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Stock split is popular in the last decade, because it can be used as a cosmetic corporate strategy to restructure the company's share market price. There are two competing theorites; Trading Range Theory and Signaling Theory, which emerged as an explanations of stock split. According to Trading Range Theory, stock split will improve liquidity and make the stock more favorable and attractive to investor. Signaling Theory describes that stock split can be a signal of favorable private information of the firm performance in the future.

The objectives of this study are to obtain an evidences and to test the factors that effect stock splits of listed company in Jakarta Stock Exchange (JSX) from 1999 until 2002 including the impacts of stock splits toward the frequency of share trading in the market and company's earning. The hyphothesis are tested using-firstly, the regression logistic to see whether the share's market price and frequency of share trading have significant influences in decision to do stock splits.Secondly, the paired t-test is used to the test whether thirty-nine firm of The JSX which splitting their share during 1998-2001 period have increased the frequency of share trading and operating income prior to stock splitting.