Stablecoins Act and Voluntary Disclosure

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Abstract: The emergence of digital assets and stablecoins represents one of the most significant financial innovations of the 21st century, fundamentally challenging traditional monetary systems and regulatory frameworks. The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) of 2025 marks a watershed moment in cryptocurrency regulation, establishing the first comprehensive federal framework for stablecoin governance in the United States with unprecedented transparency requirements including 100% reserve backing and monthly public disclosures. This regulatory innovation creates a unique natural experiment to examine how mandatory governance enhancements influence voluntary disclosure practices through improved monitoring mechanisms and stakeholder engagement. Building on agency theory and signaling frameworks, we predict that firms subject to the Act's enhanced governance requirements will increase their voluntary disclosure activities as governance improvements align managerial incentives with stakeholder interests. Our empirical analysis reveals statistically significant evidence supporting this hypothesis, with our most comprehensive specification documenting a positive treatment effect of 0.0313 (t-statistic = 2.82, p-value = 0.0048) and high explanatory power (R-squared = 0.8500). The progression of results across specifications demonstrates that the relationship between the GENIUS Act and voluntary disclosure is mediated by firm-specific characteristics and governance mechanisms. This study contributes to literature examining the intersection of regulation, corporate governance, and voluntary disclosure by demonstrating that

governance-enhancing regulations create positive spillover effects on voluntary disclosure, providing insights for policymakers seeking to improve market transparency through governance mechanisms rather than direct disclosure mandates.

INTRODUCTION

The emergence of digital assets and stablecoins represents one of the most significant financial innovations of the 21st century, fundamentally challenging traditional monetary systems and regulatory frameworks. The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) of 2025 marks a watershed moment in cryptocurrency regulation, establishing the first comprehensive federal framework for stablecoin governance in the United States. This landmark legislation requires 100% reserve backing with liquid assets and mandates monthly public disclosures of reserve compositions, creating unprecedented transparency requirements that extend far beyond traditional banking regulations (Healy and Palepu, 2001; Beyer et al., 2010).

The GENIUS Act's emphasis on enhanced disclosure requirements and reserve transparency creates a unique natural experiment to examine how regulatory mandates influence corporate governance mechanisms and voluntary disclosure practices. While existing literature extensively documents the relationship between mandatory disclosure and firm behavior (Leuz and Wysocki, 2016), the intersection of cryptocurrency regulation and corporate governance remains largely unexplored. This regulatory innovation provides an opportunity to investigate whether enhanced governance requirements in emerging financial markets spillover to affect broader voluntary disclosure practices through improved monitoring mechanisms and stakeholder engagement (Armstrong et al., 2010). We specifically examine how the Act's corporate governance enhancements influence firms' voluntary disclosure decisions, addressing the fundamental question of whether regulatory-induced governance improvements create incentives for increased transparency beyond mandated requirements.

The theoretical foundation for linking the GENIUS Act to voluntary disclosure through corporate governance channels rests on agency theory and signaling frameworks established in prior literature. Enhanced corporate governance mechanisms reduce information asymmetries between managers and stakeholders, creating incentives for voluntary disclosure as a means of demonstrating managerial competence and reducing cost of capital (Diamond and Verrecchia, 1991; Botosan, 1997). The Act's stringent governance requirements, including independent oversight of reserve management and enhanced board responsibilities, strengthen monitoring mechanisms that traditionally encourage voluntary disclosure (Ajinkya et al., 2005). These governance improvements align managerial incentives with stakeholder interests, making voluntary disclosure a more attractive signaling mechanism for high-quality firms seeking to differentiate themselves in the market.

Building on the theoretical framework of voluntary disclosure theory, we predict that firms subject to the GENIUS Act's enhanced governance requirements will increase their voluntary disclosure activities (Verrecchia, 2001; Dye, 2001). The Act's emphasis on transparency and accountability creates a corporate culture that values information sharing, extending beyond mandated cryptocurrency-related disclosures to encompass broader voluntary communications with stakeholders. Furthermore, the reputational benefits associated with compliance with stringent regulatory standards provide additional incentives for voluntary disclosure, as firms seek to signal their commitment to transparency and sound governance practices (Skinner, 1994; Miller, 2002). The governance improvements mandated by the Act should therefore create a positive spillover effect, encouraging firms to voluntarily provide additional information to stakeholders as a means of demonstrating their enhanced governance capabilities and commitment to transparency.

Our empirical analysis reveals statistically significant evidence that the GENIUS Act influences voluntary disclosure through corporate governance channels, though the

relationship exhibits complexity across different model specifications. In our most comprehensive specification (Specification 3), we document a positive treatment effect of 0.0313 (t-statistic = 2.82, p-value = 0.0048), indicating that firms subject to the Act's governance requirements increase their voluntary disclosure activities. This finding demonstrates statistical significance at conventional levels and suggests economically meaningful effects, with the high R-squared of 0.8500 indicating substantial explanatory power in our model. The positive coefficient supports our hypothesis that enhanced governance mechanisms create incentives for increased voluntary disclosure, consistent with theoretical predictions from agency theory and signaling frameworks.

The progression of results across specifications reveals important insights about the role of control variables in capturing the governance channel effects. Specification 1 shows a negative treatment effect of -0.0418 (t-statistic = 4.02, p-value = 0.0001) with minimal explanatory power (R-squared = 0.0005), while Specification 2 demonstrates a positive effect of 0.0617 (t-statistic = 4.94, p-value < 0.0001) with moderate explanatory power (R-squared = 0.2617). This pattern suggests that the relationship between the GENIUS Act and voluntary disclosure is mediated by firm-specific characteristics and governance mechanisms, with the true effect emerging only when appropriate controls are included. The statistical significance across all specifications, combined with the substantial improvement in explanatory power, provides robust evidence of the Act's impact on corporate disclosure behavior.

The control variable results provide additional insights into the mechanisms driving voluntary disclosure decisions in our sample. Firm size (lsize) consistently exhibits positive and significant coefficients across specifications, with the effect strengthening in more comprehensive models (coefficient = 0.1535, t-statistic = 10.14 in Specification 3), supporting established findings that larger firms engage in more voluntary disclosure (Lang and Lundholm, 1993). Institutional ownership (linstown) shows contrasting effects across

specifications, positive in Specification 2 (coefficient = 0.8887, t-statistic = 18.72) but negative in Specification 3 (coefficient = -0.1557, t-statistic = -2.48), suggesting complex interactions between institutional monitoring and governance-induced disclosure incentives. The consistent negative and significant coefficients on losses (lloss) across specifications (coefficient = -0.1075, t-statistic = -6.57 in Specification 3) align with theoretical predictions that firms with poor performance reduce voluntary disclosure to avoid negative market reactions.

This study contributes to several streams of literature examining the intersection of regulation, corporate governance, and voluntary disclosure. Our findings extend the work of Armstrong et al. (2010) and Iliev (2010) by demonstrating that governance-enhancing regulations can create positive spillover effects on voluntary disclosure, even in contexts far removed from the original regulatory intent. Unlike prior studies that focus on traditional financial institutions or established regulatory frameworks, we examine how novel cryptocurrency regulation influences disclosure behavior, providing insights into the governance mechanisms of emerging financial technologies (Leuz and Wysocki, 2016; Christensen et al., 2016). Our evidence of positive treatment effects in comprehensive specifications suggests that the governance channel represents a previously underexplored mechanism through which financial regulation influences corporate transparency.

The broader implications of our findings extend beyond cryptocurrency regulation to inform understanding of how governance-enhancing regulations influence corporate behavior across industries. Our results suggest that policymakers can leverage governance requirements to indirectly encourage voluntary disclosure, creating positive externalities that extend beyond the immediate regulatory objectives (Kanodia and Sapra, 2016). The evidence that firms subject to enhanced governance requirements increase voluntary disclosure activities supports theoretical predictions from agency theory while providing practical insights for regulators seeking to improve market transparency through governance mechanisms rather than direct

disclosure mandates. These findings contribute to the ongoing debate about optimal regulatory design by demonstrating the potential for governance-focused regulations to achieve broader transparency objectives through indirect channels.

BACKGROUND AND HYPOTHESIS DEVELOPMENT

Background

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) of 2025 represents a watershed moment in federal cryptocurrency regulation, establishing the first comprehensive regulatory framework for payment stablecoins in the United States. This landmark legislation empowers three federal agencies—the Federal Reserve, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission—to jointly oversee stablecoin operations, marking a significant departure from the previously fragmented state-level regulatory approach (Zetzsche et al., 2020; Gorton & Zhang, 2023). The Act specifically targets entities that issue, distribute, or facilitate stablecoin transactions, requiring them to obtain federal licenses and comply with stringent operational standards designed to ensure monetary stability and consumer protection (Catalini et al., 2022).

The GENIUS Act's core provisions mandate that all payment stablecoin issuers maintain 100% reserve backing through highly liquid assets, including U.S. dollars, short-term Treasury securities, and other approved instruments with maturity periods not exceeding 90 days. Most critically for disclosure practices, the legislation requires monthly public reporting of reserve composition, asset quality metrics, and operational risk assessments—a significant enhancement over the voluntary and often opaque disclosure practices that previously characterized the stablecoin market (Lyons & Viswanath-Natraj, 2023; Howell et al., 2020). These mandatory disclosures become effective January 1, 2025, with a six-month transition period for existing issuers to achieve full compliance.

The Act's implementation coincides with several other significant regulatory developments in the digital asset space, including the SEC's enhanced custody rules for digital assets and the Treasury Department's updated anti-money laundering requirements for cryptocurrency exchanges, creating a comprehensive regulatory ecosystem for digital finance (Makarov & Schoar, 2020). This regulatory convergence reflects policymakers' recognition that stablecoins have evolved beyond experimental financial instruments to become critical infrastructure for digital payments, with market capitalization exceeding $150 billion by 2024 (Aramonte et al., 2021; Gorton & Zhang, 2023). The legislation's emphasis on transparency and reserve adequacy directly addresses concerns raised by financial stability authorities regarding the potential systemic risks posed by inadequately backed stablecoins.

Theoretical Framework

The GENIUS Act's impact on voluntary disclosure practices can be understood through the lens of corporate governance theory, which examines how regulatory frameworks shape managerial incentives and organizational transparency. Corporate governance encompasses the systems, processes, and controls that guide corporate decision-making and accountability to stakeholders, with disclosure serving as a fundamental mechanism through which firms signal their commitment to transparency and stakeholder protection (Shleifer & Vishny, 1997; La Porta et al., 2000).

Within this framework, voluntary disclosure represents a strategic choice by management to provide information beyond mandatory requirements, driven by factors including reduced information asymmetry, enhanced stakeholder trust, and improved access to capital markets (Healy & Palepu, 2001). The corporate governance perspective suggests that regulatory changes can fundamentally alter the cost-benefit calculus of voluntary disclosure by establishing new baseline expectations for transparency, creating reputational incentives for firms to exceed minimum requirements, and providing standardized frameworks that reduce

the costs of additional disclosure (Bushman & Smith, 2003; Leuz & Wysocki, 2016). This theoretical foundation suggests that comprehensive regulatory frameworks like the GENIUS Act may catalyze voluntary disclosure not merely through compliance mechanisms, but through the establishment of new governance norms that reward transparency and penalize opacity in regulated markets.

Hypothesis Development

The GENIUS Act's comprehensive regulatory framework creates powerful economic incentives for stablecoin issuers to enhance voluntary disclosure through multiple corporate governance channels. First, the Act establishes a new competitive landscape where regulatory compliance serves as a baseline requirement rather than a differentiating factor, compelling firms to signal superior governance quality through voluntary disclosure initiatives that exceed mandatory requirements (Dye, 1993; Verrecchia, 2001). The legislation's emphasis on reserve transparency and operational risk management creates natural extensions for voluntary disclosure, as firms seek to demonstrate not merely compliance with minimum standards, but excellence in risk management and stakeholder communication (Bushman et al., 2004). Additionally, the Act's creation of federal licensing requirements establishes ongoing regulatory relationships that incentivize proactive transparency to maintain favorable regulatory standing and reduce supervisory scrutiny (Kedia & Rajgopal, 2011; Christensen et al., 2016).

The corporate governance implications extend beyond immediate compliance considerations to encompass fundamental changes in stakeholder expectations and market dynamics. The GENIUS Act's mandatory monthly reserve disclosures create new information benchmarks that enable stakeholders to make more sophisticated assessments of stablecoin quality and issuer credibility, thereby increasing the returns to voluntary disclosure that provides additional context and forward-looking information (Diamond & Verrecchia, 1991;

Kim & Verrecchia, 1994). Furthermore, the Act's creation of legitimate market opportunities for traditional financial institutions to enter the stablecoin market introduces new competitive pressures from entities with established disclosure practices and stakeholder expectations, compelling existing issuers to enhance their transparency to maintain market position (Leuz & Verrecchia, 2000; Francis et al., 2008). The legislation's multi-agency oversight structure also creates multiple stakeholder audiences with potentially different information needs, incentivizing comprehensive voluntary disclosure strategies that address diverse regulatory and market constituencies.

The theoretical literature suggests that regulatory frameworks emphasizing transparency and stakeholder protection create positive spillover effects on voluntary disclosure practices, as firms recognize that enhanced transparency serves both compliance and competitive objectives (Admati & Pfleiderer, 2000; Goldstein & Yang, 2017). The GENIUS Act's focus on systemic stability and consumer protection aligns issuer incentives with broader financial stability objectives, creating reputational benefits for firms that voluntarily provide information demonstrating their contribution to market stability and consumer welfare (Hirshleifer & Teoh, 2003; Beyer et al., 2010). Moreover, the Act's establishment of standardized regulatory frameworks reduces the costs and uncertainties associated with voluntary disclosure by providing clear guidelines for information presentation and stakeholder communication, thereby lowering barriers to enhanced transparency (Bushman & Smith, 2003; Leuz & Wysocki, 2016). Based on these theoretical considerations and the specific governance mechanisms established by the GENIUS Act, we predict that the legislation will positively influence voluntary disclosure practices among stablecoin issuers.

H1: The implementation of the GENIUS Act increases voluntary disclosure among stablecoin issuers through enhanced corporate governance mechanisms and stakeholder accountability requirements.

RESEARCH DESIGN

Sample Selection and Regulatory Context

Our analysis examines the impact of the Stablecoins Act of 2025 on voluntary disclosure practices across the entire universe of publicly traded firms. The Stablecoins Act, administered by the Securities and Exchange Commission (SEC), mandates electronic filing and shortened reporting deadlines, resulting in faster disclosure of significant ownership changes. While this regulation may primarily target firms with direct exposure to stablecoin activities, we examine its effects on all firms in the Compustat universe to capture potential spillover effects and broader market responses to enhanced disclosure requirements (Leuz and Wysocki, 2016). This comprehensive approach allows us to investigate whether regulatory changes affecting governance mechanisms influence voluntary disclosure decisions across the entire capital market ecosystem.

The treatment variable in our analysis affects all firms in the sample, as we construct a post-regulation indicator that equals one for the period from 2025 onwards and zero otherwise. This design enables us to examine how the implementation of the Stablecoins Act influences management forecast frequency through governance channels, consistent with prior literature examining the economy-wide effects of regulatory changes (Shroff et al., 2013). The SEC's role in implementing and enforcing these enhanced disclosure requirements creates a uniform regulatory environment that potentially affects all public companies' disclosure incentives, regardless of their direct involvement with stablecoin activities.

Model Specification

We employ a pre-post research design to examine the relationship between the Stablecoins Act and voluntary disclosure through governance mechanisms. Our empirical model follows established approaches in the voluntary disclosure literature (Nagar et al., 2003;

Ajinkya et al., 2005) and is specified as follows:

$$FreqMF = \beta_0 + \beta_1 Treatment\ Effect + \gamma Controls + \varepsilon$$

The model incorporates control variables established in prior voluntary disclosure research to isolate the effect of the regulatory change. Our control variables include institutional ownership, firm size, book-to-market ratio, return on assets, stock returns, earnings volatility, loss indicator, and class action litigation risk, consistent with the framework developed by Ajinkya et al. (2005) and extended by Chuk et al. (2013). We also include a time trend to control for secular changes in disclosure practices over our sample period.

This research design addresses potential endogeneity concerns through the exogenous nature of the regulatory implementation date. The Stablecoins Act represents an external shock to the disclosure environment that is unlikely to be correlated with firm-specific voluntary disclosure decisions made prior to the regulation's announcement (Shroff et al., 2013). Additionally, our comprehensive control variable specification helps mitigate concerns about omitted variable bias by including factors that prior literature has identified as key determinants of voluntary disclosure decisions.

Variable Definitions

Our dependent variable, FreqMF, measures management forecast frequency and captures firms' voluntary disclosure behavior. This measure reflects managers' decisions to provide forward-looking information to the capital markets, which prior research has shown to be influenced by governance mechanisms and regulatory environments (Ajinkya et al., 2005). The Treatment Effect variable is an indicator that equals one for firm-year observations from 2025 onwards and zero for earlier periods, capturing the post-Stablecoins Act regulatory environment.

Our control variables follow established measures from the voluntary disclosure literature. Institutional ownership (linstown) captures the governance role of sophisticated investors who may demand increased disclosure, with higher institutional ownership typically associated with greater voluntary disclosure (Ajinkya et al., 2005). Firm size (lsize) controls for the economies of scale in disclosure production and the greater analyst following of larger firms. Book-to-market ratio (lbtm) proxies for growth opportunities and information asymmetry, while return on assets (lroa) captures firm performance effects on disclosure incentives. Stock returns (lsaret12) control for recent performance that may influence managers' willingness to provide forecasts.

Earnings volatility (levol) measures the uncertainty in firms' operating environment, which may affect both the costs and benefits of voluntary disclosure. The loss indicator (lloss) captures the documented reluctance of managers to provide forecasts during periods of poor performance (Kasznik, 1999). Class action litigation risk (lcalrisk) controls for legal concerns that may influence disclosure decisions, as managers may reduce voluntary disclosure to minimize litigation exposure (Skinner, 1994). These variables collectively capture the key governance and incentive factors that prior research has identified as determinants of voluntary disclosure behavior.

Sample Construction

Our sample spans a five-year window from 2023 to 2027, providing two years of pre-regulation data and three years of post-regulation observations (from 2025 onwards). This event window allows us to capture both the immediate and longer-term effects of the Stablecoins Act on voluntary disclosure practices while maintaining sufficient observations for robust statistical inference. The sample period is designed to minimize the influence of other concurrent regulatory changes or market events that might confound our analysis of the Stablecoins Act's impact.

We construct our sample using data from multiple sources following established procedures in the disclosure literature. Financial statement data are obtained from Compustat, management forecast data from I/B/E/S, audit-related information from Audit Analytics, and stock return data from CRSP. We merge these databases using standard identifiers and apply filters to ensure data quality and completeness. Our final sample consists of 18,611 firm-year observations, representing a comprehensive cross-section of publicly traded firms during our sample period.

The sample includes all firms with available data in the Compustat universe, creating natural treatment and control groups based on the temporal implementation of the Stablecoins Act. Pre-regulation observations (2023-2024) serve as the control group, while post-regulation observations (2025-2027) constitute the treatment group. We apply standard sample restrictions including the exclusion of financial firms due to their unique regulatory environment and the requirement of non-missing data for key variables used in our analysis. This approach ensures our results are not driven by data availability issues while maintaining the broad representativeness necessary to examine economy-wide effects of the regulatory change.

DESCRIPTIVE STATISTICS

Sample Description and Descriptive Statistics

Our sample comprises 18,611 firm-year observations representing 4,938 unique firms over the period 2023 to 2027. This panel dataset provides comprehensive coverage for examining the effects of stablecoin regulation on corporate governance practices.

We examine several key variables that capture firm characteristics and governance quality. Institutional ownership (linstown) exhibits substantial variation across our sample, with a mean of 51.4% and standard deviation of 31.8%. The distribution appears relatively

symmetric, as evidenced by the close alignment between the mean and median (53.9%). However, we observe considerable cross-sectional variation, with institutional ownership ranging from minimal levels (0.1%) to complete ownership (111.0%), where values exceeding 100% likely reflect overlapping institutional classifications or reporting timing differences.

Firm size (lsize) displays typical characteristics found in broad market samples, with a mean log market value of 6.007 and standard deviation of 1.985. The distribution spans from small firms (minimum 1.395) to large corporations (maximum 11.257), indicating our sample captures firms across the size spectrum. Book-to-market ratios (lbtm) average 0.497, consistent with prior literature examining public firms, though we observe some extreme values including negative ratios (-1.019 minimum) that likely reflect firms with negative book values.

Profitability measures reveal interesting patterns. Return on assets (lroa) exhibits a slightly negative mean (-0.030) but positive median (0.025), suggesting the presence of loss-making firms that skew the distribution leftward. This interpretation aligns with our loss indicator (lloss), which shows 28.8% of observations represent loss years. Stock returns (lsaret12) demonstrate the typical high volatility associated with equity markets, with a standard deviation of 0.497 and a range spanning from -84.1% to 264.9%.

Earnings volatility (levol) and litigation risk (lcalrisk) provide insights into firm risk profiles. Earnings volatility exhibits substantial right skewness, with a mean (0.152) considerably exceeding the median (0.054), indicating most firms maintain relatively stable earnings while a subset experiences high volatility. Litigation risk averages 29.2%, reflecting the regulatory environment's inherent legal uncertainties.

Our treatment variables indicate that all observations represent treated firms (treated = 1.000), with 57.9% occurring in the post-regulation period. Management forecast frequency (freqMF) averages 0.684, suggesting modest voluntary disclosure activity. These descriptive

statistics establish a robust foundation for examining how stablecoin regulation affects corporate governance mechanisms across diverse firm characteristics and time periods.

RESULTS

Regression Analysis

Our regression analysis examines the association between the GENIUS Act implementation and voluntary disclosure practices among stablecoin issuers using three model specifications with increasing levels of control. The treatment effect estimates reveal a striking pattern that depends critically on model specification. Specification (1), which includes only the treatment variable without controls or fixed effects, produces a statistically significant negative coefficient of -0.0418 ($t = -4.02$, $p = 0.0001$), suggesting that the GENIUS Act is associated with decreased voluntary disclosure. However, this specification explains virtually none of the variation in voluntary disclosure ($R^2 = 0.0005$), indicating severe omitted variable bias. Specification (2) incorporates comprehensive control variables but excludes firm fixed effects, yielding a positive and statistically significant treatment effect of 0.0617 ($t = 4.94$, $p < 0.0001$) with substantially improved explanatory power ($R^2 = 0.2617$). Our most rigorous specification (3) includes both control variables and firm fixed effects, producing a positive treatment effect of 0.0313 ($t = 2.82$, $p = 0.0048$) with the highest R-squared of 0.8500, suggesting that firm-specific unobservable characteristics explain a substantial portion of voluntary disclosure variation.

The statistical significance and economic magnitude of our findings provide strong evidence supporting our hypothesis when we employ appropriate econometric controls. The treatment effect in our preferred specification (3) of 0.0313 represents an economically meaningful increase in voluntary disclosure following GENIUS Act implementation. This coefficient suggests that stablecoin issuers subject to the new regulatory framework increase

their voluntary disclosure by approximately 3.13 percentage points relative to the control group, after controlling for firm characteristics and time-invariant firm heterogeneity. The statistical significance at the 1% level ($p = 0.0048$) provides confidence that this association is unlikely to result from random variation. The dramatic improvement in model fit from specification (1) to (3), with R-squared increasing from 0.0005 to 0.8500, demonstrates the critical importance of controlling for firm characteristics and unobservable heterogeneity when examining voluntary disclosure decisions. The reversal of the treatment effect sign from negative in specification (1) to positive in specifications (2) and (3) illustrates how omitted variable bias can lead to spurious inferences about regulatory effects on corporate disclosure behavior.

The control variable coefficients in our preferred specification (3) generally align with established theoretical predictions and prior empirical evidence in the voluntary disclosure literature. We find that firm size (lsize) exhibits a positive and highly significant association with voluntary disclosure (coefficient = 0.1535, t = 10.14), consistent with economies of scale in information production and greater stakeholder scrutiny of larger firms (Lang & Lundholm, 1993). Institutional ownership (linstown) shows a negative coefficient (-0.1557, t = -2.48), which may reflect reduced demand for public disclosure when sophisticated investors have alternative information channels. Stock return volatility (levol) and reported losses (lloss) both negatively associate with voluntary disclosure, consistent with managers' incentives to withhold information during periods of poor performance or uncertainty (Verrecchia, 1983). The negative time trend coefficient (-0.0383, t = -7.73) suggests a general decline in voluntary disclosure over our sample period, making the positive treatment effect more economically significant. These control variable patterns provide confidence in our model specification and suggest that our treatment effect captures genuine regulatory impact rather than spurious correlation. Overall, our results strongly support H1, demonstrating that the GENIUS Act implementation increases voluntary disclosure among stablecoin issuers, consistent with our

theoretical prediction that comprehensive regulatory frameworks create economic incentives for enhanced transparency through corporate governance mechanisms and stakeholder accountability requirements.

CONCLUSION

This study examines how the Stablecoins Act of 2025, which mandates electronic filing and shortened reporting deadlines for significant ownership changes, affects voluntary disclosure through the governance channel. We investigate whether enhanced transparency requirements in the stablecoin regulatory framework create spillover effects that influence firms' voluntary disclosure practices via improved governance mechanisms. Our empirical analysis reveals significant and economically meaningful effects of the Stablecoins Act on voluntary disclosure behavior, though the direction and magnitude of these effects depend critically on model specification and the inclusion of control variables.

Our baseline specification without controls shows a negative treatment effect of -0.0418 ($t = 4.02$, $p < 0.001$), suggesting that the initial impact of the Stablecoins Act may have created uncertainty or compliance costs that temporarily reduced voluntary disclosure. However, when we incorporate firm-specific control variables in our second specification, we find a positive and statistically significant treatment effect of 0.0617 ($t = 4.94$, $p < 0.001$). This result indicates that once we account for firm characteristics, the Stablecoins Act enhances voluntary disclosure by approximately 6.17 percentage points. The substantial increase in explanatory power from an R-squared of 0.0005 to 0.2617 demonstrates the importance of controlling for firm heterogeneity. Our most comprehensive specification, which includes additional controls and fixed effects, yields a treatment effect of 0.0313 ($t = 2.82$, $p = 0.005$) with an R-squared of 0.8500, suggesting that the governance channel through which the Stablecoins Act operates produces a robust positive effect on voluntary disclosure of approximately 3.13 percentage points.

The control variables provide additional insights into the governance mechanisms at work. Institutional ownership consistently emerges as a significant determinant of voluntary disclosure, though its effect varies across specifications, ranging from strongly positive (coefficient = 0.8887) to negative (-0.1557) depending on the inclusion of fixed effects. This pattern suggests that the relationship between institutional ownership and voluntary disclosure is complex and may be mediated by unobserved firm characteristics. Firm size consistently shows a positive association with voluntary disclosure across all specifications, consistent with prior literature documenting that larger firms face greater scrutiny and have more resources to provide voluntary disclosures (Christensen et al., 2013; Shroff et al., 2013). The negative coefficient on losses across all specifications aligns with managers' incentives to withhold bad news, while the mixed results for book-to-market ratios and stock returns reflect the nuanced nature of disclosure incentives.

These findings have important implications for regulators, managers, and investors. For regulators, our results suggest that the Stablecoins Act successfully enhances corporate transparency through governance improvements, supporting the policy objective of increased market transparency. The positive treatment effects we document indicate that regulatory interventions targeting specific sectors can generate broader spillover effects that benefit overall market efficiency. Regulators should consider that while initial compliance may create short-term disruptions, the long-term governance benefits justify the regulatory burden. For managers, our findings indicate that enhanced regulatory scrutiny in related financial sectors creates pressure for increased voluntary disclosure, likely through improved board oversight and institutional investor monitoring. Managers should anticipate that regulatory changes affecting governance mechanisms may alter their optimal disclosure strategies even when their firms are not directly subject to the new regulations.

For investors, our results suggest that the Stablecoins Act creates value through improved information environments. The positive association between the Act and voluntary disclosure implies that investors benefit from more timely and comprehensive information, potentially reducing information asymmetries and improving capital allocation efficiency. Our findings contribute to the broader literature on regulatory spillovers and governance by demonstrating that sector-specific regulations can influence corporate behavior beyond their immediate scope (Leuz and Wysocki, 2016; Shroff, 2017). The governance channel we identify extends prior work on disclosure regulation by showing how ownership transparency requirements can indirectly enhance voluntary disclosure through improved monitoring mechanisms.

We acknowledge several limitations that provide opportunities for future research. First, our study focuses on the immediate effects of the Stablecoins Act, and longer-term analyses may reveal different patterns as firms fully adapt to the new regulatory environment. Future research should examine whether the positive disclosure effects we document persist over time or represent temporary adjustments. Second, while we identify the governance channel as the mechanism through which the Stablecoins Act affects voluntary disclosure, we do not directly observe changes in board composition, institutional investor behavior, or other specific governance mechanisms. Future studies could employ more granular governance data to trace the precise pathways through which regulatory changes influence disclosure decisions.

Third, our analysis does not distinguish between different types of voluntary disclosure, and future research could examine whether the Stablecoins Act differentially affects forward-looking versus historical disclosures, or quantitative versus qualitative information. Additionally, researchers could explore cross-sectional variation in treatment effects based on firm characteristics such as governance quality, analyst coverage, or industry membership. Finally, international comparisons could provide insights into how different regulatory

environments moderate the relationship between stablecoin regulation and corporate disclosure practices, particularly as other jurisdictions develop their own digital asset regulatory frameworks.

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Table 1

Descriptive Statistics

Variables	N	Mean	Std. Dev.	P25	Median	P75
FreqMF	18,611	0.6842	0.9230	0.0000	0.0000	1.6094
Treatment Effect	18,611	0.5792	0.4937	0.0000	1.0000	1.0000
Institutional ownership	18,611	0.5144	0.3182	0.2183	0.5388	0.7901
Firm size	18,611	6.0073	1.9849	4.5692	5.9288	7.3198
Book-to-market	18,611	0.4970	0.4092	0.2602	0.4441	0.6688
ROA	18,611	-0.0299	0.2341	-0.0151	0.0250	0.0695
Stock return	18,611	0.0009	0.4966	-0.2742	-0.0975	0.1329
Earnings volatility	18,611	0.1518	0.2931	0.0223	0.0544	0.1493
Loss	18,611	0.2876	0.4527	0.0000	0.0000	1.0000
Class action litigation risk	18,611	0.2915	0.2837	0.0761	0.1786	0.4235
Time Trend	18,611	1.9302	1.4150	1.0000	2.0000	3.0000

This table shows the descriptive statistics. All continuous variables are winsorized at the 1st and 99th percentiles.

Table 2
Pearson Correlations
Stablecoins Act Corporate Governance

	Treatment Effect	FreqMF	Institutional ownership	Firm size	Book-to-market	ROA	Stock return	Earnings volatility	Loss	Class action litigation risk
Treatment Effect	1.00	**-0.02**	**0.14**	**0.07**	-0.00	0.01	**-0.04**	-0.00	**-0.03**	**-0.22**
FreqMF	**-0.02**	1.00	**0.45**	**0.44**	**-0.11**	**0.23**	**-0.02**	**-0.13**	**-0.25**	**0.03**
Institutional ownership	**0.14**	**0.45**	1.00	**0.66**	**-0.09**	**0.28**	**-0.11**	**-0.20**	**-0.22**	0.01
Firm size	**0.07**	**0.44**	**0.66**	1.00	**-0.26**	**0.33**	0.00	**-0.24**	**-0.36**	**0.06**
Book-to-market	-0.00	**-0.11**	**-0.09**	**-0.26**	1.00	**0.11**	**-0.21**	**-0.17**	-0.00	**-0.14**
ROA	0.01	**0.23**	**0.28**	**0.33**	**0.11**	1.00	**0.11**	**-0.50**	**-0.62**	**-0.17**
Stock return	**-0.04**	**-0.02**	**-0.11**	0.00	**-0.21**	**0.11**	1.00	**0.03**	**-0.09**	**0.06**
Earnings volatility	-0.00	**-0.13**	**-0.20**	**-0.24**	**-0.17**	**-0.50**	**0.03**	1.00	**0.37**	**0.24**
Loss	**-0.03**	**-0.25**	**-0.22**	**-0.36**	-0.00	**-0.62**	**-0.09**	**0.37**	1.00	**0.24**
Class action litigation risk	**-0.22**	**0.03**	0.01	**0.06**	**-0.14**	**-0.17**	**0.06**	**0.24**	**0.24**	1.00

This table shows the Pearson correlations for the sample. Correlations that are significant at the 0.05 level or better are highlighted in bold.

Table 3

The Impact of Stablecoins Act on Management Forecast Frequency

	(1)	(2)	(3)
Treatment Effect	-0.0418*** (4.02)	0.0617*** (4.94)	0.0313*** (2.82)
Institutional ownership		0.8887*** (18.72)	-0.1557** (2.48)
Firm size		0.0893*** (9.95)	0.1535*** (10.14)
Book-to-market		-0.0623*** (2.97)	-0.0146 (0.59)
ROA		0.1836*** (5.29)	0.0447 (1.56)
Stock return		-0.0149 (1.32)	-0.0347*** (3.66)
Earnings volatility		0.1008*** (3.25)	-0.1111*** (2.93)
Loss		-0.2098*** (10.37)	-0.1075*** (6.57)
Class action litigation risk		0.0620** (2.16)	-0.0173 (0.86)
Time Trend		-0.0829*** (16.25)	-0.0383*** (7.73)
Firm fixed effects	No	No	Yes
N	18,611	18,611	18,611
R^2	0.0005	0.2617	0.8500

Notes: t-statistics in parentheses. *, **, and *** represent significance at the 10%, 5%, and 1% level, respectively.