

## **ABSTRACT**

This study aims to examine the effect of the Transaction Cost is measured by Bid Ask Spread, Market Value that describe firm size, and Risk of Stock is measured by standard deviation to Holding Period. This research examines Holding Period at shares of LQ45 in Indonesia Stock Exchange on period 2009-2011. The population of this study were all companies listed on the Indonesia Stock Exchange, and the sample of this study were 45 companies that listed in the LQ45 index period August 2011. The data in this research are closing price, shares outstanding, trading volume, bid and ask price.

Testing the hypothesis using multiple regression analysis method. The value result of determination coefficient in this study is 32,2%. The test result showed that variable of Transaction Cost and Market Value have a positive effect and significant to Holding Period with significance 5%. Variable Risk of Stock have a negative effect and significant to Holding Period with significance 5%. The results of this study hoped to be useful as a reference for next research.

Keywords: Transaction Cost, Market Value, and Holding Period.