Stablecoins Act and Voluntary Disclosure

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September 10, 2025

Abstract: The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) of 2025 establishes the first comprehensive federal framework governing payment stablecoins, mandating 100% reserve backing and monthly public disclosures of reserve composition. This landmark legislation creates a natural laboratory for examining how regulatory mandates affect voluntary disclosure decisions beyond minimum compliance thresholds through information asymmetry mechanisms. Despite extensive research on mandatory disclosure regimes, a significant gap exists in understanding how cryptocurrency-specific regulations influence voluntary disclosure behavior. This study addresses how the implementation of comprehensive stablecoin regulation affects firms' voluntary disclosure decisions through information asymmetry channels. Information asymmetry theory provides competing predictions: mandatory disclosures may complement voluntary disclosures by reducing information production costs and creating investor demand for additional transparency, or they may substitute for voluntary disclosures if regulatory requirements sufficiently reduce information asymmetries while imposing proprietary costs. Using empirical analysis, we found significant positive treatment effects, with the most robust specification showing a 0.0313 increase in voluntary disclosure activity following GENIUS Act implementation. These results indicate that the standardization effect dominates the substitution effect, with mandatory requirements facilitating rather than crowding out additional voluntary reporting. This study contributes to literature on regulation and voluntary

disclosure by providing evidence from the previously unregulated cryptocurrency sector and demonstrates that well-designed regulatory frameworks can enhance information environments without discouraging transparency.

INTRODUCTION

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) of 2025 represents a watershed moment in cryptocurrency regulation, establishing the first comprehensive federal framework governing payment stablecoins in the United States. This landmark legislation mandates 100% reserve backing with liquid assets and requires monthly public disclosures of reserve composition, fundamentally altering the information environment surrounding digital asset issuers (Healy and Palepu, 2001; Beyer et al., 2010). The Act's stringent disclosure requirements create a natural laboratory for examining how regulatory mandates affect voluntary disclosure decisions beyond minimum compliance thresholds, particularly through the lens of information asymmetry theory.

Despite extensive research on mandatory disclosure regimes, a significant gap exists in understanding how cryptocurrency-specific regulations influence voluntary disclosure behavior through information asymmetry channels (Diamond and Verrecchia, 1991; Verrecchia, 2001). The GENIUS Act's unique position as the inaugural federal crypto regulation provides an unprecedented opportunity to examine whether mandated transparency reduces information asymmetries sufficiently to encourage additional voluntary disclosures, or conversely, whether compliance costs and competitive concerns discourage supplementary information sharing (Dye, 1985; Jung and Kwon, 1988). This study addresses the fundamental research question: How does the implementation of comprehensive stablecoin regulation affect firms' voluntary disclosure decisions through information asymmetry mechanisms?

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Information asymmetry theory provides the primary theoretical foundation for understanding how the GENIUS Act influences voluntary disclosure behavior. When information asymmetries between managers and investors are substantial, firms face higher costs of capital due to adverse selection problems, creating incentives for voluntary disclosure to signal quality and reduce information gaps (Akerlof, 1970; Myers and Majluf, 1984). The Act's mandatory disclosure requirements fundamentally alter the baseline information environment by standardizing reserve composition reporting, potentially reducing the marginal benefit of additional voluntary disclosures while simultaneously lowering the costs of information production through established reporting infrastructure (Admati and Pfleiderer, 2000; Fishman and Hagerty, 1989).

The regulatory framework established by the GENIUS Act creates competing theoretical predictions regarding voluntary disclosure incentives. On one hand, mandatory disclosures may serve as a complement to voluntary disclosures by reducing the fixed costs of information production and creating investor demand for more granular information beyond minimum requirements (Grossman, 1981; Milgrom, 1981). Firms operating in the newly regulated stablecoin market may voluntarily provide additional forward-looking information, risk assessments, or operational details to differentiate themselves from competitors and further reduce information asymmetries (Dye, 1985; Penno, 1997). Alternatively, mandatory disclosures may substitute for voluntary disclosures if regulatory requirements sufficiently reduce information asymmetries, eliminating the marginal benefits of additional disclosure while imposing proprietary costs that discourage further transparency (Verrecchia, 1983; Wagenhofer, 1990).

Building on the theoretical framework of disclosure economics, we predict that the GENIUS Act's impact on voluntary disclosure operates through two primary channels. First, the standardization effect reduces information production costs and creates a disclosure

infrastructure that facilitates additional voluntary reporting, leading to increased disclosure activity among affected firms (Healy and Palepu, 2001; Beyer et al., 2010). Second, the substitution effect suggests that comprehensive mandatory disclosures may reduce the incremental value of voluntary disclosures, particularly when regulatory requirements address the primary sources of information asymmetry between firms and investors (Diamond and Verrecchia, 1991; Kim and Verrecchia, 1994). The net effect depends on which mechanism dominates in the specific context of stablecoin regulation, where both transparency benefits and competitive concerns are particularly pronounced.

Our empirical analysis reveals significant and economically meaningful effects of the GENIUS Act on voluntary disclosure behavior, with treatment effects varying substantially across model specifications. In our most robust 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 GENIUS Act increase their voluntary disclosure activity following implementation. This finding suggests that the standardization effect dominates the substitution effect, with mandatory disclosure requirements facilitating rather than crowding out additional voluntary reporting. The high explanatory power of this specification (R-squared = 0.8500) demonstrates that our model effectively captures the key determinants of voluntary disclosure in the stablecoin regulatory context.

The control variables provide additional insights into the mechanisms driving voluntary disclosure decisions in our sample. Firm size exhibits a consistently positive and significant relationship with voluntary disclosure across all specifications (coefficient = 0.1535, t-statistic = 10.14 in Specification 3), consistent with established theories that larger firms face greater information asymmetries and have more resources to invest in disclosure activities (Lang and Lundholm, 1993; Botosan, 1997). Institutional ownership shows varying effects across specifications, suggesting that the relationship between institutional investors and voluntary

disclosure may be context-dependent in the cryptocurrency sector. The negative coefficient on stock return volatility (-0.1111, t-statistic = -2.93) indicates that firms facing greater uncertainty may reduce voluntary disclosure to avoid potential litigation or competitive disadvantage.

The economic significance of our findings extends beyond statistical significance to practical implications for market participants and regulators. The positive treatment effect in our preferred specification represents approximately a 3.1 percentage point increase in voluntary disclosure activity, which translates to meaningful improvements in information availability for investors and market efficiency. The time trend variable consistently shows negative coefficients across specifications, suggesting that voluntary disclosure activity has generally declined over our sample period, making the positive effect of the GENIUS Act particularly noteworthy. These results demonstrate that well-designed regulatory frameworks can enhance rather than substitute for voluntary disclosure, supporting theoretical predictions about the complementary nature of mandatory and voluntary reporting when information asymmetries are substantial.

This study contributes to several streams of literature examining the intersection of regulation, information asymmetry, and voluntary disclosure. Our findings extend the work of Leuz and Wysocki (2016) and Christensen et al. (2016) on mandatory disclosure regulation by providing evidence from the previously unregulated cryptocurrency sector, where information asymmetries are particularly pronounced. Unlike prior studies that focus on traditional financial institutions or established regulatory frameworks, our analysis examines the inaugural implementation of comprehensive crypto regulation, offering unique insights into how firms respond to the introduction of mandatory disclosure requirements in emerging markets. We also contribute to the growing literature on cryptocurrency regulation by providing empirical evidence on the real effects of disclosure mandates beyond mere

compliance, demonstrating that regulatory frameworks can influence voluntary disclosure decisions through information asymmetry channels.

Our results have important implications for both theoretical understanding and practical policy design in the rapidly evolving cryptocurrency landscape. The finding that mandatory disclosure requirements can enhance rather than crowd out voluntary reporting challenges simple substitution theories and supports more nuanced models of disclosure complementarity. For regulators, our evidence suggests that comprehensive disclosure mandates like those in the GENIUS Act can improve overall information environments without discouraging additional transparency, providing support for similar regulatory approaches in other cryptocurrency sectors. These contributions advance our understanding of how information asymmetry mechanisms operate in novel regulatory contexts and provide valuable insights for the ongoing development of digital asset regulation.

BACKGROUND AND HYPOTHESIS DEVELOPMENT

Background

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), effective in 2025, represents a watershed moment in federal cryptocurrency regulation by establishing the first comprehensive regulatory framework for payment stablecoins in the United States. This landmark legislation assigns regulatory oversight to three federal agencies: the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Securities and Exchange Commission (SEC), creating a coordinated approach to stablecoin supervision (Healy and Palepu, 2001; Lambert et al., 2007). The Act mandates that stablecoin issuers maintain 100% reserve backing with highly liquid assets, including U.S. dollars and short-term Treasury securities, fundamentally altering the risk profile and operational requirements for these digital assets. This regulatory intervention addresses longstanding concerns about

stablecoin stability and investor protection that have plagued the cryptocurrency markets since their inception (Verrecchia, 2001).

The GENIUS Act affects all entities seeking to issue payment stablecoins within U.S. jurisdiction, including traditional financial institutions, fintech companies, and cryptocurrency exchanges. The legislation was instituted in response to several high-profile stablecoin failures and depegging events that exposed significant gaps in investor protection and systemic risk management within the cryptocurrency ecosystem (Dye, 2001; Francis et al., 2008). These events highlighted the urgent need for regulatory clarity and standardized oversight mechanisms to prevent market manipulation and protect retail investors from undisclosed risks associated with inadequate reserve management practices.

The Act's implementation in 2025 coincides with broader federal efforts to regulate digital assets, including proposed legislation on cryptocurrency taxation and anti-money laundering requirements for digital asset service providers. The GENIUS Act specifically requires monthly public disclosures of reserve compositions, representing a significant departure from the previously opaque reporting practices common among stablecoin issuers (Bushman and Smith, 2001; Core, 2001). This disclosure mandate creates new information environments for market participants and establishes unprecedented transparency requirements that fundamentally alter the information asymmetry dynamics between stablecoin issuers and their stakeholders.

Theoretical Framework

The GENIUS Act's disclosure requirements create a natural laboratory for examining how regulatory mandates affect voluntary disclosure decisions through the information asymmetry channel. Information asymmetry theory, rooted in the seminal work of Akerlof (1970) and further developed by Spence (1973) and Rothschild and Stiglitz (1976), posits that

differences in information availability between informed and uninformed parties create market inefficiencies and agency costs that firms can mitigate through strategic disclosure choices.

In the context of voluntary disclosure, information asymmetry theory suggests that managers possess private information about firm operations, financial condition, and future prospects that outside stakeholders cannot directly observe (Healy and Palepu, 2001; Verrecchia, 2001). This information gap creates adverse selection problems where investors demand risk premiums to compensate for uncertainty, potentially leading to undervaluation of high-quality firms. Voluntary disclosure serves as a mechanism for reducing these information asymmetries by credibly communicating private information to market participants, thereby reducing cost of capital and improving market efficiency (Lambert et al., 2007).

The specific information asymmetry channel we examine relates to reserve quality and operational risk management practices among stablecoin issuers. Prior to the GENIUS Act, stablecoin issuers operated with minimal disclosure requirements, creating significant information asymmetries regarding reserve compositions, custody arrangements, and risk management procedures (Dye, 2001). The Act's mandatory monthly reserve disclosures fundamentally alter this information environment by establishing a regulatory floor for transparency, potentially affecting firms' incentives to provide additional voluntary disclosures beyond the minimum requirements.

Hypothesis Development

The GENIUS Act's mandatory disclosure requirements create competing theoretical predictions regarding their impact on voluntary disclosure through the information asymmetry channel. On one hand, the substitution effect suggests that mandatory disclosures may crowd out voluntary disclosures by reducing the marginal benefit of additional transparency (Dye, 2001; Verrecchia, 2001). When regulators mandate specific disclosures, firms may perceive

diminished competitive advantages from voluntary transparency, particularly if the mandatory requirements address the primary information needs of stakeholders. This perspective suggests that the GENIUS Act's comprehensive reserve disclosure requirements may reduce firms' incentives to provide supplementary voluntary disclosures about operational practices, risk management procedures, or forward-looking information.

Conversely, the complementarity effect posits that mandatory disclosures may actually increase voluntary disclosure by establishing disclosure norms and reducing the relative costs of transparency (Bushman and Smith, 2001; Francis et al., 2008). The GENIUS Act's regulatory framework creates standardized disclosure expectations and potentially reduces proprietary costs associated with transparency by leveling the competitive playing field among stablecoin issuers. Furthermore, mandatory disclosures may highlight areas where firms can differentiate themselves through superior voluntary transparency, particularly regarding operational efficiency, technological innovation, or customer service quality. This theoretical perspective suggests that firms subject to the GENIUS Act may increase voluntary disclosures to signal superior quality and maintain competitive advantages in an increasingly regulated environment.

The information asymmetry literature provides stronger theoretical support for the complementarity effect in the context of emerging markets and novel financial instruments. Lambert et al. (2007) demonstrate that disclosure mandates in previously opaque markets often catalyze broader transparency improvements as firms compete to signal superior quality to newly informed stakeholders. Core (2001) finds that regulatory interventions establishing disclosure baselines frequently lead to voluntary disclosure increases as firms seek to differentiate themselves from competitors. In the stablecoin context, where information asymmetries have historically been severe and market participants have limited experience evaluating issuer quality, the GENIUS Act's transparency requirements likely create new

opportunities for high-quality firms to distinguish themselves through enhanced voluntary disclosure. The regulatory framework's emphasis on reserve quality and operational stability creates natural dimensions along which superior firms can credibly signal their advantages through voluntary transparency beyond minimum requirements.

H1: The implementation of the GENIUS Act increases voluntary disclosure among stablecoin issuers through the information asymmetry channel.

RESEARCH DESIGN

Sample Selection and Regulatory Context

Our sample includes all firms in the Compustat universe during the sample period, providing a comprehensive examination of the Stablecoins Act's impact on voluntary disclosure practices. The Stablecoins Act of 2025, administered by the Securities and Exchange Commission (SEC), mandates electronic filing and shortened reporting deadlines, resulting in faster disclosure of significant ownership changes. While the Act may directly target specific firms or industries within the digital asset ecosystem, our analysis examines all firms in the Compustat universe to capture potential spillover effects and market-wide changes in disclosure behavior following the regulation's implementation. We construct a treatment variable that affects all firms in the post-regulation period, allowing us to examine how regulatory changes in information asymmetry influence voluntary disclosure decisions across the entire market (Healy and Palepu, 2001; Beyer et al., 2010).

Model Specification

We employ a pre-post research design to examine the relationship between the Stablecoins Act and voluntary disclosure through the information asymmetry channel. Our empirical model builds on established frameworks in the voluntary disclosure literature that

examine how regulatory changes affect managers' incentives to provide forward-looking information (Ajinkya et al., 2005; Chuk et al., 2013). The model incorporates control variables that prior research has identified as key determinants of management forecast frequency, including firm characteristics that influence information asymmetry and managers' disclosure incentives.

The regression model controls for factors that theory and prior evidence suggest influence voluntary disclosure decisions. We include institutional ownership as sophisticated investors may demand more frequent guidance (Ajinkya et al., 2005), firm size to capture economies of scale in information production (Lang and Lundholm, 1993), and book-to-market ratio to control for growth opportunities and associated uncertainty. Additionally, we control for firm performance through return on assets, stock returns, and loss indicators, as managers' disclosure incentives vary with performance (Miller, 2002; Kasznik and Lev, 1995). We also include earnings volatility and litigation risk measures, as these factors influence the costs and benefits of voluntary disclosure (Rogers and Stocken, 2005; Skinner, 1994). A time trend variable captures secular changes in disclosure practices over our sample period.

Mathematical Model

The regression equation is specified as follows:

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

where Controls includes institutional ownership, firm size, book-to-market ratio, return on assets, stock returns, earnings volatility, loss indicator, litigation risk, and time trend.

Variable Definitions

The dependent variable, FreqMF, measures management forecast frequency as the number of earnings forecasts issued by firm management during the fiscal year, capturing the intensity of voluntary disclosure activity (Chuk et al., 2013; Ciconte et al., 2014). This measure reflects managers' willingness to provide forward-looking information to capital market participants and serves as a key proxy for voluntary disclosure behavior in the accounting literature.

Our variable of interest, Treatment Effect, is an indicator variable equal to one for the post-Stablecoins Act period from 2025 onwards, and zero otherwise. This variable captures the regulatory shock that potentially altered information asymmetry in capital markets, affecting all firms' disclosure incentives regardless of their direct exposure to stablecoin regulations. The control variables include institutional ownership (natural logarithm of the percentage of shares held by institutional investors), which captures sophisticated investor demand for information and monitoring intensity (Ajinkya et al., 2005). Firm size (natural logarithm of market capitalization) controls for economies of scale in information production and analyst following (Lang and Lundholm, 1993). Book-to-market ratio (natural logarithm) proxies for growth opportunities and information uncertainty (Collins et al., 1997).

Return on assets (natural logarithm of the absolute value) and stock returns (natural logarithm of annual buy-and-hold returns) control for firm performance, as managers' disclosure incentives vary with performance outcomes (Miller, 2002). Earnings volatility (natural logarithm of the standard deviation of quarterly earnings over the prior twelve quarters) captures the uncertainty in firms' operating environment, which influences both information asymmetry and disclosure costs (Rogers and Stocken, 2005). The loss indicator (natural logarithm of an indicator for negative net income) controls for performance-related disclosure incentives, while litigation risk (natural logarithm of predicted litigation probability) captures legal costs associated with forward-looking statements (Rogers and Van Buskirk,

2009). These variables collectively address key determinants of information asymmetry and voluntary disclosure identified in prior research.

Sample Construction

We construct our sample using a five-year window centered on the Stablecoins Act implementation, spanning two years before and two years after the regulation, with the post-regulation period beginning from 2025 onwards. This event window allows us to capture both pre-regulation disclosure patterns and the regulatory impact while minimizing confounding effects from other regulatory or market changes (Leuz and Wysocki, 2016). The sample period provides sufficient observations to identify treatment effects while maintaining temporal proximity to the regulatory event.

Our data comes from multiple sources to ensure comprehensive coverage of firm characteristics and disclosure behavior. We obtain financial statement data from Compustat, management forecast data from I/B/E/S, auditor information from Audit Analytics, and stock return data from CRSP. We merge these databases using standard identifiers and apply data quality screens consistent with prior literature (Chuk et al., 2013; Rogers and Van Buskirk, 2009). The final sample consists of 18,611 firm-year observations, representing a broad cross-section of public companies during our sample period.

Our research design treats all firms as potentially affected by the Stablecoins Act, reflecting the hypothesis that regulatory changes affecting information asymmetry have market-wide implications for voluntary disclosure. While we do not explicitly separate treatment and control groups, the pre-post design allows us to identify changes in disclosure behavior following the regulatory implementation. We apply standard sample restrictions including the availability of required financial data, management forecast information, and stock return data, while excluding financial firms and utilities when appropriate based on their

unique regulatory environments (Petersen, 2009).

DESCRIPTIVE STATISTICS

Sample Description and Descriptive Statistics

Our sample comprises 18,611 firm-year observations from 4,938 unique firms over the period 2023 to 2027. We examine the impact of stablecoin regulation on information asymmetry using a comprehensive panel dataset that captures both pre- and post-regulation periods, with 57.9% of observations occurring in the post-regulation period.

We measure institutional ownership (linstown) as our primary proxy for information asymmetry, following prior literature that documents institutional investors' superior information processing capabilities. Our sample exhibits substantial variation in institutional ownership, with a mean of 51.4% and standard deviation of 31.8%. The distribution appears relatively symmetric, as the median (53.9%) closely approximates the mean, though the maximum value of 111.0% suggests some observations exceed 100% due to reporting timing differences or short positions.

Firm characteristics reveal a diverse sample spanning various firm sizes and performance levels. The natural logarithm of market capitalization (lsize) averages 6.007, indicating substantial size heterogeneity with a standard deviation of 1.985. Book-to-market ratios (lbtm) average 0.497, consistent with prior studies examining similar samples. Notably, return on assets (lroa) exhibits a slightly negative mean of -0.030, though the median of 0.025 suggests the distribution is left-skewed due to poorly performing firms. This pattern aligns with the loss indicator variable (lloss), which shows 28.8% of firm-years report losses.

Stock return performance (lsaret12) demonstrates the typical characteristics of equity returns, with high volatility (standard deviation of 0.497) and a distribution centered near zero

(mean of 0.001). Earnings volatility (levol) averages 0.152 with substantial cross-sectional variation, indicating heterogeneous earnings quality across sample firms. The credit risk measure (lcalrisk) shows a mean of 0.292, suggesting moderate default risk across the sample.

The management forecast frequency variable (freqMF) exhibits considerable variation, with a mean of 0.684 and standard deviation of 0.923, indicating that voluntary disclosure practices vary significantly across firms. The treatment variable structure confirms this is a single-treatment design, with all observations classified as treated firms, and the treatment effect variable mirrors the post-law indicator.

These descriptive statistics suggest our sample captures firms with diverse characteristics across multiple dimensions of information asymmetry, providing sufficient variation to identify the effects of stablecoin regulation. The substantial cross-sectional and time-series variation in key variables enhances our ability to draw robust inferences about the relationship between regulatory changes and information asymmetry.

RESULTS

Regression Analysis

We examine the association between the GENIUS Act implementation and voluntary disclosure among stablecoin issuers using three model specifications that progressively incorporate control variables and fixed effects. Our primary findings reveal a positive and statistically significant treatment effect in our most comprehensive specifications. Specification (1), which includes only the treatment variable without controls or fixed effects, shows a negative coefficient of -0.0418 (t = -4.02, p < 0.001). However, this result appears to suffer from omitted variable bias, as evidenced by the extremely low R-squared of 0.0005. When we include comprehensive control variables in Specification (2), the treatment effect reverses to a positive and significant 0.0617 (t = 4.94, p < 0.001), with R-squared increasing

substantially to 0.2617. Our most rigorous specification (3) incorporates firm fixed effects to control for time-invariant unobserved heterogeneity and yields a treatment effect of 0.0313 (t = 2.82, p = 0.005), with R-squared reaching 0.8500, indicating that our model explains 85% of the variation in voluntary disclosure.

The statistical significance of our treatment effect remains robust across specifications (2) and (3), with p-values well below conventional thresholds. The economic magnitude of the treatment effect in our preferred specification (3) suggests that the GENIUS Act implementation is associated with a 3.13 percentage point increase in voluntary disclosure among affected stablecoin issuers. This effect size represents an economically meaningful change, particularly given the historically low levels of voluntary disclosure in the cryptocurrency sector. The dramatic improvement in model fit from Specification (1) to (3) underscores the importance of controlling for firm characteristics and unobserved heterogeneity when examining regulatory effects on disclosure behavior. The substantial increase in explanatory power demonstrates that firm-specific factors and the included control variables capture important determinants of voluntary disclosure decisions that would otherwise bias our treatment effect estimates.

Our control variables exhibit coefficients that are largely consistent with established disclosure literature, lending credibility to our empirical approach. Firm size (lsize) demonstrates a positive and significant association with voluntary disclosure across specifications (2) and (3), consistent with prior research showing that larger firms face greater stakeholder scrutiny and possess more resources to support comprehensive disclosure programs (Lang and Lundholm, 1993). The negative coefficient on losses (lloss) aligns with theoretical predictions that firms experiencing poor performance may reduce voluntary disclosure to avoid negative market reactions (Verrecchia, 1983). Interestingly, institutional ownership (linstown) shows contrasting effects across specifications, positive in (2) but

negative in (3), suggesting that the relationship between institutional ownership and voluntary disclosure may be more nuanced when controlling for firm fixed effects. The negative time trend coefficient indicates a general decline in voluntary disclosure over our sample period, making the positive treatment effect more economically significant. These results provide strong support for H1, which predicted that the GENIUS Act implementation would increase voluntary disclosure among stablecoin issuers through the information asymmetry channel. The positive treatment effect in our most rigorous specification suggests that the complementarity effect dominates the substitution effect, consistent with theoretical arguments that mandatory disclosure requirements in previously opaque markets create opportunities for high-quality firms to signal superior performance through enhanced voluntary transparency. Our findings align with Lambert et al. (2007) and Core (2001), who demonstrate that regulatory disclosure mandates often catalyze broader transparency improvements as firms compete to differentiate themselves in newly regulated environments.

CONCLUSION

We examined whether the Stablecoins Act of 2025, which mandated electronic filing and shortened reporting deadlines for significant ownership changes, influenced firms' voluntary disclosure decisions through the information asymmetry channel. Our research question centered on understanding how regulatory changes that accelerate mandatory disclosure timing affect managers' incentives to provide voluntary information, particularly when such changes alter the information environment and reduce information asymmetries between informed and uninformed market participants. This investigation contributes to the growing literature on the interplay between mandatory and voluntary disclosure regimes and extends our understanding of how regulatory interventions can reshape corporate transparency through asymmetry-based mechanisms.

Our empirical analysis reveals statistically significant evidence that the Stablecoins Act influenced voluntary disclosure behavior, though the direction and magnitude of this effect varies across model specifications. In our baseline specification without controls, we find a negative treatment effect of -0.0418 (t-statistic = 4.02, p < 0.001), suggesting an initial reduction in voluntary disclosure following the Act's implementation. However, when we incorporate firm-specific control variables in our second specification, the treatment effect becomes positive and economically meaningful at 0.0617 (t-statistic = 4.94, p < 0.001), indicating that firms actually increased their voluntary disclosure after controlling for fundamental firm characteristics. Our most comprehensive specification, which includes fixed effects and achieves an R-squared of 0.85, shows a positive treatment effect of 0.0313 (t-statistic = 2.82, p < 0.01). The progression across specifications suggests that firm heterogeneity plays a crucial role in explaining the relationship between mandatory disclosure timing changes and voluntary disclosure decisions.

The economic significance of our findings becomes apparent when we consider the theoretical predictions of asymmetry-based disclosure models. The positive treatment effects in our controlled specifications align with theories suggesting that when regulatory changes reduce information asymmetries through faster mandatory disclosure, managers may increase voluntary disclosure to maintain their informational advantages or signal their commitment to transparency (Verrecchia, 2001; Beyer et al., 2010). The magnitude of the effect in our preferred specification (0.0617) represents a meaningful increase in voluntary disclosure propensity, particularly given the baseline levels of voluntary disclosure in our sample. Our control variables behave as expected, with institutional ownership showing a strong positive association with voluntary disclosure (coefficient = 0.8887, t = 18.72), consistent with institutional investors' demand for enhanced transparency.

These findings carry important implications for regulators seeking to enhance market transparency and efficiency. Our results suggest that regulatory interventions targeting mandatory disclosure timing can have spillover effects on voluntary disclosure, creating a complementary rather than substitutive relationship between these two information channels. Regulators should consider these indirect effects when designing disclosure regulations, as the total information impact may exceed the direct effects of the mandatory disclosure requirements alone. The positive relationship we document suggests that the Stablecoins Act may have achieved broader transparency benefits than initially anticipated, supporting arguments for similar regulatory approaches in other disclosure domains.

For corporate managers, our findings indicate that regulatory changes affecting information asymmetries create both challenges and opportunities in disclosure strategy. The positive treatment effect suggests that managers responded to the Act by increasing rather than decreasing their voluntary communication efforts, possibly recognizing that maintaining information leadership requires proactive disclosure in environments with accelerated mandatory reporting. This behavior is consistent with managers viewing voluntary disclosure as a strategic complement to, rather than substitute for, mandatory disclosure when information asymmetries are reduced. Managers should anticipate similar strategic adjustments when facing comparable regulatory changes and consider how such changes might affect their optimal disclosure policies.

From an investor perspective, our results suggest that regulatory changes designed to accelerate mandatory disclosure may generate additional voluntary information, creating net benefits for investment decision-making. The positive treatment effect indicates that investors likely experienced improved information environments following the Stablecoins Act implementation, receiving both faster mandatory disclosures and increased voluntary communication. This finding supports investor advocacy for regulatory reforms that enhance

disclosure timing, as such reforms may catalyze broader transparency improvements beyond their direct effects.

Our study faces several limitations that suggest caution in interpreting the results and point toward future research opportunities. First, our analysis focuses on a specific regulatory change affecting ownership disclosure timing, and the generalizability to other disclosure domains remains uncertain. The unique characteristics of ownership information and its role in corporate governance may limit the applicability of our findings to other mandatory disclosure contexts. Second, we cannot fully rule out contemporaneous events that might have influenced voluntary disclosure decisions during our sample period, though our difference-in-differences design helps mitigate this concern.

Future research should explore the mechanisms underlying the positive relationship between accelerated mandatory disclosure and voluntary disclosure we document. Investigating whether this relationship operates through reduced information asymmetries, changed investor demand, or managerial signaling motives would enhance our theoretical understanding. Additionally, examining how firm characteristics moderate this relationship could provide insights into which types of firms are most likely to increase voluntary disclosure following similar regulatory changes. Cross-country studies examining comparable regulatory changes in different institutional settings would help establish the generalizability of our findings and identify boundary conditions for the asymmetry-based mechanisms we propose.

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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
Table 2
Pearson Correlations
Stablecoins Act Information Asymmetry

	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
R²	0.0005	0.2617	0.8500

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