More Timely 10-K Filings and Less Timely Earnings Announcements: A Concurrent Puzzle

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Abstract

In an effort to improve the timeliness of financial reporting, the SEC accelerated the 10-K filing deadline for most firms starting in 2003. We find that while firms on average file their 10-Ks in a *more* timely fashion following the SEC accelerations, they also announce earnings in a *less* timely fashion. We show that this puzzle is explained by the rising number of firms announcing earnings concurrently with the filing of the 10-K. These concurrent firms delay their earnings announcements to the date of their 10-K filing, leading to less timely earnings announcements. We next explore the determinants of the concurrent earnings announcement decision and demonstrate that it is not merely a function of filer status or the historical proximity between the earnings announcement and 10-K filing date. Instead, we predict and find that the concurrent earnings announcement decision is a function of the market's demand for timely information from the firm, subject to the constraints that the firm faces in producing timely accounting information. Finally, we document important market consequences – in terms of lower market responses – to the release of concurrent earnings announcements, relative to stand-alone earnings announcements. These lower market responses can be attributed to the delay associated with concurrent filing and investors anticipating earnings information from other more timely sources.

Keywords: Earnings announcement timeliness; Concurrent filers; Information Content

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1. Introduction

Timeliness is a central objective of financial reporting. In an effort to improve the timeliness of financial reporting, the U.S. Securities and Exchange Commission ('SEC') accelerated the 10-K filing deadline for most firms starting in 2003.[1] Consistent with the SEC's objectives, the average 'filing lag' (the number of days from the fiscal year end to the 10-K filing date) decreased from 86 days prior to the first acceleration in 2003 to 62 days by 2013. Strikingly, however, the 'earnings announcement lag' (i.e. the number of days from fiscal year end to the earnings announcement; henceforth 'EA lag') moved in the opposite direction over the same period, increasing from 42 days to 50 days. In short, while firms on average file their 10-Ks in a more timely fashion following the SEC accelerations, they also announce earnings in a less timely fashion. Consequently, the release of earnings information to capital markets has become less timely, in contradiction with the intentions of the SEC regulations. In this paper, we investigate this puzzle and study why earnings have become less timely, as well as the implications of this for equity investors.

We hypothesize that EA lags have trended upward over time due to the growing practice of 'concurrent' earnings announcements by firms. That is, firms delay their earnings announcement to be concurrent with the filing of the 10-K (henceforth 'concurrent EAs'), resulting in less timely earnings announcements. We base the prediction on the SEC acceleration of 10-K filing deadlines and a number of additional regulations that were enacted in the same

[1] The SEC accelerated the 10-K filing deadline twice. The first acceleration in 2003 decreased the filing deadline from 90 days to 75 days for all firms with public float greater than or equal to $75 million ('accelerated filers'). The second acceleration in 2006 decreased the filing deadline from 75 days to 60 days for firms with public float greater than or equal to $700 million ('large accelerated filers') only.

time period (e.g., Sarbanes-Oxley Act regulations, Auditing Standards No. 2 and 3), which raised the amount of work and time required to complete the financial reporting close process and year-end audit fieldwork. Specifically, we argue that this combination of regulatory changes fundamentally altered the cost-benefit trade-offs with respect to the timing of earnings announcements, leading to an increase in the number of concurrent EAs and a delay in the average EA lag.

Consistent with this argument, we first document that the percentage of firms with concurrent EAs has increased from 9 percent prior to the 2003 acceleration to 33 percent by 2013. We then formally test our prediction with industry-level logistic regression analyses and show that the positive time trend in EA lag is completely subsumed by the increase in concurrent EAs over time. In fact, we document that an industry with 100 percent concurrent EAs would have an average EA lag that is 38 days longer than an industry with no concurrent filers. Taken together, these results suggest that the aggregate EA lag has risen because of a growing number of firms executing a concurrent EA strategy.

These trends raise the question as to why firms decide to issue concurrent EAs. We begin by considering the role of the historical proximity between the firm's EA and filing date, as well as the role of the firm's SEC filer status (which determines the deadline by which the 10-K must be filed). Specifically, we expect that the historical EA-filing date proximity is an important driver of the concurrent EA decision. That is, as the proximity between the historical EA date and filing date shrinks, we expect the firm to be more likely to release a concurrent EA. However, it is less clear what role filer status might play. On the one hand, the SEC accelerations were focused on large-accelerated and accelerated filers, suggesting these firms may be more likely to release concurrent EAs. On the other hand, these regulations potentially created a de

facto priority ranking within an auditor's client portfolio, where the start of field work could be delayed for smaller clients. Consequently, concurrent EAs may be more likely for accelerated and non-accelerated filers.

Using the 2003 acceleration as our inflection point, we examine firms that previously did not issue concurrent EAs and test for an association between the firm choosing to release a concurrent EA and historical EA-filing date proximity as well as filer status. As predicted, we find that firms with closer EA-filing date proximity are more likely to release concurrent EAs. Additionally, we find that non-accelerated and accelerated filers are more likely to release concurrent EAs relative to large-accelerated filers. This is consistent with the regulations leading auditors to stagger the commencement of the audits and delay the audits of smaller clients.

We next predict that while filer status and EA-filing date proximity are important for the concurrent EA decision, these characteristics do not completely explain the decision. More specifically, we hypothesize that the concurrent EA decision is a function of the market's demand for timely information from the firm, subject to the constraints that the firm faces in producing timely accounting information. Consistent with this prediction, we document that firms with strong information demand are less likely to release concurrent EAs. Similarly, we show that firms facing less market competition are less likely to release concurrent EAs, which is consistent with the market demanding more timely earnings releases when pre-disclosure information is low (El-Gazzar, 1998). While these associations demonstrate the importance of market information demand, we also find that firms with greater impediments to producing timely earnings information are more likely to release concurrent EAs. Specifically, firms are more likely to release concurrent EAs when they are exposed to greater financial reporting complexity, have lower accounting system quality, engage audit firms with limited resources,

and are associated with greater audit uncertainty. Collectively, these results indicate that beyond EA-filing date proximity and filer status, both the market's demand for timely accounting information, as well as the firm's ability to supply this information, are associated with the decision to release concurrent EAs.

Lastly, we examine the market reaction to concurrent EAs. On the one hand, investors may view concurrent EAs as more informative, relative to stand-alone EAs, because investors simultaneously receive both the summarized earnings information in the EA and more detailed information in the 10-K filing. This argument is supported by the large body of research suggesting that greater disclosure is informative and useful to investors (e.g., Francis et al., 2002; Hoskin et al., 1986). On the other hand, the market's response to concurrent EAs may be muted because these EAs are less timely and investors may seek information from other, more timely sources.[2] Alternatively, the market response could also be muted because concurrent EAs include too much information for investors to process efficiently (e.g., Bloomfield, 2002).

To examine the equity market consequences of concurrent EAs, we compare the market response – in terms of short-window abnormal stock return volatility and abnormal volume – surrounding concurrent EAs, relative to stand-alone EAs. We include a series of controls from prior literature and firm (industry) fixed effects to use the firm (industry peers) as control observations. Under all specifications, we document a negative association between concurrent EAs and abnormal volume and abnormal stock return volatility. These results suggest a muted investor reaction to concurrent EAs relative to stand-alone EAs, either because of investors' anticipation of the information from other, timelier sources or because of information overload.

[2] The literature has long recognized that investors may obtain earnings information from other more timely sources. See Ball and Shivakumar (2008) for a discussion.

In our final analysis, we attempt to distinguish between these two possible explanations for the muted response. Specifically, we perform a price-leads-earnings analysis (e.g., Collins et al., 1994; De Franco et al., 2011), using a difference-in-difference research design to compare firms that switch from releasing stand-alone EAs to concurrent EAs to a control group of firms that continuously release stand-alone EAs. To the extent that the muted market response is attributable to greater anticipation of earnings from more timely sources, we expect that stock returns prior to the earnings announcement will be more strongly associated with the subsequently announced earnings for concurrent firms.

We find that after firms switch to concurrent EAs, stock returns from the fiscal year-end to the EA release date are positively and significantly associated with the actual earnings that are released; however, prior to switching, stock returns over the same window are not significantly associated with the actual earnings for the same firms. Moreover, stock returns over this window are never significantly associated with the earnings of our control firms, which release stand-alone EAs for the entire sample period. Collectively, the evidence suggests that the smaller market response to concurrent EAs is attributable to investors anticipating earnings information from other more timely sources.

Our study provides important contributions to the literature. First, we document at least two important trends in financial reporting – increasing EA lags and a growing number of concurrent EAs over time – and show that these trends are inherently connected. Second, we provide a theoretical framework and empirical support for the factors that drive the concurrent EA phenomenon. Third, and perhaps most importantly, we document market consequences – in terms of diminished market reactions– to the release of concurrent EAs, relative to stand-alone EAs. While prior research notes the importance of excluding concurrent EAs when estimating

filing window returns (Li and Ramesh, 2009), we are not aware of any work that explores the market's reaction to concurrent EAs relative to stand-alone EAs. Our findings of lower market responses to concurrent EAs have important implications for future research exploring the market's reaction to earnings announcements.

Our study also has implications for practice, particularly related to standard setting and regulation. Regulators have appeared to focus on enhancing the timeliness of financial reporting by imposing regulation to accelerate filing deadlines of SEC periodic reports (i.e. 10-K and 10-Q filings). However, our results suggest that these regulations, in conjunction with other regulatory changes on financial reporting and auditing, may actually be leading to a delay in the release of earnings information arising from concurrent EAs Further, our research helps to inform regulators on the types of firms that choose to adopt concurrent EAs, which are generally less timely. Regulators may also find our evidence on the equity market consequences useful, as it suggests benefits to encouraging more timely stand-alone EAs.

The remainder of the paper proceeds as follows. In Section 2, we review the literature and develop our hypotheses. In Section 3, we describe our sample selection and provide descriptive trends. In Section 4, we describe our research design and provide the results of our empirical tests. Section 5 concludes the paper with a summary of our results and a discussion of their implications.

2. Hypotheses Development

In order for financial reporting to be relevant to stakeholders, it must provide timely information. Improving the timeliness of financial statement information was a key factor in the SEC's decision to accelerate the filing deadlines for 10-K filings (SEC 2002; 2003). Consistent

with this motivation, the average 'filing lag' (the number of days from the fiscal year end to the 10-K filing date) decreased from 86 days prior to the first filing deadline acceleration in 2003 to 62 days in 2013.

We note, however, that 10-K filings have traditionally been preempted by timelier earnings announcements, and prior accounting research has emphasized the importance of earnings announcements to the market (Ball and Brown 1968; Beaver 1968; Landsman and Maydew 2002). In fact, prior research documents that the market places greater reliance on the earnings announcement than on the regulatory filings (Beyer et al. 2010). Furthermore, regulators have discussed the importance for stakeholders to have a timelier release of the 10-K filing as investors often make decisions based on incomplete information at the earnings announcement date given that the complete release of financial statements occurs significantly later (SEC 2002). Despite the recognized importance of earnings announcements to investors and the SEC's intention to provide more timely disclosures, the EA lag has increased over time. Specifically, the average EA lag increased from 42 days in 2003 to 50 days in 2013. Therefore, while firms on average file their 10-Ks in a *more* timely fashion after 2003, they also announce earnings in a *less* timely fashion.

We hypothesize that the upward trend in EA lag is driven by the growing practice of firms releasing the earnings announcement concurrently with the filing of their 10-K report. That is, firms delay their earnings announcement to coincide with the filing of their 10-K, resulting in less timely EAs. We base this prediction on the SEC acceleration of 10-K filing deadlines and on a number of additional regulations that increased the amount of work/time necessary for firms and auditors to close the year-end financial reporting process and conduct year-end audit

fieldwork.[3] For example, starting in 2004, SOX required accelerated filers to perform Section 404(a) internal control management assessments and to receive a Section 404(b) internal control audit. This resulted in a significant increase in the amount of work at year-end (Alexander et al. 2013). In addition, effective for audits ending on or after December 15, 2004, the PCAOB adopted Auditing Standards No. 2 and 3, which increased the scope of the audit by establishing requirements for Section 404(b) internal control audits for accelerated filers and additional documentation requirements for all registrants. Consistent with the additional work and time required to complete the audit, the average audit now takes 16 days longer to complete after the regulation change (Krishnan and Yang 2009; Bronson et al. 2011; Schroeder 2016).

Collectively, these regulatory changes have simultaneously accelerated the 10-K filing deadlines and delayed the closing/audit process. As such, we argue that these regulations have fundamentally altered the cost-benefit trade-off with respect to EA timing, and this has culminated in a growing number of firms releasing concurrent EAs. Further, this increase in concurrent EAs has led to an upward trend in EA lags. This leads to our first hypothesis, which we present in alternative form:

H1: *The issuance of concurrent EAs drives the upward trend in EA lags.*

Given our hypothesis that the less timely release of earnings is driven by concurrent EAs, we next provide a set of hypotheses regarding the factors associated with the issuance of concurrent EAs. We begin by focusing on the proximity of the historical EA release date to the 10-K filing date. Because the timing of earnings announcements is regular and predictable for most firms (Chambers and Penman, 1984), and because firms face consequences from deviating

[3] Consistent with the lengthening of the closing process, recent work by Dyer, Lang and Stice-Lawrence (2016) finds large increases in length, complexity and redundancy of 10-Ks from 1996 to 2013.

from this date (Bagnoli et al., 2002; Chambers and Penman, 1984; Einhorn and Ziv, 2008; Tang, 2012), the historical earnings announcement date is likely considered a constraint. Further, regulatory guidelines require the release of the full set of financial statements by a specified date. We expect that firms are more likely to concurrently announce earnings and file the 10-K as this distance shrinks because the benefit of multiple press releases or announcements is diminished. Based on this intuition, we present the following hypothesis, stated in alternative form:

> ***H2a:*** *The issuance of a concurrent EA is positively associated with the EA-filing date proximity.*

We next consider the role of the firm's filer status. Since 2003, the SEC has grouped firms into three distinct filer status categories, each with a different 10-K filing deadline. More specifically, large accelerated filers have the earliest 10-K filing deadline (the 10-K must now be filed within 60 days of the fiscal year end), followed by the deadline for accelerated filers (these firms must now file within 75 days of year-end); non-accelerated filers have the longest time to file the 10-K (90 days). It is therefore possible that filer status plays a role in having a concurrent EA. However, it is not clear what role filer status might play. On the one hand, the regulatory accelerations were focused on large-accelerated and accelerated filers, suggesting that these firms may be more likely to release concurrent EAs than non-accelerated filers since they must file the 10-K sooner than non-accelerated filers. On the other hand, the regulations potentially created a de facto priority ranking within an auditor's client portfolio. Specifically, the regulations likely caused auditors to stagger the commencement of year-end audit fieldwork for large accelerated, accelerated, and non-accelerated filers based on the filing deadline. Consequently, concurrent EAs may be more likely for the non-accelerated and accelerated filers than for large accelerated filers. Because of these conflicting predictions, we present our next hypothesis in the null form:

H2b: *There is no association between the issuance of concurrent EAs and large accelerated, accelerated, and non-accelerated filer status.*

While we expect the EA-filing date proximity and filer status groupings to play an important role in firms' decisions to issue concurrent EAs, we do not expect companies to behave homogenously within each grouping. Specifically, we argue that there will be cross-sectional variation in the decision to issue a concurrent EA based on firm characteristics, even after controlling for filer status and EA-filing date proximity. As with many disclosure decisions, we expect the concurrent EA choice to be a function of the market's demand for timely information, subject to the constraint of the company's ability to produce accounting information that meets those demands.

We argue that the market's demand for timely information is a function of at least two forces: the company's information demand and the level of competition within the industry. Companies face pressure by analysts, institutional investors, and other key stakeholders to provide both timely and detailed earnings releases in advance of SEC periodic filings (e.g., Bushee and Noe, 2000; Bushee et al., 2003; D'Souza et al., 2010; Healy et al., 1999; Sengupta, 2004). Furthermore, prior research suggests that the information demand faced by a firm is related to the degree of institutional and analyst following (e.g., Ajinkya et al., 2005; El-Gazzar, 1998; Lang and Lundholm, 1993, 1996; Utama and Cready, 1997). As such, we expect a negative relationship between the information demand faced by a firm and its likelihood of issuing a concurrent EA.

In addition, the demand for timely earnings releases is a function of the availability of pre-disclosure information (e.g., El-Gazzar, 1998). We argue that the availability of pre-disclosure information is increasing in the level of industry competition. As such, the market will demand more timely earnings announcements from firms with a low level of competition. Based

on these arguments regarding the demand for timely earnings information, we present the following hypothesis (in alternative form):

> ***H3a:*** *The issuance of a concurrent EA is negatively associated with the information demand faced by the firm and positively associated with the level of industry competition.*

While companies seek to meet the market's demand for timely earnings information, satisfying this objective is subject to the company's ability to produce accounting information in a timely manner. We argue that companies face at least three primary constraints: accounting system quality, operational and reporting complexity, and external auditing resources and uncertainty. First, in order for a company to provide timely earnings reports, it must have an accounting system that is capable of providing timely information with reasonable precision and assurance (e.g., Becker et al., 1998; Bushman et al., 2004).

Second, companies with high operational or reporting complexity are more likely to face impediments to releasing timely earnings information (Sengupta, 2004). For example, combining diverse operations can create information aggregation problems or problems associated with cost allocations or transfer pricing (Bushman et al., 2004; Givoly et al., 1999; Habib et al., 1997). Similarly, multinational firms face information complexities due to geographic dispersion, multiple currencies, high auditing costs, differing legal systems, and cultural and language differences (Bushman et al., 2004; Denis et al., 2002; Duru and Reeb, 2002; Reeb et al., 1998).

Third, we argue that the interplay with the external auditor has implications for the decision to issue a concurrent EA. Companies that engage an audit firm with significant resources, expertise, and employee capacity will be able to complete the financial statement close process earlier and gain certainty from their auditor that the numbers are not subject to change (Francis and Yu, 2009; Schroeder 2016). However, to the extent there is innate uncertainty surrounding the audit engagement deriving from complex subjective accounting

issues, the company may be inclined to issue a concurrent EA to ensure that the numbers reported in the release are final (Schroeder 2016). Based on the intuition surrounding the potential constraints described above, we present the following hypothesis (in alternative form):

> ***H3b:*** *The issuance of concurrent EAs is negatively associated with accounting system quality, positively associated with operational and reporting complexity, negatively associated with the level of investment in auditor resources, and positively associated with the innate uncertainty surrounding the audit.*

Our fourth hypothesis relates to the equity market consequences of concurrent EAs. Specifically, we hypothesize that the equity market reaction to concurrent EAs differs from the reaction to stand-alone EAs.[4] Despite predicting a difference in the reaction to concurrent versus stand-alone EAs, it is difficult to predict ex-ante whether the market reacts more or less to one versus the other. On the one hand, investors may view concurrent EAs as more informative (relative to stand-alone EAs) because investors simultaneously receive both the summarized earnings information in the earnings press release and the more detailed information in the 10-K filing. This argument is supported by the vast body of research suggesting that greater disclosure is informative and useful to investors (e.g., Francis et al., 2002; Hoskin et al., 1986).

On the other hand, concurrent EAs may provide too much information for investors to process efficiently. For example, prior research suggests that there are instances in which it is too costly for investors to extract information from large and complex disclosures (e.g., Bloomfield, 2002; Callen et al., 2013; Miller, 2010; You and Zhang, 2009). In addition, investors may seek more timely sources for earnings information. Because concurrent EAs are generally occur near the regulatory filing deadline, investors have greater opportunity for earnings information

[4] This is in direct contrast to Li and Ramesh (2009), who examine how concurrent filers influence the market reactions to 10-K filings.

acquisition and/or information transfers from other firms, suggesting smaller information revelation at the time of the public release. Due to conflicting theories on the potential equity market consequences of concurrent EAs, we present the following hypothesis (in null form):

> ***H4:*** *The market reaction to EAs, in the form of stock return volatility, volume of trading, and prices incorporating the information prior to the announcement, does not differ between concurrent and stand-alone EAs.*

3. Sample Selection and Descriptive Statistics

3.1 Sample Selection

Table 1 provides the details of our sample selection. Panel A describes the firm-year samples that we use, whereas Panel B describes the firm samples around the first SEC filing acceleration effective for years ending on or after December 15, 2003. Our firm-year samples begin with the intersection of Compustat, CRSP, and Edgar from 1995 to 2013. We exclude observations with a fiscal year end on or before December 15, 1995 because of limited filing data in Edgar. We also remove late filers (i.e., filings greater than 105 days after fiscal year end) and extreme earnings announcement dates (i.e., those where earnings announcements precede the fiscal year end or are after the filing cutoff) to avoid drawing inferences from firms in unique circumstances or firm-years with data issues. We use this sample (86,556 observations) in our figures. Subsequent firm-level analyses in Tables 2, 6, and 7 make additional restrictions to account for industry membership, control variables, and the required market test variables.

Our samples for the examinations of the 2003 transition begin with the firms present prior to the transition year (i.e., 2000 to 2002).[5] We then require the firm to have at least one

[5] We examine the change in concurrent EAs around the 2003 filing deadline acceleration because it reflects an exogenous shock to filing deadlines. While there was an additional filing deadline acceleration in 2006 for large

observation in the period following the transition (i.e., years 2003 – 2005) and to have only issued non-concurrent EAs during 2000 to 2002. We use this resulting sample (3,823 firms) in Table 4. For Tables 5 and 6, we also require non-missing values for a series of information demand, complexity, competition, accounting system quality, and auditor variables. This results in a sample of 2,719 firms.

[Insert Table 1 Here]

3.2 Descriptive Trends

We begin our analyses by presenting descriptive trends from 1995 to 2013 for 10-K filing lags, earnings announcement lags, and the percentage of concurrent EAs. Figure 1 presents the median 10-K filing lag over time for non-accelerated, accelerated, and large-accelerated firms, respectively. While all three filer groups file their 10-Ks near the 90-day deadline from 1995 to 2002, large-accelerated and accelerated filers trend sharply downward to meet the 75-day requirement in 2003. Further, the large-accelerated filers also trend downward in 2006 to meet the 60-day requirement. Overall, this figure provides evidence that 10-K filings are filed earlier over time across all three filer groups, consistent with the SEC's objective of timelier financial reporting.

[Insert Figure 1 Here]

Second, we document the historical trend of EA lags (i.e., the number of days from the fiscal year end to the earnings announcement). Specifically, in Figure 2 we plot the median EA lag over time for the same three filer status groups as Figure 1. In stark contrast to the decreasing filing lags documented in Figure 1, the results in Figure 2 document a sharp *increase* in the EA

accelerated filers, these filers became aware of the acceleration in 2003 and likely made earnings announcement and 10-K filing decisions in anticipation of the expected additional acceleration.

lag over the same period. For example, the median EA lag for accelerated filers increased from 41 days prior to 2003 to 58 days in 2013. Similarly, the EA lag increased by 13 days (16 days) for large-accelerated (non-accelerated) filers over the same time period. This juxtaposition between the filing lag and EA lags is the first point of interest in our study.

[Insert Figure 2 Here]

Lastly, we present descriptive evidence related to our hypothesis H1. We argue that the increasing trend in EA lags is driven by the portion of firms delaying their earnings announcements to be concurrent with the filing of the 10-K (concurrent EAs). As such, we expect the trend in concurrent filers to be similar to the trend in EA lag documented in Figure 2. We plot the percent of non-accelerated, accelerated, and large-accelerated filers that release their earnings announcement concurrently with the 10-K filing in Figure 3. Results are consistent with our hypothesis H1, which we formally test in the next section. The percentage of concurrent EAs was stable through 2002, increased dramatically from 2003 through 2007, and continued an increasing trend through 2013. Overall, there is a dramatic increase in the percentage of concurrent EAs over the period such that 5 percent of accelerated filers issued their earnings announcements concurrently with the 10-K in 2003, whereas 36 percent released their announcement concurrently in 2013. Similarly, the percent of large-accelerated (non-accelerated) filers releasing their earnings announcement concurrently increased by 24 percent (32 percent) over the same time period.

[Insert Figure 3 Here]

4. Research Design and Empirical Results

4.1 Earnings Announcement Lag Tests (Hypothesis 1)

While Figures 1-3 provide descriptive evidence on the trends, we formally test our hypothesis H1 with a series of industry-level regression analyses. That is, we examine whether the macroeconomic trend of increasing earnings lags is attributable to the trend of concurrent EAs by examining the relation between industry-level EA lags and industry-level percentage of EAs that are concurrent.[6] We collapse our sample into 1,265 industry-year observations (based on the GICS designation) and estimate the following regression models (industry and time subscripts suppressed):

$$I\_EALAG = \alpha + \beta_1 TREND + Controls + \varepsilon \quad (1)$$

$$I\_CONCUR = \alpha + \beta_1 TREND + Controls + \varepsilon \quad (2)$$

$$I\_EALAG = \alpha + \beta_1 TREND + \beta_2 I\_CONCUR + Controls + \varepsilon \quad (3)$$

where *I_EALAG* is the average EA lag for the industry-year; *I_CONCUR* is the percent of firms in an industry-year issuing the earnings announcement concurrently with the 10-K filing; and *TREND* is a time trend variable, calculated as the year less 1995. We also include a series of industry-level controls to account for the size, risk, performance, and information demand of the industry. Prior research on firm-level earnings lags (Sengupta 2004) suggests that factors such as the investor base, proprietary costs, and performance are associated with the EA lag. Using this research as a guide, we include industry-level proxies for these and other factors that are likely associated with the industry-level EA lag. Specifically, we include the industry average decile

[6] We opt for industry-level analyses because we would like to explain the economy-wide upward trend in the percent of firms with concurrent EA's, and an economy-wide time series would be too limited in the number of annual observations. Moreover, a firm-level time-series would not allow us to properly account for the concurrent EA phenomenon as a percent of the subgroup.

rank of the natural log of the market value of equity and the industry average analyst following to capture investor demand for information, the industry average market-to-book ratio to capture proprietary costs, the industry average market beta to capture risk, the industry average return on assets and the percent of loss firms in the industry to capture performance, and the percent of firms audited by Big-N auditors in the industry to capture auditor resources. We define each of these variables in Appendix A.

Table 2 presents the results of the industry-level analyses. Columns (1) and (2) corroborate the evidence that we provide in Figures 2 and 3. Specifically, we document that the *TREND* variable is positive and significant for both *I_EALAG* and *I_CONCUR*. Holding our control variables constant, the results suggest that as each year advances, the average EA lag increases by 0.84 days (consistent with a 15 day average increase over the 18 year period) and the average concurrent percentage increases by 1.8 percent (consistent with a 32 percent average increase over the 18 year period).

Column (3) tests our hypothesis H1 by inserting the concurrent percentage variable into the EA lag regression in column (1). As expected, the *I_CONCUR* variable is positive and significant. In fact, the coefficient suggests that an industry with 100 percent concurrent filers would have an EA lag that is 38 days longer than an industry with no concurrent filers. More importantly, however, we document that the time trend variable is subsumed by the concurrent percentage variable. Taken together, these results suggest that the aggregate EA lag has risen because of a growing number of concurrent EAs.

[Insert Table 2 Here]

4.2 Concurrent Filer Tests

4.2.1 Hypothesis 2

This trend raises the question as to why firms choose to issue concurrent EAs. We begin by exploring the extent to which historical EA-filing date proximity (i.e., the time lag between the earnings announcement date and the 10-K filing date) and filer status explain the choice of concurrent EAs. Table 3 provides descriptive statistics and formal tests of hypotheses H2a and H2b. That is, we identify the sample of non-concurrent firms prior to the 2003 acceleration and partition them into nine groups based on their filer status (large-accelerated, accelerated, or non-accelerated) and their average EA-filing date proximity from 2000 to 2002. We then test for differences in the likelihood of releasing a concurrent EA after the 2003 acceleration across the groups. We use the 2003 acceleration as an inflection point because it exogenously affected the EA-filing date proximity for most, if not all firms.[7]

[Insert Table 3 Here]

First, within each filer-status group, we document that the percentage of firms with concurrent EAs after the 2003 acceleration increases monotonically as the EA-filing date proximity decreases. Further, the sub-groups with the shortest EA-filing date proximity are significantly more likely to release concurrent EAs than the groups with the longest EA-filing date proximity. For example, within the accelerated filers, only 3.6 percent of the firms with the longest EA-filing date proximity release concurrent EAs following the 2003 acceleration, whereas 23.6 percent of those with the shortest EA-filing date proximity release concurrent EAs.

[7] The 2003 acceleration directly affected the EA-filing date proximity for all accelerated and large-accelerated filers by decreasing the allowable 10-K filing window from 90 days to 75 days. We also argue that this acceleration indirectly affected the EA-filing date proximity for non-accelerated filers because the staggered filing deadlines likely led to staggered starts to year-end audit fieldwork by auditors and therefore to delayed audit starts for non-accelerated filers.

These results support our hypothesis H2a of an association between the EA-filing date proximity and the likelihood of releasing a concurrent EA. That said, the concurrent EA decision does not appear to be uniform within each EA-filing date proximity group.

Our results in Table 3 also test the importance of filer status in determining whether firms release concurrent EAs. We document that accelerated and non-accelerated filers are significantly more likely to release concurrent EAs after the 2003 acceleration than large-accelerated filers. Specifically, following the 2003 acceleration, 13.5 percent of accelerated and 25.3 percent of non-accelerated filers release concurrent EAs, whereas only 6.0 percent of large-accelerated filers release concurrent EAs. These results suggest that filer status does play an important role in the concurrent EA phenomenon.

Finally, we also provide descriptive evidence on the change in EA lag and the change in filing lag following the 2003 acceleration. We document that the EA lags for the firms that remained non-concurrent were relatively unchanged, whereas the EA lags for the newly concurrent firms increased by at least 15 days. Additionally, consistent with the regulatory changes, the filing lags decreased by approximately 10 days for all large-accelerated and accelerated firms, but are unchanged for non-accelerated filers. These results indicate that the newly concurrent firms were delaying their earnings announcements until the mandated filing deadlines, rather than pushing the entire process forward. Collectively, the evidence in Table 3 suggests the importance of EA-filing date proximity and filer status groupings for the concurrent EA decision and shows that the concurrent EA decision delays the EA, rather than bringing the filing date further forward.

4.2.2 Hypothesis 3

While our results in Table 3 document the importance of the filer status / filing deadline groupings for the concurrent EA decision, they also show that the concurrent EA decision is not uniform within each group. We predict that the heterogeneity within each group is a function of the market's demand for timely information from the firm, subject to the constraints the firm faces in producing timely accounting information. As such, we continue with our analysis surrounding the 2003 acceleration (controlling for these groupings) and estimate a cross-sectional logistic regression with *CONCUR_POST* as the dependent variable and variables to capture the constructs in H3a and H3b as explanatory variables. To test the hypotheses, we use factor analysis to reduce the dimensionality of 17 specific variables to capture the constructs related to the demand for information faced by the firm , and the firm's level of competition, accounting system quality, operating/reporting complexity, auditor resources, and audit uncertainty. Because no single variable is able to perfectly capture any of these constructs, we use confirmatory factor analysis to identify the variance associated with each latent construct.

We present the results of our confirmatory factor analysis in Table 4. We estimate each construct individually using principle component factoring with a promax (oblique) rotation based on our identified variables, and extract the factors with eigenvalues greater than 1. The first factor that captures the demand for information faced by the firm, *INFODEMAND*, loads positively on four variables: the market value of equity (*LNMVE*), the percentage of shares owned by institutional investors (*INST_OWN*), analyst following (*FOLLOW*), and the number of shareholders (*SH*). The second factor that captures the level of competition, *COMPETE*, loads negatively on the firm's market share (*MKT_SHR*) and on the Herfindahl index for the industry in which the firm operates (*HERF*), and loads positively on the number of firms in the industry

(*LNNFIRMS*). The operating complexity factor, labeled *COMPLEX1* loads positively on the number of business segments (*LNBSEG*), the number of geographic segments (*LNGSEG*), and an indicator variable if the firm has foreign operations (*FOREIGN*). The reporting complexity factor, labeled *COMPLEX2* loads positively on the FOG score from the firm's 10-K (*FOG_10K*) and the length of the firm's 10-K (*LENGTH_10-K*). The accounting system quality factor, *ACTGQUAL*, loads negatively on the likelihood of the firm having a material weakness (*PRED_MW*) and an indicator variable for if the current year financial statements are restated during future years (*RESTATE*). Finally, we include two factors to capture auditor influence: *AUDITOR1* loads positively on an indicator for a Big N auditor (*BIGN*) and on the audit fees for the office of the audit firm performing the audit (*LNOFFSIZE*). *AUDITOR2* loads positively on abnormal audit fees (*SABFEES*). We interpret *AUDITOR1* as the amount of auditor resources and *AUDITOR2* as the innate uncertainty surrounding the audit. We define each of the variables that we use in our confirmatory factor analyses in Appendix A.

[Insert Table 4 Here]

To test hypotheses H3a and H3b, we estimate the following cross-sectional logistic model (firm and time subscripts suppressed):

$$\begin{aligned} CONCUR\_POST = {} & \alpha + \beta_1 INFODEMAND + \beta_2 COMPETE + \\ & \beta_3 COMPLEX1 + \beta_4 COMPLEX2 + \beta_5 ACTGQUAL + \beta_5 AUDITOR1 + \\ & \beta_5 AUDITOR2 + Filer\ Status\ \&\ EA - \\ & Filing\ Date\ Proximity\ Groupings + \varepsilon, \end{aligned} \tag{4}$$

where *CONCUR_POST* is an indicator variable set to one if the firm releases a concurrent EA anytime in the 3 years following the 2003 acceleration and the *Filer Status & EA-Filing Date Proximity Groupings* are determined according to the filer status (large-accelerated, accelerated,

or non-accelerated) and the EA-filing date proximity according to the average EA lag in the 2000-2002 period (as in Table 3). *INFODEMAND, COMPETE*, *COMPLEX1*, *COMPLEX2*, *ACTGQUAL*, *AUDITOR1* and *AUDITOR2* are defined as above.

Table 5 presents the results of the cross-sectional logistic regression in equation (4). As predicted, we find an association between the demand for information and the likelihood of a concurrent EA, as indicated by the significantly negative (positive) coefficient on *INFODEMAND* (*COMPETE*). Economically, the marginal effects of this logistic regression suggest that a one standard deviation increase at the mean in the information demand faced by the firm decreases the likelihood of a concurrent EA by 4.1 percent, whereas a one standard deviation increase in the level of industry competition increases the likelihood by 1.0 percent.

Additionally, we find an association between the constraints that firms face in producing timely accounting information and the likelihood of a concurrent EA, as indicated by the significantly positive coefficients on *COMPLEX2* and *AUDITOR2* and the significantly negative coefficients on *ACTGQUAL* and *AUDITOR1*. Economically, a one standard deviation increase in reporting complexity (uncertainty surrounding the audit) increases the likelihood of a concurrent EA by 1.7 percent (1.3 percent) and a one standard deviation increase in accounting quality (auditor resources) decreases the likelihood of a concurrent EA by 2.0 percent (0.7 percent). Collectively, the results in Table 5 support our hypotheses that the concurrent EA decision is a function of the market's demand for timely information from the firm, subject to the constraints the firm faces in producing timely accounting information.

[Insert Table 5 Here]

4.3 Market Reaction Tests (Hypothesis 4)

Having established the importance of the concurrent EA phenomena and some of the factors that have driven its evolution, we now examine the market implications of concurrent

EAs. We follow prior research and use abnormal stock return volatility and abnormal volume to assess the information content of concurrent EAs, relative to stand-alone EAs (e.g., Beaver, 1968; Landsman and Maydew, 2002; Landsman et al., 2012). Specifically, we estimate the following regression (time and firm subscripts suppressed):

$$AVAR\ or\ AVOL = \alpha + \beta_1 CONCUR + \beta_2 TREND + \beta_3 LNMVE + \beta_4 FOLLOW + \beta_5 LEV + \beta_5 BN + \beta_5 ABSUE + \beta_6 STDRET + Fixed\ Effects + \varepsilon, \quad (5)$$

where *AVAR* and *AVOL* are abnormal stock return volatility and abnormal volatility, respectively, as defined in Landsman et al. (2012) (see Appendix A for details); *CONCUR* is our primary variable of interest set to one for concurrent EAs and zero otherwise; and *Fixed Effects* refer to either Firm- or Industry-Level fixed effects to use the firm (industry peers) as control observations.

For our control variables, we follow Landsman et al. (2012) and include a series of variables that are identified in prior research as potentially affecting trading volume and return volatility. For example, we include a *TREND* variable to allow for possible time trends, as documented in Landsman and Maydew (2002). *LNMVE* is our proxy for firm size, which has mixed results in prior work (Bamber et al., 2013). *FOLLOW* is our proxy for analyst following, which has been shown to have a positive association with *AVAR* (Defond et al., 2007). *LEV* is our proxy for firm leverage. *BN* is an indicator variable for bad news, which we expect to have a negative relation with *AVAR* and *AVOL* as prior work documents that responses are more sensitive to good news than bad news (Karpoff, 1987). *ABSUE* is the absolute value of the unexpected earnings to quantify the amount of earnings news. *STDRET* is a proxy for uncertainty. We define each of these variables in Appendix A.

We present the results of equation (5) in Table 6. Panel A documents the results with *AVAR* as the dependent variable and Panel B documents the results with *AVOL* as the dependent variable. We present the results with no fixed effects (column 1), industry fixed effects (column 2), and firm fixed effects (column 3). The findings in Table 6 show that our variable of interest (*CONCUR*) is negative and significant under all specifications. For example, we document a significant coefficient of -0.06 for *CONCUR* when *AVAR* is the dependent variable and firm fixed effects are included (panel A, column 3). Similarly, we document significant coefficient of -0.04 for *CONCUR* when *AVOL* is the dependent variable and firm fixed effects are included (panel B, column 3).

The control variables are generally significant and consistent with prior work. For example, we document consistently positive and significant coefficients on *TREND*, *LNMVE*, and *FOLLOW* and consistently negative and significant coefficients on *BN* and *LEV*. Results are mixed for *ABSUE* and *STDRET*. We note that the adjusted r-squares of the *AVAR* and *AVOL* regressions with firm fixed effects are 0.136 and 0.374, respectively. Collectively, the results in Table 6 suggest that the market response to concurrent EAs is muted, relative to that of stand-alone EAs.

[Insert Table 6 Here]

The result in Table 6 could reflect one of two scenarios: (i) the market is less surprised by the news in the concurrent EA because of the increased time lag and greater anticipation of earnings due to other, timelier information sources; or (ii) the market response is muted because investors are overloaded by the quantity of information and certain investors opt not to trade. We seek to discriminate between this competing explanations by using a price-leads-earnings analysis (e.g., De Franco et al., 2011; Collins et al., 1994).

Specifically, we identify a matched sample of concurrent and non-concurrent firms and perform a difference-in-differences price-leads-earnings analysis. That is, we identify our 'treatment' firms as those that never issued a concurrent EA prior to 2003, but begin issuing concurrent EAs sometime thereafter. We then match these treatment firms to a set of 'control' firms from the same industry (GIV designation) with the closest ratio of earnings to market value of equity to ensure similar information content. We then test to see if the stock returns after fiscal end, but before the earnings announcement, explain more of the firm's earnings once it begins releasing concurrent EAs and whether this increase is incremental to any change for the control firms over the same time period. For ease of exposition, we estimate the following equation (time and firm subscripts suppressed) separately for treatment and control firms and use seemingly unrelated regressions techniques to compare the coefficients:[8]

$$EARN = \alpha + \beta_1 PLE\_RET + \beta_2 PLE\_RET * POST + \beta_3 POST + Controls + Controls * POST + Time\ Fixed\ Effects + \varepsilon, \quad (6)$$

where, *EARN* is the earnings before extraordinary items, scaled by the market value of equity at the beginning of the year; *PLE_RET* is the buy-and-hold returns for the firm's stock from the trading day after the fiscal year end up through two trading days before the earnings announcement; and *POST* is an indicator variable set to one for years on or after the treatment firm begins releasing concurrent EAs, where the control firms are aligned in time. Our control variables include lagged earnings (*LAG_EARN*), the fiscal year returns (*FYRET*), the earnings announcement returns (*EA_RET*), the post-announcement returns up through 6-months following fiscal year end (*POST_RET*), and an indicator for the post period (*POST*). We present the results of equation (6) in Table 7.

[8] Results are quantitatively similar when we estimate a fully interacted model.

[Insert Table 7 Here]

We document a positive association between price-lead-earnings returns (*PLE_RET*) and earnings once firms begin releasing concurrent EAs, however there is no significant association prior to the release of concurrent EAs. Specifically, for our treatment firms, we document a significant coefficient of 0.06 on *PLE_RET * POST*, but an insignificant coefficient on *PLE_RET*. Moreover, price-lead-earnings returns are not associated with earnings for the control group in either the pre- or post-periods. Further, the coefficient on *PLE_RET*POST* for the treatment firms is significantly greater than the same coefficient for the control firms.

We also note that a number of the control variables have a positive association with earnings, as expected. For example, we document positive and significant coefficients on *LAG_EARN*, *FYRET*, and *EA_RET* for both the treatment and control samples. Additionally, the interaction of our control variables with the *POST* indicator are generally not significant, with the exception of *FYRET*POST* for the treatment firms. More importantly, however, *FYRET*POST* for the treatment firms is not significantly different than that for the control firms. As such, the only coefficient that shows true difference-in-difference characteristics is the *PLE*RET* variable. Collectively, this evidence suggests that investors are anticipating the information prior to concurrent EAs, leading to muted market responses.

5. Conclusion

In an effort to improve the timeliness of financial reporting, the SEC accelerated the 10-K filing deadline for most firms starting in 2003. We find that while the average filing lag has systematically decreased from 86 days prior to the first acceleration in 2003 to 62 days in 2013, the EA lag has moved in the opposite direction over the same time period, increasing from 42 days to 50 days. In short, while firms on average continue to file their 10-Ks in a more timely fashion, following the SEC accelerations, they also announce earnings in a less timely fashion. In

this study, we seek to understand the driving forces behind this increase in EA lags and the potential implications for equity investors.

We argue that the SEC accelerations, in conjunction with numerous other financial reporting and audit regulations, have changed the cost-benefit trade-offs on EA and timing and have unintentionally led to a phenomena of 'concurrent EAs' (i.e., firms delaying their earnings announcement to be concurrent with the 10-K filing). Not only do we document that the percentage of concurrent EAs increased from 9 percent prior to the 2003 acceleration to 33 percent in 2013, but we also show that the increasing trend in EA lags is completely subsumed after considering the growing number of concurrent EAs over time. Because of this finding, we examine the factors underlying the concurrent EA decision and its implications for equity investors.

Our results show that the concurrent EA decision is not strictly a function of filer status or EA-filing date proximity. Instead, we predict and find that the decision to release a concurrent EA is a function of the market's demand for timely information from the firm, subject to the constraints that the firm faces in producing timely accounting information. For example, we show that firms with strong investor information demand and low levels of market competition are less likely to release concurrent EAs, consistent with our information demand argument. In contrast, we also document that firms are more likely to release concurrent EAs when they are exposed to greater financial reporting complexity, have lower accounting system quality, engage in audit firms with limited resources, and are associated with greater audit uncertainty.

Finally, we document important market consequences – in terms of lower market responses – to the release of concurrent EAs, relative to stand-alone EAs. Specifically, we show that concurrent EAs exhibit lower responses in terms of abnormal stock return volatility and

abnormal volume around the announcement, even though they likely contain more information relative to stand-alone earnings announcements. We also provide evidence that this muted response can be attributed to the delay associated with concurrent EAs and investors anticipating the earnings information from other more timely sources.

Our study provides important contributions to academic research. While prior research either ignores the differential implications of concurrent EAs or excludes concurrent EAs when examining the market response to earnings or 10-K filings (Li and Ramesh, 2009), we explicitly explore the market implications of concurrent EAs relative to stand-alone EAs. Our results of lower market responses have important implications for any work exploring the market behavior surrounding EAs.

Our study also has implications for practice with respect to managers, standard setters, and regulators. Our findings provide insight to managers in terms of the consequences of delaying the earnings announcement until the 10-K filing, which is important in their earnings announcement timing decision. Our findings also provide important insights to regulators who have appeared to focus on enhancing the timeliness of financial reporting by imposing regulation to accelerate 10-K filing deadlines. However, our results suggest that these regulations, in conjunction with other regulatory changes on financial reporting and auditing, may actually be leading to a delay in the release of earnings information arising from concurrent EAs. Further, our research helps to inform regulators on the factors that are driving firms from stand-alone EAs toward concurrent EAs. Regulators may also find our evidence on the equity market consequences useful, as it provides insights into the costs of the regulation in terms of less timely EAs.

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Appendix A
Variable Definitions

Variable	***Definition of Variable***
Dependent Variables (in the order in which they appear in the tables)	
EALAG	Number of days between fiscal year end and the earnings announcement date. We determine earnings announcements dates as the earlier of the I/B/E/S or Compustat earnings announcement dates.
CONCUR	An indicator variable set to one for firm years where the firm releases its earnings announcement on the same day as the 10-K filing or on the day preceding the 10-K filing, zero otherwise. We allow for the one day difference to account for any time-stamp or procedure differences between Compustat, I/B/E/S and Edgar. Following prior research, we determine earnings announcement dates as the earlier of the I/B/E/S or Compustat earnings announcement date (Dellavigna and Pollet, 2009). We gather filing dates from Edgar.
AVAR	Abnormal stock return volatility, or the ratio of the event window return volatility to the return volatility in the non-event period, calculated consistently with prior research (e.g., Landsman et al., 2012). Specifically, $AVAR_i = \ln(\overline{u_{it}^2} \,/\, \sigma_i^2)$, where u^2 is the mean of the squared market model returns for days -1, 0 and +1, relative to announcement day 0; and σ^2 is the variance of the market model residuals for firm-year *i* in the non-event window (*t-60* to *t-10* and *t+10* to *t+60*).
AVOL	Abnormal trading volume, or the ratio of the event period volume to the average estimation-period volume, calculated consistently with prior research (e.g., Landsman et al., 2012). Specifically, $AVOL_i = \ln(\overline{V_{it}} \,/\, V_i)$, where V_{it} is the shares of firm *i* traded during day *t* divided by shares outstanding for firm-year *i* during day *t*, where t is -1, 0, and +1, relative to announcement day 0. V_i is the average daily trading volume for firm-year *i* for days *t-60* to *t-10* and *t+10* to *t+60*.
EARN	Earnings before extraordinary items (*IB*) scaled by beginning of year market value of equity.
Industry and Year Designations	
*I_*	Prefix assigned to industry-level variables. Industry-level variables are calculated as the equal-weighted average of the measure for each GICS-year.
TYEAR	Transition year, based on regulatory deadlines. E.g., the year 2003 includes fiscal year ends >= 12/15/2003 and < 12/15/2004.
Explanatory Variables (in the order in which they appear in the tables)	
LAF; AF; NAF	Large-accelerated, accelerated, and non-accelerated filers, respectively. We define *LAF* as firm-years with a market-cap > $700M, *AF* as firm-years with a market-cap > $75M and <= $700M, *NAF* as firm-years with a market-cap <= $75M.
TREND	A time trend variable, calculated as transition year t less 1995.

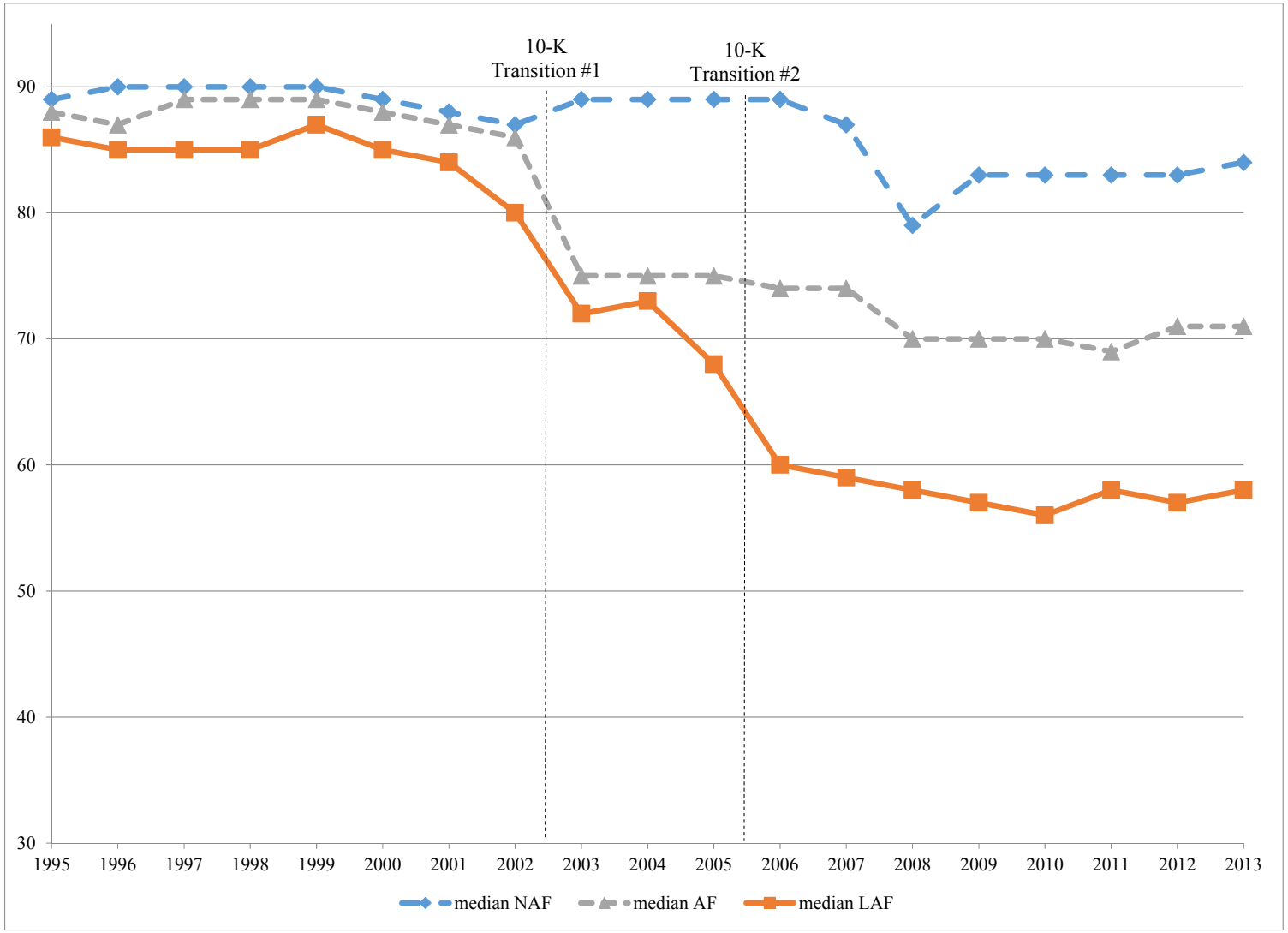
FILE75	An indicator variable set to one for firm-years that have a regulatory filing deadline of 75 days after fiscal year end, zero otherwise.
FILE60	An indicator variable set to one for firm-years that have a regulatory filing deadline of 60 days after fiscal year end, zero otherwise.
LNMVE	The natural log of the market value of equity.
MTB	The ratio of a firm's market value of equity at fiscal year end to its book value.
BETA	The slope coefficient from regressing daily returns on the CRSP value-weighted index over the fiscal year.
FOLLOW	The natural log of 1 plus the number of analysts providing annual earnings estimates during the year.
BIGN	An indicator variable set to one if the firm's auditor is a Big-N audit firm, zero otherwise.
ROA	The ratio of operating income after depreciation and amortization (*OIADP*) to total assets.
LOSS	An indicator variable set to one if *OIADP* is negative, zero otherwise.
INST_OWN	The percentage of shares owned by institutional investors, calculated using data from Thomson Reuters.
SH	The natural log of the number of shareholders.
LNBSEG	The natural log of the number of business segments.
LNGSEG	The natural log of the number of geographic segments.
FOREIGN	An indicator variable set to 1 if a firm has foreign operations in the year, zero otherwise. We set *FOREIGN* equal to 1 when the Compustat variable *FCA* is not missing, zero otherwise.
FOG_10K	The FOG score of a firm's 10-K for the current year, as calculated on Feng Li's web page.
LENGTH_10K	The length of a firm's 10-K for the current year, as calculated on Feng Li's web page.

PRED_MW	The predicted value of the likelihood that a firm will have a material weakness. To calculate the predicted value, we estimate the following model for years 2003 to 2013: $MW_{i,t} = \beta_0 + \beta_1 LNMVE_{i,t} + \beta_2 LNAGE_{i,t} + \beta_3 LNBSEG_{i,t} + \beta_4 FOREIGN_{i,t} + \beta_5 MERGER_{i,t} + \beta_6 RESTRUCTURE_{i,t} + \beta_7 ARINV_{i,t} + \beta_8 AGROWTH_{i,t} + \beta_9 LOSS_{i,t} + \beta_{10} MTB_{i,t} + \beta_{11} PY\_MW_{i,t} + \beta_{12} BIGN_{i,t} + \beta_{13} ANNC\_RST_{i,t} +$ industry fixed effects + year fixed effects + $\varepsilon_{i,t}$ *Variables not defined in table above or below:* *MW* = An indicator variable set to 1 if a firm discloses a material weakness (i.e. 302, 404(a) and/or 404(b)) in the current year and 0 otherwise *LNAGE* = natural log of the total number of years listed as provided by Compustat *RESTRUCTURE* = An indicator variable set to 1 if a firm discloses in restructuring charges in Compustat and 0 otherwise *ARINV* = sum of total AR (RECT) and inventory (INVT) scaled by total assets *AGROWTH* = current year total assets less prior year total assets scaled by prior year total assets *PY_MW* = An indicator variable set to 1 if a firm discloses a material weakness (i.e. 302, 404(a) and/or 404(b)) in the prior year and 0 otherwise *ANNC_RST* = An indicator variable set to 1 if a firm announces a restatement during the current year and 0 otherwise
RESTATE	An indicator variable equal to 1 if the current year financial states are restated in the future and 0 otherwise. Classification is based on restatement data available in Audit Analytics. Restatements related to option backdating and leases are classified as non-restatements for purposes of variable construction.

SABFEES	The predicted value of audit fees. To calculate the predicted value, we estimate the following model for years 2003 to 2013: $LNFEES_{i,t} = \beta_0 + \beta_1 LNASSETS_{i,t} + \beta_2 LEVERAGE_{i,t} + \beta_3 ROA_{i,t} + \beta_4 AGROWTH_{i,t} + \beta_5 LOSS_{i,t} + \beta_6 ARINV_{i,t} + \beta_7 MERGER_{i,t} + \beta_8 LNBSEG_{i,t} + \beta_9 FOREIGN_{i,t} + \beta_{10} GC_{i,t} + \beta_{11} BIGN_{i,t} + \beta_{12} INITIALAUD_{i,t} + \beta_{13} YE_{i,t} + \beta_{13} AUD\_LAG_{i,t} + \beta_{13} OP\_404b_{i,t} + \beta_{13} MW_{i,t}$ industry fixed effects + year fixed effects + $\varepsilon_{i,t}$ *Variables not defined in table above or below:* *LNFEES* = Natural log of total audit fees from Audit Analytics *LNASSETS* = Natural log of total assets (AT) *LEVERAGE* = Total liabilities (LT) divided by total assets (AT) *GC* = An indicator variable set to 1 if a firm receives a going concern opinion and 0 otherwise *INITIALAUD* = An indicator variable set to 1 if it is the first year of the auditor/client relationship and 0 otherwise. *YE* = An indicator variable set to 1 if it is a calendar year client and 0 otherwise *AUD_LAG* = Number of days between the financial statement period end and the audit report date *OP_404b* = An indicator variable set to 1 if the company receives a section 404(b) audit option and 0 otherwise
LNOFFSIZE	The natural log of total audit fees for the office of the audit firm performing the year-end audit
MKT_SHR	A firm's market share, as calculated as the firm's primary segment revenue scaled by the total revenue for the industry (two-digit SIC).
HERF	The Herfindahl-Hirschman index, as measured as the sum of squared market shares of all firms in an industry. We define industries by two-digit SIC and obtain sales data from Compustat's segment database.
LNFIRMS	The natural log of the number of firms in the industry (two-digit SIC).
LEV	The ratio of total liabilities to total assets, as of fiscal-year-end.
BN	An indicator variable set to one when the change in earnings is negative, zero otherwise. Specifically, we calculate the change in operating earnings after depreciation (*OIADP*) in the current year, relative to the prior year.
ABSUE	The absolute difference between actual earnings per share and the most recent mean analyst estimate of earnings, divided by the stock price at fiscal year-end. If the firm does not have analyst coverage, then the change in OIADP per share is used as unexpected earnings.
STDRET	The standard deviation of daily returns over the fiscal year.

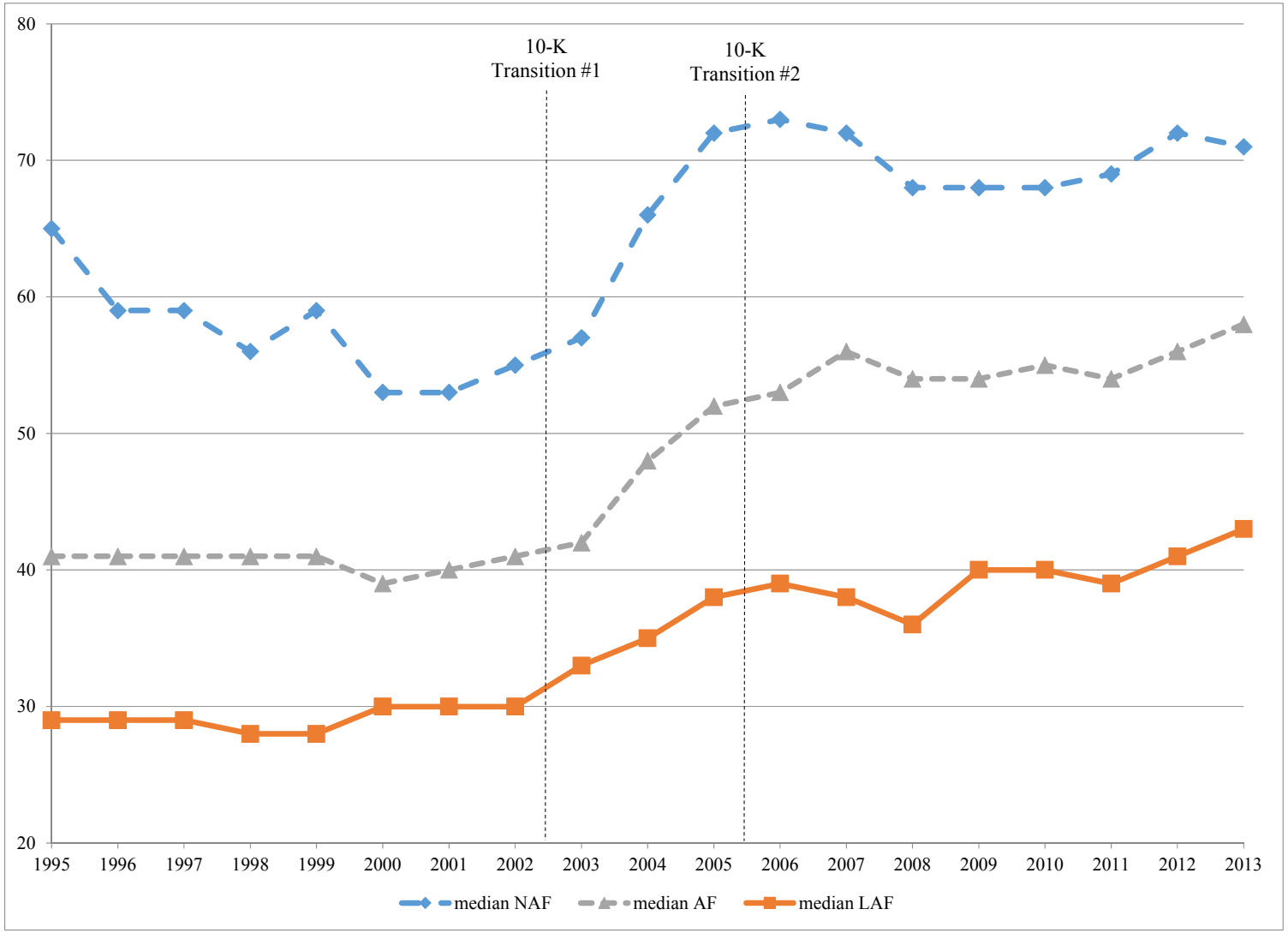
POST	For treatment firms (i.e., firms that transition from no concurrent filings to concurrent filing status after 2003), *POST* is an indicator variable set to one for firm-years on or after the first instance of a concurrent filing. For control firms, *POST* follows the timing of the matched treatment firm. That is, if the matched treatment firm first has a concurrent filing in 2005, then the control firm would have *POST* set to one for 2005 and beyond, zero for firm years preceding 2005.
PLE_RET	The cumulative buy-and-hold returns for the firm's stock from the trading day after fiscal year end up through two trading days before the earnings announcement date.
FYRET	The cumulative buy-and-hold returns for the firm's stock for the fiscal year.
EA_RET	The cumulative buy-and-hold returns for the firm's stock in the three trading day window surrounding the earnings announcement (i.e., *t-1* to *t+1*).
POST_RET	The cumulative buy-and-hold returns for the firm's stock from two trading days after the earnings announcement date (*t+2*) up through 6 months following fiscal year end.

Figure 1
Median Number of Days between Fiscal Year End and the 10-K Filing Date By Filer Status



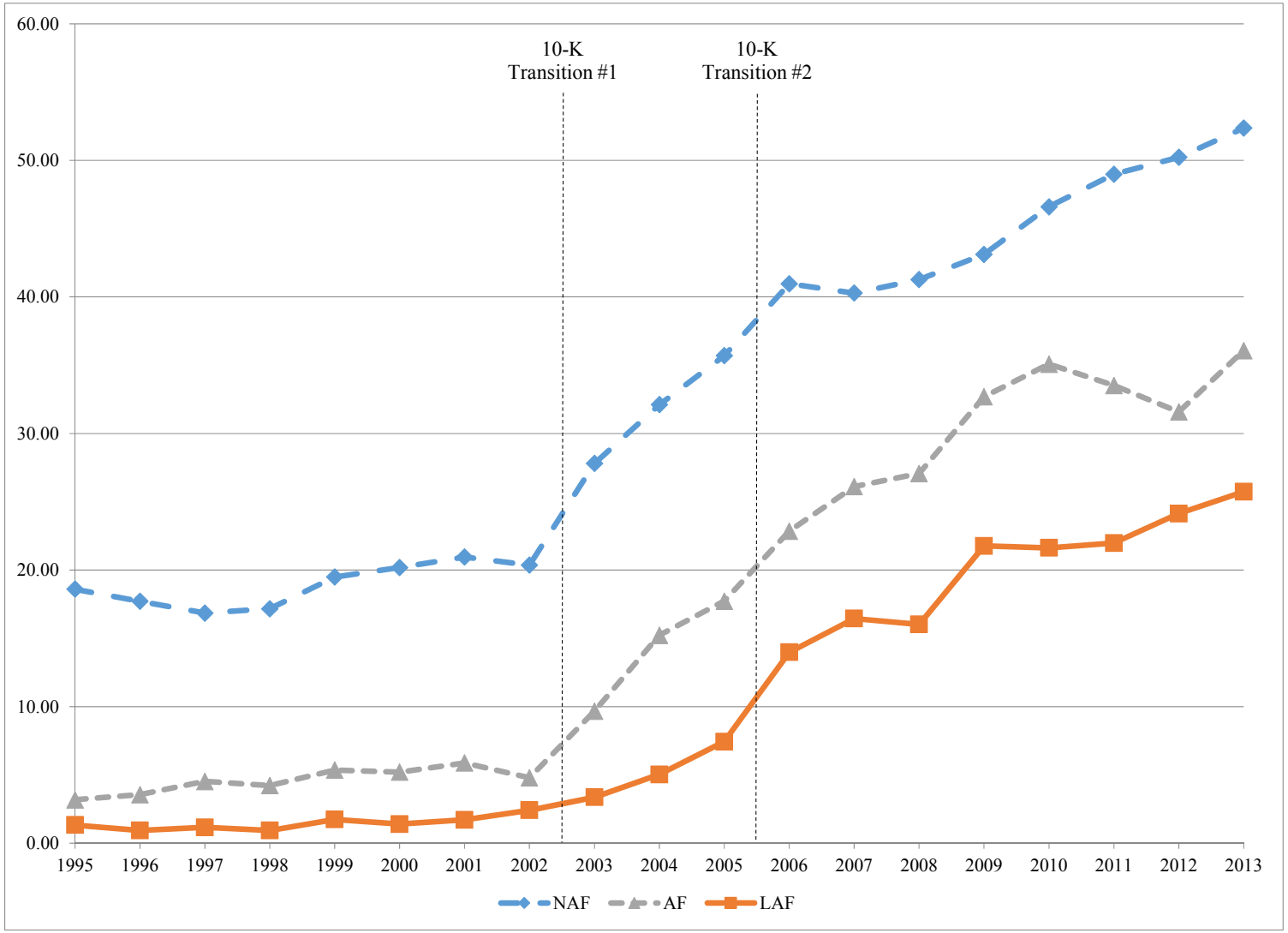
Notes: This figure plots the median number of days between fiscal year end and the 10-K filing date for Non-Accelerated (NAF), Accelerated (AF), and Large-Accelerated (LAF) filers. We provide further details on the classification of NAF, AF, and LAF in Appendix A. Results are presented based on transition years (e.g., the year 2003 includes fiscal year ends >= 12/15/2003 and < 12/15/2004) to properly align with regulatory changes.

Figure 2
Median Number of Days between Fiscal Year End and the Earnings Announcement By Filer Status



Notes: This figure plots the median number of days between fiscal year end and the earnings announcement date (i.e., *EALAG*) for Non-Accelerated (*NAF*), Accelerated (*AF*), and Large-Accelerated (*LAF*) filers. We provide further details on the classification of *NAF*, *AF*, and *LAF* in Appendix A. Results are presented based on transition years (e.g., the year 2003 includes fiscal year ends >= 12/15/2003 and < 12/15/2004) to properly align with regulatory changes.

Figure 3
Percent of Firms Releasing Earnings Concurrent with the 10-K Filing (i.e., same 2-day window) By Filer Status



Notes: This figure plots the annual percentage of firms for the Non-Accelerated (*NAF*), Accelerated (*AF*), and Large-Accelerated (*LAF*) filers releasing their annual earnings announcement concurrently with their 10-K filing. We define concurrent as firm years where the earnings announcement is released in the same two-day window as the regulatory filing (i.e., the day before or the day of the filing). We provide further details on the classification of *NAF*, *AF*, and *LAF* in Appendix A. Results are presented based on transition years (e.g., the year 2003 includes fiscal year ends >= 12/15/2003 and < 12/15/2004) to properly align with regulatory changes.

Table 1
Sample Selection

Panel A: Firm-Year Samples

	Figures 1-3	*Table 2*	*Table 6*	*Table 7*
Compustat Firm Years (1995-2013)	221,188	221,188	221,188	221,188
Require Permno Match	(84,373)	(84,373)	(84,373)	(84,373)
Price Missing at FYE	(5,808)	(5,808)	(5,808)	(5,808)
Missing CIK codes	(9,191)	(9,191)	(9,191)	(9,191)
No Corresponding File Dates in Edgar	(30,723)	(30,723)	(30,723)	(30,723)
Drop Transition Years < 1995 (i.e., < 12/15/1995)	(807)	(807)	(807)	(807)
Remove Late Filers (i.e., filelag > 105 days)	(3,417)	(3,417)	(3,417)	(3,417)
Remove Extreme Earnings Announcements (i.e., ealag<0 or ealag>105)	(313)	(313)	(313)	(313)
Remove observations with no GICS assignment		(298)	(298)	(298)
Remove observations with less than 5 firms per GICS-year		(117)	(117)	(117)
Remove observations with missing controls (lnmve, mtb, beta, follow, roa)		(212)	(212)	(212)
Require Market Test Variables and Controls (avar, avol, lev, absue, stdret)			(2,325)	(2,325)
Only include firms with no concurrent obs. prior to 2003 and concurrent observations post 2003 and their control matches				(57,540)
Total Sample	86,556	85,929	83,604	26,064

Panel B: Firm Samples around 2003 Transition

	Table 3	*Tables 4-5*
Number of Unique Firms in Figures 1-3 Sample	12,268	12,268
Restrict to Firms Present in Transition Years 2000 - 2002	(6,432)	(6,432)
Require Greater >1 Firm-Year Observation in Transition Years 2003-2005	(1,376)	(1,376)
Remove Firms with a Concurrent Observation in Transition Years 2000 - 200	(637)	(637)
Require Information Environment Variables in 1st Year After Transition		(502)
Require Reporting Complexity Variables in 1st Year After Transition		(498)
Require Competition Variables in 1st Year After Transition		(18)
Require Accounting System Quality Variables in 1st Year After Transition		(37)
Require Auditor Variables in 1st Year After Transition		(49)
Total Sample	3,823	2,719

Notes: This table presents an overview of the sample selection procedure. Panel A summarizes the procedure for the firm-year samples used in Figures 1-4 and Tables 2, 3, 7 and 8. Panel B summarizes the procedure for the firm samples around the 2003 transition used in Tables 4, 5, and 6.

Table 2
Industry-Level Regression Analyses to Examine the Trend in Earnings Announcement Lag

Dependent Variable:	***I_EALAG***		***I_CONCUR***		***I_EALAG***	
	(1)		(2)		(3)	
	Coef.	*t-stat*	Coef.	*t-stat*	Coef.	*t-stat*
Variables of Interest						
TREND	0.8350	*6.62* ***	0.0180	*8.94* ***	0.1357	*1.43*
I_CONCUR					38.8115	*15.49* ***
Control Variables						
I_LNMVE	-8.2735	*-1.19*	0.2803	*2.25* **	-19.1543	*-5.06* ***
I_MTB	5.0048	*1.35*	-0.0623	*-0.88*	7.4228	*3.17* ***
I_BETA	-7.2273	*-2.34* **	-0.1003	*-1.99* *	-3.3338	*-1.49*
I_FOLLOW	-28.9787	*-4.90* ***	-0.3454	*-3.30* ***	-15.5733	*-5.19* ***
I_BIGN	-0.3620	*-0.07*	-0.1908	*-2.34* **	7.0439	*2.15* **
I_ROA	28.9178	*2.94* ***	0.2488	*1.96* *	19.2608	*3.35* ***
I_LOSS	25.1585	*3.06* ***	0.3127	*2.56* **	13.0228	*2.92* ***
Constant	42.4998	*4.24* ***	0.1062	*0.83*	38.3764	*6.87* ***
Adj. R-Square	*0.401*		*0.479*		*0.690*	
N	*1,265*		*1,265*		*1,265*	

Notes: This table presents the results of an industry-level regression to examine the trend in the earnings announcement lag. Specifically, it tests our hypothesis H1. All continuous control variables have been transformed to scaled decile ranks for ease of interpretation. We define all variables in Appendix A.

***/**/* represent significance at the 1 percent, 5 percent, and 10 percent levels, respectively, based on two-sided tests. Standard errors are clustered by industry (GICS designation).

Table 3
Concurrent Filing Trends Following the 2003 Filing Deadline Transition for Firms That Were Previously Not Concurrent Filers

Difference Between File Date and Earnings Announcement Date (2000 - 2002)				Change in Earnings Announcement Lag		Change in Filing Date Lag	
Tercile	Mean Difference (Days)	# Firms	% of Firms with >=1 Concurrent in Post Period	Non-Concurrent Firms	Concurrent Firms	Non-Concurrent Firms	Concurrent Firms
Large Accelerated Filers ("LAF")							
1	31	527	12.0% ***	0	10	-7	-12
2	47	527	3.8%	2	24	-12	-10
3	60	527	2.3%	4	30	-14	-18
Total LAF	*46*	*1,581*	*6.0%*	*2*	*15*	*-11*	*-12*
Accelerated Filers ("AF")							
1	26	550	23.6% ***	-1	8	-8	-8
2	44	546	13.2% ***	4	24	-10	-8
3	61	550	3.6%	5	33	-11	-11
Total AF	*44*	*1,646*	*13.5% ###*	*3*	*16*	*-10*	*-8*
Non-Accelerated Filers ("NAF")							
1	20	199	41.2% ***	0	13	1	0
2	38	196	22.4% ***	5	27	0	-1
3	55	201	12.4%	6	41	-1	-2
Total NAF	*38*	*596*	*25.3% ###*	*4*	*22*	*-1*	*-1*
	Sample Firms	***3,823***					
	# Firms Concurrent (>=1)	637					
	Total Firms	4,460					

Notes: This table provides descriptive statistics on the population of firms that were not concurrent filers in the 3-year period preceding the first regulatory deadline change. Additionally, it provides a formal test of our hypothesis *H2.* We partition the analysis into 9 subgroups based on filer status (*LAF*, *AF*, or *NAF*) and the average number of days between the filing date and the earnings announcement date in the 3-year period preceding the transition date. We then examine the percentage of firms within each subgroup that become concurrent any time in the 3-year period following the transition and the average change in the firms' earnings announcement and filing lags (i.e., lag from the fiscal year end).

***/**/* indicates that the likelihood of being concurrent for the identified tercile is significantly greater than that for the tercile with the lowest time pressure (i.e., tercile 3) at the 1%, 5%, or 10% level, respectively, based on two-tailed tests in a logistic regression.

###/##/# indicates that the likelihood of being concurrent is significantly greater for the identified filer status than for that of the large-accelerated subgroup at the 1%, 5%, or 10% level, respectively, based on two-tailed tests in a logistic regression.

The filing deadline transition required large accelerated and accelerated filers to file their 10-K within 75 days for fiscal year ends on or after 12/15/2003, whereas they previously had 90 days.

Table 4
Factor Loadings from Confirmation Factor Analysis

Information Demand	*LNMVE*	*INST_OWN*	*FOLLOW*	*SH*	
INFODEMAND	**0.9210**	**0.5651**	**0.8834**	**0.5985**	
Competition	*MKT_SHR*	*HERF*	*LNNFIRMS*		
COMPETE	**-0.8520**	**-0.9201**	**0.8914**		
Complexity	*LNBSEG*	*LNGSEG*	*FOREIGN*	*FOG_10K*	*LENGTH_10K*
COMPLEX1	**0.5895**	**0.6818**	**0.6887**	-0.2283	0.2325
COMPLEX2	0.1467	-0.1884	0.0541	**0.7944**	**0.7574**
Accounting System Quality	*PRED_MW*	*RESTATE*			
ACTGQUAL	**-0.7371**	**-0.7371**			
Auditor	*BIGN*	*SABFEES*	*LNOFFSIZE*		
AUDITOR1	**0.8311**	-0.0529	**0.7202**		
AUDITOR2	-0.2739	**0.9324**	0.3546		

Notes: This table presents the results of a series of confirmatory factor analyses to be used in our formal test of hypothesis *H3* (see table 5). The presented factor loadings are based on principle component factoring with promax (oblique) rotation. Variables are measured in the first fiscal year on or after the transition date (12/15/2003) and are winsorized at the 1 percent and 99 percent levels prior to factor analysis. We define all variables in Appendix A.

Table 5
Across-Firm Logistic Analysis Surrounding the First Transition of Filing Deadlines

Dependent Variable: CONCUR_POST			
	Coef.	*z-stat*	
Primary Variables			
INFODEMAND	-0.5366	*-4.76*	***
COMPETE	0.1402	*2.06*	**
COMPLEX1	0.0634	*0.89*	
COMPLEX2	0.2188	*3.44*	***
ACTGQUAL	-0.2594	*-4.88*	***
AUDITOR1	-0.0953	*-1.79*	*
AUDITOR2	0.1759	*2.61*	***
Filer Status-Time Pressure Tercile			
LAF-1	1.4849	*4.21*	***
LAF-2	0.2692	*0.65*	
AF-1	1.5526	*4.11*	***
AF-2	1.0819	*2.83*	***
AF-3	0.0812	*0.18*	
NAF-1	2.1506	*4.72*	***
NAF-2	1.1320	*2.39*	**
NAF-3	0.5149	*0.96*	
constant	-3.2779	*-9.94*	***
Psuedo. R-Square	*0.144*		
Area under ROC Curve	*0.772*		
N	*2,719*		

Notes: This table presents the results of a firm-level logistic regression to formally test our hypothesis *H3*. The primary variables are factors identified in the confirmatory factor analyses presented in table 4. Our dependent measure (*CONCUR_POST*) is set to one if *CONCUR* equals one for any of the firm years in the three years following the transition date, zero otherwise. We also include fixed effects for the nine subgroups presented in table 2 (i.e., 3 filer status groups * 3 terciles of time pressure, where time pressure is the average difference between the filing date and the earnings announcement date in the three years preceding the transition date). We define all variables in Appendix A.

***/**/* represent significance at the 1 percent, 5 percent, and 10 percent levels, respectively, based on two-sided tests.

Table 6
Regression Analyses to Examine the Association between Concurrent Filing and the Information Content of Earnings Releases

Panel A: Abnormal Return Volatility

Dependent Variable: AVAR						
	(1)		(2)		(3)	
	Coef.	*t-stat*	Coef.	*t-stat*	Coef.	*t-stat*
Primary Variable						
CONCUR	-0.1370	*-7.72* ***	-0.0963	*-5.65* ***	-0.0627	*-2.75* ***
Control Variables						
TREND	0.0444	*38.71* ***	0.0460	*41.28* ***	0.0486	*30.70* ***
LNMVE	0.0221	*4.43* ***	0.0361	*7.27* ***	0.0889	*9.22* ***
FOLLOW	0.2275	*24.03* ***	0.1752	*18.64* ***	0.0995	*7.34* ***
LEV	-0.2003	*-6.15* ***	0.0056	*0.27* ***	-0.0385	*-1.24* ***
BN	-0.1294	*-12.07* ***	-0.1225	*-11.52* ***	-0.0934	*-7.66* ***
ABSUE	0.0000	*-3.90* ***	0.0000	*-2.02* ***	0.0000	*-1.40* ***
STDRET	-1.3866	*-5.14* ***	-3.4119	*-11.02* ***	-2.9940	*-6.26* ***
Fixed Effects	*No*		*Industry*		*Firm*	
Adj. R-Square	*0.071*		*0.099*		*0.136*	
N	*83,604*		*83,604*		*83,604*	

Notes: This table presents the results of a series of regression analyses to test our hypothesis *H4*. Panel A present the results with abnormal return volatility as our dependent variable, whereas Panel B presents the results with abnormal volume as our dependent variable. We winsorize all continuous variables at the 1 percent and 99 percent levels and define all variables in Appendix A.

***/**/* represent significance at the 1 percent, 5 percent, and 10 percent levels, respectively. Fixed effects are not tabulated for brevity. Industry fixed effects use the GICS designation. Standard errors are clustered by firm.

Table 6 (Continued)

Panel B: Abnormal Volume

Dependent Variable: AVOL						
	(1)		(2)		(3)	
	Coef.	*t-stat*	Coef.	*t-stat*	Coef.	*t-stat*
Primary Variable						
CONCUR	-0.0529	*-3.94* ***	-0.0547	*-4.28* ***	-0.0371	*-2.27* **
Control Variables						
TREND	0.0336	*40.25* ***	0.0359	*44.85* ***	0.0394	*36.11* ***
LNMVE	0.1765	*46.22* ***	0.1728	*45.53* ***	0.2033	*28.28* ***
FOLLOW	0.2090	*31.00* ***	0.1837	*26.49* ***	0.1486	*15.40* ***
LEV	-0.2229	*-6.87* ***	-0.0342	*-2.04* **	-0.0406	*-1.60*
BN	-0.0931	*-12.51* ***	-0.0936	*-12.74* ***	-0.0802	*-9.88* ***
ABSUE	0.0000	*-2.03* **	0.0000	*-1.19*	0.0000	*-1.12*
STDRET	1.8978	*8.03* ***	0.3782	*1.67* *	0.0010	*0.00*
Fixed Effects	*No*		*Industry*		*Firm*	
Adj. R-Square	*0.266*		*0.294*		*0.374*	
N	*83,604*		*83,604*		*83,604*	

Notes: This table presents the results of a series of regression analyses to test our hypothesis *H4*. Panel A present the results with abnormal return volatility as our dependent variable, whereas Panel B presents the results with abnormal volume as our dependent variable. We winsorize all continuous variables at the 1 percent and 99 percent levels and define all variables in Appendix A.

***/**/* represent significance at the 1 percent, 5 percent, and 10 percent levels, respectively. Fixed effects are not tabulated for brevity. Industry fixed effects use the GICS designation. Standard errors are clustered by firm.

Table 7
Price-Lead-Earnings Regressions to Examine the Change in Reliance on the Earnings Announcement Release

Dependent Variable: EARN						
	(1)		(2)		Test Differences	
	Treatment Firm Years		***Control Firm Years***		***Treatment - Control = 0***	
	Coef.	*t-stat*	Coef.	*t-stat*	Coef. Diff.	*p-value*
Primary Variables						
PLE_RET	0.0096	*0.77*	-0.0002	*-0.02*	0.0099	*0.599*
PLE_RET * POST	**0.0623**	***2.49*** **	**-0.0179**	***-0.60***	**0.0802**	***0.039*** **
Control Variables						
LAG_EARN	0.4178	*24.12* ***	0.4053	*18.31* ***	0.0125	*0.657*
*LAG_EARN * POST*	0.0249	*0.88*	0.0642	*1.81* *	-0.0393	*0.385*
FYRET	0.0554	*15.59* ***	0.0568	*12.91* ***	-0.0014	*0.806*
*FYRET * POST*	0.0251	*2.73* ***	0.0083	*0.73*	0.0167	*0.253*
EA_RET	0.1426	*5.76* ***	0.1196	*4.92* ***	0.0230	*0.507*
*EA_RET * POST*	0.0064	*0.12*	-0.0378	*-0.78*	0.0443	*0.543*
POST_RET	0.0026	*0.40*	0.0105	*1.41*	-0.0079	*0.419*
*POST_RET * POST*	0.0100	*0.66*	-0.0010	*-0.07*	0.0111	*0.614*
POST	-0.0271	*-5.54* ***	-0.0202	*-4.51* ***	-0.0069	*0.299*
Fixed Effects	*Tyear*		*Tyear*			
Adj. R-Square	*0.371*		*0.369*			
N	*13,032*		*13,032*			

Notes: This table presents the results of a series of price-lead-earnings regression analyses. For this analysis, we first identify a set of 'treatment' firms that never issued an earnings announcement concurrently with the regulatory filing prior to 2003. Further, the treatment firms begin issuing earnings announcements concurrently sometime after 2003. We then match each of these firm-year observations to a set of control firm-years from the same industry (GICS designation) with the closest ratio of earnings to market value of equity. We winsorize all continuous variables at the 1 percent and 99 percent levels and define all variables in Appendix A.

***/**/* represent significance at the 1 percent, 5 percent, and 10 percent levels, respectively. Fixed effects are not tabulated for brevity. Standard errors are clustered by firm.