



Fig. 2. Median 10-K section length by year.

The preceding analysis suggests that disclosure attributes are influenced by firm-specific variables in predictable ways. However, the trends remain significant after controlling for these variables. Another possibility is that the change in overall length is driven by increases in specific sections of the 10-K due to changes in disclosure requirements by either the SEC or the FASB (KPMG, 2011; White, 2013).

Fig. 2 plots the median length for sections of the 10-K. Of the eleven sections, three make up about 90% of the total text in the most recent year: Sections 1 and 2 (Business and Property Descriptions), Section 7 (Management's Discussion and Analysis), and Section 8 (Financial Statements and Footnotes). Sections 1, 2 and 7 reflect SEC requirements and Section 8 reflects FASB standards. Most noticeable from Fig. 2 is the fact that the length of each of the major sections has increased substantially and at roughly the same rate over time. As a consequence, the proportion of the 10-K in each section has remained similar over time, with Sections 1 and 2 comprising 36% of the total in 1996 as compared with 35% in 2013, Section 7 comprising 21% in 1996 vs. 25% in 2013, and Section 8 comprising 30% in both 1996 and 2013. We find similar results when we examine the rest of our textual attributes at the section-level (untabulated for parsimony), with the textual attributes trending within all of the major sections and the relative contribution of the major sections to overall attributes remaining relatively constant over time. Thus while changes to disclosure standards may be important determinants of overall changes in 10-K disclosure, these results suggest that overall changes in disclosure do not reflect requirements that are unique to a specific section but rather reflect content that spans multiple sections, including sections under the purviews of both the FASB and SEC.

The preceding analyses suggest that firm-level determinants from prior research and specific sections of the 10-K do not fully explain the trends in textual disclosure. In the next section we use LDA to identify the topical content of the disclosure and, most importantly, to quantify the topics that account for the bulk of the changes in overall length that we observe.

and market-wide returns. In all cases, we find similarly significant trend coefficients, but inclusion of these additional controls decreases sample size by nearly half due to data requirements.