SFB/Transregio 266
ACCOUNTING FOR
TRANSPARENCY

Research on Corporate Transparency

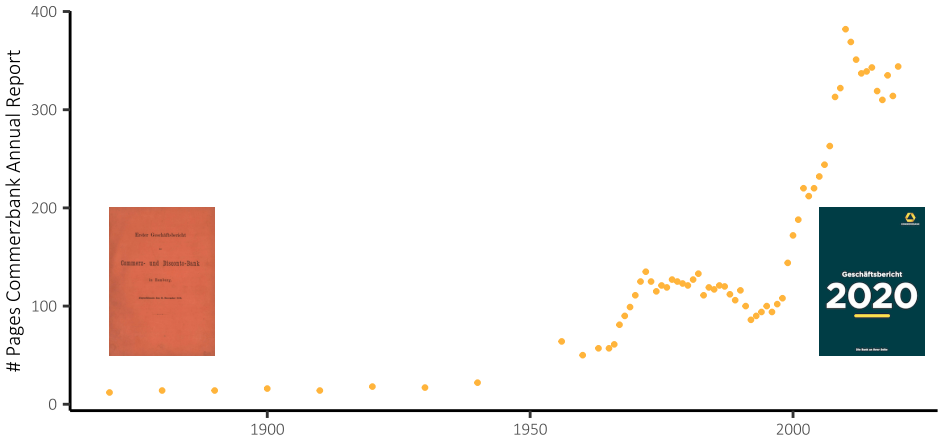
Element 15: Financial Reporting and Data Aggregators

Joachim Gassen

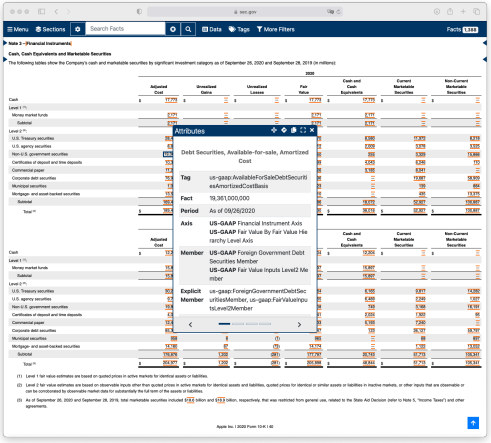
TRR 266 Accounting for Transparency

June 06, 2021

Financial reporting provides a wealth of information…



… and can be very costly to obtain



Apple, 10-K EDGAR (excerpt on marketable securities)

The role of the regulatory filing infrastructure

Some examples:

- The public availability of (audited) private firm financial statement information across Europe has facilitated arm's length banking arrangements (Breuer et al., RFS 2018)
- EDGAR has had an overall positive effect on price discovery but the effect on information asymmetry is somewhat ambiguous (Asthana et al., TAR 2004; Gao and Huang, RFS 2020)
- EDGAR outages have an effect on liquidity (Heilig et al., SSRN 2021)

Do investment professionals use data aggregators?

"Bloomberg. It's all on Bloomberg"

— anonymous investment professional, Cascino et al. (TAR, 2021)

Some examples:

- Schaub (JFQA, 2018): Delays on First Call are associated with larger post earnings announcement drift
- Rogers et al. (JAR, 2017) show that the Public Dissemination Service of EDGAR used to create an economically sizable trading advantage for its paying customers by releasing information 30 seconds early to them
- Research issues:
  - Database changes/errors can affect research findings (Ljungqvist et al., JoF 2009)
  - Database coverage bias can induce subtle sample selection issues (Beuselink et al., SSRN 2021)

Literature

- Asthana and Balsam (JAPP, 2001): https://doi.org/10.1016/S0278-4254(01)00035-7
- Asthana, Balsam, and Sankaraguruswamy (TAR 2004): https://doi.org/10.2308/accr.2004.79.3.571
- Beuselinck, Elfers, Gassen and Pierk (SSRN, 2021): http://dx.doi.org/10.2139/ssrn.3496543
- Blankespoor, deHaan and Marinovic (JAE, 2020): https://doi.org/10.1016/j.jacceco.2020.101344
- Breuer, Hombach and Müller (RFS, 2018): https://doi.org/10.1093/rfs/hhx123
- Cascino, Clatworthy, Garcia Osma, Gassen and Imam (TAR, 2021): https://doi.org/10.2308/TAR-2019-1030
- Gao and Huong (RFS, 2020): https://doi.org/10.1093/rfs/hhz100
- Heilig, Müller and Peter (SSRN, 2021): http://dx.doi.org/10.2139/ssrn.3809605
- Ljungqvist. Malloy and Marston (JoF, 2009): https://doi.org/10.1111/j.1540-6261.2009.01484.x
- Rogers, Skinner and Zechman (JAR, 2017): https://doi.org/10.1111/1475-679X.12167
- Schaub (JFQA, 2018): https://doi.org/10.1017/S0022109018000133