 days after the stock split. There were 42 companies that conduct stock splits for the 2016-2018 period and at the same time were the samples in this study. The dependent variable used was Stock Returns and Stock Liquidity, while the independent variable was Stock Split. Hypothesis testing used was the Wilcoxon Signed-Rank Test different test with a significance level ( $\alpha$ ) of 5% and analyzed using SPSS 25.00 for windows software.*

*Different test results show that stock returns have a significant difference before and after a stock split, while for stock liquidity does not have a significant difference.*

*The results of this study are expected to be one of the decision-making tools for investors. In addition, this research can be used as a direction for companies to be careful in carrying out stock split activities.*

*Keywords: Stock Liquidity, Stock Returns, and Stock Splits*