

# Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

<b>Student:</b>	<b>Petr Hotovec</b>
<b>Advisor:</b>	<b>doc. PhDr. Ladislav Křišťoufek, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Forks and airdrops in cryptomarkets: Investment opportunities or thin air?</b>

**OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):

## **Contribution**

The thesis analyses the effect of forks and airdrops announcements on returns of 100 most liquid cryptocurrencies. Cryptocurrencies are a new, and relatively unexplored investment tool, therefore answering stated research questions fits well to current literature, and brings valuable insights for investors. Moreover, comparison to analogical studies for e.g. stock markets allows researchers to exploit the differences in investor behavior on cryptocurrency markets and markets for traditional assets.

## **Methods**

To examine the effects of forks and airdrops announcements, the author uses the form of event study. Selection of methods is well justified, and adequate to both author's level of studies, and the research question.

## **Literature**

The literature review is divided into two parts, the first one collects literature on price and return determinants on cryptocurrency markets, the second part reviews corresponding studies conducted for other assets. The literature review is well structured, and shows that author understands and is able to interpret recent literature on the topic in question. The second part of literature review identifies split stocks and spin offs as events similar in nature to forks and airdrops. The thesis would benefit from more extensive review of methodology used in papers studying the effects of stock splits, and spin offs on stock returns.

## **Manuscript form**

The overall form and appearance of the thesis is adequate. However, the language quality could be improved to make the thesis more concise and fluent.

## **Summary and suggested questions for the discussion during the defense**

The thesis analyses the effect of forks and airdrops announcements on returns of 100 most liquid cryptocurrencies. Such analysis presents significant contribution to current research on price mechanisms in cryptocurrency markets, and brings valuable insights to investors. The results exploit significant positive effect on returns two days post the announcements. The timing is different than for stock markets, which is attributable to different nature of trading on respective markets. The largest drawback is the writing quality, which could be made more fluent, and the author should have been more concise in some parts.

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Below I present some comments and questions that should be addressed at the defense.

- In section 5.3.1 you claim: 'Although the constant mean return model is perhaps the simplest model, Brown & Warner (1980) and Brown & Warner (1985) find it often yields results similar to those of more sophisticated models.' Then you claim you prefer market model over constant mean model due to higher complexity. Please explain why.
- What is the effect of the forks and airdrops themselves?
- Have you examined if the effect of studied events depends on the time between the announcement, and the fork/airdrop itself?
- Could the effects be different for individual cryptocurrencies?
- What robustness tests have been performed?
- I would suggest adding confidence bands to Figure 6.2, and Figure 6.3.

I recommend the thesis for defense, with suggested grade B.

## **SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	17
<i>Manuscript Form</i> (max. 20 points)	12
<b>TOTAL POINTS</b> (max. 100 points)	<b>89</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>B</b>

**NAME OF THE REFEREE:**

**DATE OF EVALUATION:**



\_\_\_\_\_  
**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

**LITERATURE REVIEW:** *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**MANUSCRIPT FORM:** *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**Overall grading:**

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F