<u>**Referee report**</u>

New Sight of Herding Behavioural through Trading Volume

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At the first glance, the paper seems to be a very well-written work. Unfortunately it showed up that most of the text (if not entirely) is only a copy and paste exercise of the other studies. Examples in the Introduction:

- The first paragraph of the introduction is directly copied (almost 100% match) from Kallinterakis and Kratunova (2007).[1]
- The second and third paragraphs are exactly the same as the first and second paragraphs of the Introduction chapter of Tan et al. (2008).[2]
- The fifth paragraph is almost the same as the third paragraph of Wang (2007)[3].
- Even the text regarding the purpose of the paper (the 6th paragraph of the introduction) is taken from Wang (2007). Compare Wang: "To improve the existent measures and to investigate the herding towards the market in major financial markets is the main purpose of our paper." with this paper: "The main purpose of our paper is to improve the Hwang-Salmon model and to investigate the herding towards the market in <u>major financial markets</u>." Interestingly the paper by Wang (2007) studies 21 different markets while this paper only investigates the Toronto stock exchange, but still copies the text "in major financial markets"!

This means that almost the entire introduction is copied from other articles without any effort to change the text. Now chapter 2, literature review:

- Chapter 2, the first paragraph is exactly as the first paragraph of Kallinterakis and Kratunova (2007).
- Chapter 2, the second paragraph is exactly as the first paragraph of kyröläinen (2007)[4].

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[1] Vasileios Kallinterakis andTatyana Kratunovahttp, 2007, Does Thin Trading Impact Upon the Measurement of Herding? Evidence from Bulgaria, Ekonomia, Vol. 10, No. 1. (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=975297)

[2] Lin Tan, Thomas C. Chiang, Joseph R. Mason and Edward Nelling, 2008, Herding behavior in Chinese stock markets: An examination of A and B shares, Pacific-Basin Finance Journal Vol 16.

[3] Daxue Wang, 2008, Herd Behavior Towards the Market Index: Evidence from 21 Financial Markets. (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1316783)

[4] Petri Kyröläinen, 2007, Essays on investor behavior and trading activity, Universitatis Ouluensis http://herkules.oulu.fi/isbn9789514284366/isbn9789514284366.pdf

I have also randomly checked some other paragraphs from the chapter 2 and almost all the text that I checked for were taken from other sources.

After witnessing the “copy and paste” methodology of the first two chapters, we may become curious about the originality of the proposed methodology. This part is actually original in a particular way. As stated by the author the paper employs “an innovative new methodology inspired from the approach of Hwang and Salmon (2004) and based on the cross sectional dispersion of trading volume...” What the paper actually does is to take the existing models in herding which are based on the theoretically motivated Capital Asset Pricing Model (CAPM) and to replace the excess return, in an ad hoc manner, with the trading volume. The model, the related equations and even most of the texts in the methodology simply follow Hachicha et al (2008)[5].

My general assessment is that the paper has no value and cannot be considered as a serious research work.

[5] Nizar Hachicha, Abdelfettah Bouri and Hela Chakroun and Hela Chakroun, 2008, The Herding Behaviour and the Measurement Problems: Proposition of Dynamic Measure. International Review of Business Research Papers Vol. 4 No.1.