The Initial Public Offer (IPO) is an issue that has attracted the attention of the Kenyans investing in public securities and has in the recent past remained in public domain for unprecedented long period of time. The limited existing research on pricing of IPOs stock gave rise to the topic of my research.

Moreover, despite the widely accepted view that information is pertinent in assessing the risk of IPO, very little attention in finance literature has focused in usefulness of the information contained in a prospectus vis-a-vis the subsequent performance of the stock at the NSE. Investigation has been carried out mainly in developed markets, in contrast to emerging markets like the Nairobi Stock Exchange.

The main purpose of this study is to investigate the determinants of share pricing during the Initial Public Offering on the Nairobi Stock Exchange.

The population of interest comprised of the 54 listed companies. Due to variations in market performance, shareholder expectations and company policy among other factors, its 52 of these listed companies trade in common stock. Others traded in corporate bonds. 40 companies were considered for the study, which represent 77% of the population.

Primary data collection method was used in this study. Data was collected using a questionnaire that was developed on the basis of research questions and analyzed using descriptive statistics. The questionnaires have the advantage of being cheap and easy to administer and results in data suitable for analysis.

The study concludes that Initial Public Offer is not a major determinant to issue price at Nairobi Stock Exchange Market. It is noted that issue prices are set with regard to the motives of the business going public. Most issue prices at the stock market are set to counter the strength of a business as it goes public and into the market of which stakeholder's base is increased.

Conclusion is made that there are set mechanisms within a given sector to ensure that the issue prices are fair for the market and is at par with the market share rates. Further research concerning under-pricing of IPO at the NSE was recommended.