

Short Selling and Audit Reporting Lags[†]

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Abstract

We examine the relation between audit report lags and short selling activity. Our results show that the timing of audit reports decreases with the intensity of short selling around the end of the fiscal year. This association is statistically significant after controlling for the conventional client and auditor characteristics within a multivariate framework including industry and year fixed effects. These findings suggest that auditors expedite the release of audit reports when their clients are targeted by short sellers. The evidence of faster audit turnaround times amid heightened short-selling activity is also consistent with prior research documenting a positive relationship between short selling and audit fees.

JEL Classifications: G14, G18, G30, M41

Keywords: Audit lags, audit report, audit fees, audit risk, short selling

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Short Selling and Audit Reporting Lags

Abstract. We examine the relation between audit report lags and short selling activity. Our results show that the timing of audit reports decreases with the intensity of short selling around the end of the fiscal year. This association is statistically significant after controlling for the conventional client and auditor characteristics within a multivariate framework including industry and year fixed effects. These findings suggest that auditors expedite the release of audit reports when their clients are targeted by short sellers. The evidence of faster audit turnaround times amid heightened short-selling activity is also consistent with prior research documenting a positive relationship between short selling and audit fees.

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1 Introduction and Literature Review

In this paper, we focus on the influence of short selling activity on the timeliness of the filing of financial statements. More specifically, we examine the case of U.S. firms closing their fiscal year subjected to extreme short selling pressure. We ask whether these conditions lead firms to handle their financial reports with enhanced caution, leading to longer audit reporting lags. Alternatively, firm management may exert greater pressure on auditors to conclude the audit reports faster, as a means to curtail information asymmetry, as well as to counter the short interest. We measure the audit reporting lag as the number of days counted from the fiscal-year-end until the date of the signature of the audit report.

The work of Miller (1977) expanded our understanding on short selling as a mechanism to incorporate pessimistic investors' views into financial markets. In a nutshell, while all investors may buy a stock amid good news, under binding short selling constraints, only investors who hold the stock may sell, leading to upwardly biased prices, particularly when dispersion of beliefs is pronounced (Diether, Malloy, and Scherbina, 2002; Hibbert, Kang, Kumar, and Mishra, 2020; Nutz and Scheinkman, 2020; Blau, Van Ness, and Warr, 2012). Another well known channel through which short sellers may contribute to market efficiency is by exerting a disciplining role (Fang, Huang, and Karpoff, 2016; Massa, Zhang, and Zhang, 2015), curbing the incidence of earnings management practices or cases of financial misconduct (Karpoff and Lou, 2010). The case of Enron epitomizes this role, as soaring short positions drew the attention of the public to the firm's practices, and the ultimate unveiling of the scandal.¹ Huang, Wang, Yu, and Zhang (2021) also identify that short selling activity generally precedes the filing of an audit report that includes a going concern opinion. Moreover, Cassell, Drake, and Rasmussen (2011) find a positive association between changes in audit fees and past changes in short interest, suggesting that auditors may assess audit risk and hence audit fees based on information reflected in short interest.

¹See Petruno, T., (2002) '*Short-Sellers' in Enron Finally Get Their Due*, Los Angeles Times, 01/20/2002 [online]. Available at: <https://www.latimes.com/archives/la-xpm-2002-jan-20-fi-petruno20-story.html>

Although short sellers are generally recognized as highly skilled at uncovering financial misconduct (Cassell, Drake, and Rasmussen, 2011), more recent cases such as *Adani Group* (ADANIENT) have triggered debate on whether or not short sellers' analyses are always accurate. The Indian group's shares plummeted by roughly 20% in January of 2023, as the result of substantial downward pressure primarily driven by short sales.² In this opportunity, ADANIENT shares increased by approximately 100% by the end of 2023 (December vs. March 2023 prices) while the firm threatened short sellers with remedial actions under both U.S.A. and Indian law. The short squeeze recently triggered for GameStop (GME) shares also implies, at a minimum, that significant disagreements may arise between short sellers and other investors, regarding valuation.³

Amid intense short selling activity on the shares of a firm, previous works have identified that managers may as well respond through voluntary disclosure of their information, the strategic selection of the type of information they disclose, and the tone of qualitative managerial communications (Li and Zhang, 2015; Jain, 2023; Xie, Chen, and Chen, 2021).

Our results show that short selling intensity around fiscal-year-end is negatively associated with audit reporting lags. More specifically, over our sample period spanning fiscal years 2006 to 2018, we first sort all firms in quintiles ranked by their short ratio during the month of their fiscal-year-end. In this non-parametric analysis, we observe that the audit reporting lag is significantly lower for firms subjected to the most intense short activity (top quintile) vis-à-vis firms that are subject to the least intense short activity (bottom quintile).

We subsequently explore the relationship between the short ratio around the fiscal-year-end and the audit reporting lag in a multivariate setup where the dependent variable is the natural log of the audit reporting lag. In our models, we control for firm size (log of assets), book-to-market ratio, operating cash flows, profitability (ROA), material weakness identified in internal controls over

²See Associated Press, (2023) *Adani Mulls Suing US Short-Seller as Shares Sink up to 20%*, U.S. News, 01/27/2023 [online]. Available at: <https://www.usnews.com/news/business/articles/2023-01-27/adani-group-mulls-suing-us-short-seller-for-fraud-claims>

³Greifeld, K. and Wang, L., 2021. "GameStop Short Interest Plunges in Sign Traders Are Covering", Bloomberg. See <https://www.bloomberg.com/news/articles/2021-02-01/gamestop-short-interest-plummets-in-a-sign-traders-are-covering>

financial reporting, whether or not the audit report discloses foreign sources of earnings, accounting earnings surprises (earnings exceeding previous year's), losses, a going concern opinion, whether the audit report was prepared by a Big-4 audit firm (PricewaterhouseCoopers LLP, Ernst & Young LLP, Deloitte & Touche LLP, or KPMG LLP), auditor's tenure, and the busy season (i.e., fiscal-year-end occurs in December).

Across all the model specifications of this multivariate model, our results indicate a strongly negative relationship between the short ratio (around fiscal-year-end) and the natural log of the audit reporting lag. This relation is consistently statistically significant below the one percent confidence level. These findings are consistent with the positive association between the short interest and audit fees previously documented in literature (e.g., Cassell, Drake, and Rasmussen, 2011; Hope, Hu, and Zhao, 2017). The audit reporting lag is also shorter for large firms. In turn, when a material weakness in internal controls over financial reporting is identified, or when the audit report includes a going concern opinion, the audit report lag is longer. Interestingly, the book-to-market ratio also seems to be positively related to audit reporting lags.

Our analyses are consistent across large-accelerated filers, accelerated filers and non-accelerated filers, and are robust to a battery of robustness checks including year and industry fixed effects, relying on two-way clustered standard errors.

We also examine the special case of financial firms, which are subject to a more rigorous set of regulations pertaining to accounting/financial disclosures. Among this group of firms, the audit reporting lag does not seem to vary as a result of heightened short-selling intensity around their fiscal year-end.

We contribute to the literature in the following ways: (i) Our results reveal a new channel through which short sellers activities enhance market efficiency, by contributing to the timeliness of the disclosures. (ii) Our results shed light about a new mechanism potentially explaining previous findings associating short selling with higher audit fees, given that audit reports' turnaround is faster amid increased short selling pressure. (iii) Our findings also enhance our knowledge on

the relationship between short sales and corporate governance, with meaningful implications for policymakers, corporations, and audit firms. The rest of the paper is organized as follows: [Section 2](#) formulates our hypotheses, [Section 3](#) presents data, [Section 4](#) discusses our results. [Section 6](#) concludes.

2 Hypotheses

Fang, Huang, and Karpoff (2016) find that short sellers exert a disciplining role on firms. More specifically, they examined the 2005-2007 SEC’s pilot test, where one third of the stocks listed in the Russell 3000 index were randomly exempted from short-sale price tests. Their analyses show that discretionary accruals and the likelihood of beating the earnings targets decreased for the exempted stocks, and subsequently revert to pre-experiment levels after the pilot program ends. Moreover, Karpoff and Lou (2010) also find that short sellers are able to identify cases of misrepresentation of firms’ financial statements, implying that short sellers act as *watchdogs* of financial markets, and thus help in keeping prices closer to fundamental values.

Furthermore, we posit that short selling may influence not only the efficiency of prices, but also the timeliness of the publication of financial statements. In this regard, given that short sellers incorporate pessimistic investors’ views in financial markets (Miller, 1977), we examine whether a firm’s publication of financial statements may be expedited as a means to counter the downward pressure on prices driven by heightened short selling. Alternatively, amid intense short selling on the shares of a firm, managers may cautiously examine the financial statements prior to releasing them, which may result in delays of their publication.

Hence, we can formulate hypotheses as follows:

Null Hypothesis (H0): Short Selling and Audit Reporting Lags. Short selling around a firm’s fiscal-year-end is not associated with audit reporting lags.

Alternative Hypothesis A (H1,a): Short Selling reduces Audit Reporting Lags. Short selling around a firm’s fiscal-year-end is negatively associated with audit reporting lags.

Alternative Hypothesis B (H1,b): Short Selling increases Audit Reporting Lags.

Short selling around a firm’s fiscal-year-end is positively associated with audit reporting lags.

3 Data

Our sample spans fiscal years 2006 to 2018. We source prices, market and book value of the assets, foreign earnings, operating cash flows, net income, and short interest for stocks traded in the New York Stock Exchange (NYSE), American Stock Exchange (AMEX) and NASDAQ financial and non-financial firms from Compustat North America. The rest of the variables are obtained from Audit Analytics: fiscal-year-end, audit report signature date, material weakness in internal controls over financial reporting, going concern opinions, earnings per share, audit firm and its tenure with a client. We construct the dependent and control variables as described in Appendix A. We keep forms 10-K or 10-KSB (small businesses), and we also include NT (non-timely) filings in our sample. We drop observations where the CIK code is missing. We also drop observations where audit reporting lag is negative or else higher than 365 days. Overall, we exclude financial firms ($5999 < \text{SICCD} < 7000$), given that these firms are subject to a very distinct set of regulation and reporting rules, except for the analyses introduced in Table VI, where we specifically focus on this group of firms.

3.1 Summary Statistics

Each year, we rank firms based on their short ratios around their fiscal year-end, and we consider those in the bottom (top) quintile of the cross-sectional distribution as firms under the lowest (highest) degree of short selling intensity. In Table I, we present the summary statistics for these two groups of firms. Columns (1)–(7) report results for firms in the bottom quintile, while Columns (8)–(14) report results for firms in the top quintile. Columns (15)–(20) show statistical tests of differences between the two groups, including two-sample t -tests for mean differences, Wilcoxon rank-sum (Mann–Whitney) tests for median differences (continuous variables), and χ^2 tests for

dichotomous variables. Given that the filer typification implies filing windows of distinct lengths, we present the summary statistics separately for large-accelerated filers (Table Ia), accelerated filers (Table Ib), and non-accelerated filers (Table Ic).

In Column (1) of Table Ia, we notice that among large-accelerated filers the mean audit reporting lag is 59.97 days for firms under the least short selling intensity (bottom quintile of the cross-sectional short ratio distribution each year). In turn, in Column (8) of Table Ia, the mean audit reporting lag is 55.82 days for firms under the highest short intensity (top quintile of the cross-sectional short ratio distribution each year). The difference between the two groups is strongly statistically significant with a t-statistic of 14.49.

On average, firms in the top short-ratio quintile also exhibit lower firm size compared to those in the bottom quintile (mean $\ln(AT) = 7.35$ vs. 9.35). We also observe that top-quintile firms have a higher incidence of internal control weaknesses, going-concern opinions, and losses, consistent with these firms facing greater financial reporting frictions and risks. Several financial performance measures, including return on assets and operating cash flows are also significantly lower among high short-ratio firms. These preliminary patterns seem to corroborate a negative association between short selling intensity around a firm's fiscal year-end and the audit reporting lag. In addition, high short interest among large-accelerated filers appears to be associated with noticeably weaker firm fundamentals.

We then turn our attention to accelerated filers in Table Ib. We once again notice that among accelerated filers the mean audit reporting lag (70.33 days, Column 1) is significantly higher for firms under the least short selling intensity compared to firms under the highest short intensity (67.25 days, Column 8). The difference between the two groups is strongly statistically significant with a t-statistic of 10.27 (Column 16).

Accelerated filers in the top quintile also display a higher incidence of losses, and lower financial performance measures, including return on assets and operating cash flows. In contrast to large-accelerated filers, they are more likely to be audited by Big4 firms and to have slightly longer audit

firm tenure vs. accelerated filers in the bottom quintile.

Relative to the accelerated filer sample, non-accelerated filers (Table Ic) exhibit longer average audit report lags overall, consistent with differences in regulatory deadlines and firm size. Within this group, the results are similar to those in Table Ia and Table Ib, with firms in the short ratio bottom quintile filing their statements in 81.97 days (Column 1), a much longer window when compared to firms in the top quintile, completing their filing in 73.8 days (Column 8). The difference is again statistically significant with a t-statistic of 9.51. Several financial characteristics also differ between the two groups: top short-ratio firms tend to be larger (higher $LnAT$), have lower book-to-market ratios, are more frequently audited by Big4 auditors, and report losses more often. In contrast, bottom short-ratio firms exhibit higher audit tenure and somewhat stronger profitability measures.

[Table I goes about here]

4 Formal Empirical Tests and Results

4.1 Univariate Analysis

In Figure 1, we first examine the association between short selling and audit reporting lags. To do so, we sort all firm-year observations in quintiles ranked by the short interest during the month of each firm's fiscal-year-end. Subsequently, we look at the average value of the audit reporting lag for the firms comprised in the bottom and top short ratio quintiles. We calculate the audit reporting lag as the number of days counted from the fiscal-year-end (e.g., December 31st) until the date of the signature of the audit report (e.g., March 15th). We present these results visually in Figure 1, separately for large-accelerated filers (Panel A), accelerated filers (Panel B), and non-accelerated filers (Panel C). Across all filer types, audit reporting lags are noticeably shorter for firms that are subject to the highest intensity of short selling around their fiscal year-end.

[Figure 1 goes about here]

Next, we visually illustrate how the incremental intensity in short selling influences the audit reporting lag. We repeat the analyses presented in Figure 1 and in Table I, using terciles, quartiles, and deciles, instead of quintiles, to rank firms according to their fiscal year-end short ratio. Our expectation is that the difference in the audit reporting lag between top and bottom quantile firms should increase as we move up the ranking thresholds from terciles to quartiles, quintiles, and lastly deciles.

The findings from Figure 2 clearly corroborate our expectations. On the y-axis, each column captures the audit reporting lag difference measured in days (y-axis), between the top and bottom tercile, quartile, quintile, and decile, respectively.

4.2 Multivariate Analysis

As the next step, we now examine the relationship between audit reporting lags and short selling intensity in a multivariate setting, controlling for auditor and client characteristics. We estimate the following ordinary least squares model specification:

$$\begin{aligned}
LnReplag_{i,t} = & \alpha + \beta_1 ShortRatioTopQuintile_{i,t} \\
& + \beta_2 LnAT_{i,t} + \beta_3 ICW_{i,t} + \beta_4 BTM_{i,t} + \beta_5 Foreign_{i,t} + \beta_6 OcfAT_{i,t} + \beta_7 ROA_{i,t} \\
& + \beta_8 GC_{i,t} + \beta_9 Busy_{i,t} + \beta_{10} UEInc_{i,t} + \beta_{11} Big4_{i,t} + \beta_{12} LnTenure_{i,t} \\
& + \beta_{13} ARC_{i,t} + \beta_{14} Loss_{i,t} \\
& + \lambda_\gamma + \omega_\tau + \varepsilon_{i,t}
\end{aligned} \tag{1}$$

where i indicates a firm and t indicates a year. Our dependent variable $LnReplag$ corresponds to the natural log of Audit Report Lag (number of days from end of the fiscal year until the signature of the auditor's opinion). *Short Ratio Top Quintile* is a dummy variable taking value one if *Short Ratio* is ranked in the top quintile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom quintile of the cross-sectional distribution on a given year. *Short Ratio* is the short

interest divided by shares outstanding. $LnAT$ is the natural log of a firm's total assets. ICW is a dummy variable taking value one if a material weakness in internal controls over financial reporting is identified, or zero otherwise. BTM is the book value per share divided by the stock price at the end of the fiscal year. $Foreign$ is a dummy variable taking value one if pretax foreign income (pifo) is not zero/missing, or zero otherwise. $OcfAT$ is the cash flows from operations (oancf) scaled by the firm's total assets. ROA is the net income divided by the firm's total assets. GC is a dummy variable taking value one if the audit report includes a modification for going concern, or zero otherwise. $Busy$ is a dummy variable taking value one if the firm's fiscal-year-end is December, or zero otherwise. When $Busy$ takes value one, it implies that the audit report is prepared during the audit busy season. UE_Inc is a dummy variable taking value one if a firm's earnings-per-share (EPS) are higher than its' EPS on the previous year, or zero otherwise. It has been established that short sellers may behave differently depending on the audit firm that prepares the report for a firm (Blau, Brough, Smith, and Stephens, 2013). For this reason, we also include the variable $Big4$, which takes value one when the auditing firm is one of the top 4 audit firms (PricewaterhouseCoopers LLP, Ernst & Young LLP, Deloitte & Touche LLP, or KPMG LLP). $LnTenure$ is the natural log of auditor's tenure with a firm. We calculate the tenure in one of two ways: (i) primarily relying on the field *Auditor since Year* in Audit Analytics. If this field is missing, we infer this variable by (ii) looking at the number of years between the earliest year vs. the latest year for which data is available for each firm, as long as the audit firm is the same between earliest and latest observations. Finally, if the number of years of tenure, estimated from either of these two approaches is zero, or missing, $LnTenure$ takes value one. ARC is a measure of accounting complexity calculated as the ratio of receivables and inventory to total assets. $Loss$ is a dummy variable taking value one if a firm's earnings were negative on a given year, or zero otherwise. λ_γ and ω_τ are industry and year fixed effects respectively. We winsorize continuous variables at the first and 99th percentiles. Two-way cluster-robust standard errors are used in all specifications. The complete definitions of all variables are presented in the Appendix A.

4.2.1 Audit Lags and Short Ratio across Filer Types

We first run our model among the sample of large-accelerated filers in Column (1) of Table II. The coefficient of *Short Ratio Top Quintile* is -0.0883, and our null hypothesis (H0) is rejected below the one percent confidence level, with a t-statistic of -7.083. This result corroborates a significant and negative association between the intensity of short selling and audit reporting lags (H1,a). The coefficient of *LnAT* is -0.0133 and it is significant below the five percent confidence level, with a t-statistic of -2.672. Interestingly, the book-to-market ratio (*BTM*) has a coefficient of +0.0457 with a t-statistic of 4.191, suggesting that growth-oriented firms may file their financial reports sooner compared to value-oriented firms. It is also noteworthy that audit reporting lags do not seem statistically different for firms working with a Big-4 audit firm vis-à-vis firms working with other (non-Big4) audit firms. The coefficient of *Big4* is negative (-0.0168) implying a negative although statistically insignificant association. In turn, *LnTenure* is strongly negatively associated with audit reporting lags, with a coefficient of -0.021, and t-statistic of -3.441. As expected, if a material weakness in internal controls over financial reporting is identified (*ICW*) or if the audit report includes a going concern opinion (*GC*), the audit reporting lag is higher. The coefficient of *ICW* is 0.0966 and it is positive and significant below the one percent confidence level, with a t-statistic of 6.916 whereas the coefficient of *GC* is 0.135, and it is also positive and significant below the five percent confidence level, with a t-statistic of 2.181.

In Column (2) of Table II, we then evaluate accelerated filers. The results are qualitatively similar. The coefficient of *Short Ratio Top Quintile* is -0.0309, and it is significant below the one percent confidence level, with a t-statistic of -3.097. This result also corroborates a significant and negative association between the intensity of short selling and audit reporting lags (H1,a). The coefficient of *LnAT* is -0.0126 and it is significant below the five percent confidence level, with a t-statistic of -2.744. Once again, the coefficient of *Big4* is statistically insignificant. As expected, if a material weakness in internal controls over financial reporting is identified (*ICW*) or if the audit report includes a going concern opinion (*GC*), the audit reporting lag is higher. The coefficient

of *ICW* is 0.116 and it is positive and significant below the one percent confidence level, with a t-statistic of 14.86 whereas the coefficient of *GC* is 0.125, and it is also positive and significant below the one percent confidence level, with a t-statistic of 5.577.

In Column (3) of Table II, we report the results for non-accelerated filers. The coefficient of *Short Ratio Top Quintile* is -0.0720, significant below the one percent level, with a t-statistic of -3.262, consistent with the earlier evidence that higher short-selling intensity is associated with shorter audit reporting lags (H1,a). Firm size (*LnAT*) is again negatively related to reporting lags, with a coefficient of -0.0249 and a t-statistic of -3.825, suggesting that larger non-accelerated firms complete the audit process more quickly. As in prior columns, the presence of internal control weaknesses (*ICW*) and going concern modifications (*GC*) lengthens reporting lags: the coefficients are 0.0542 (t-statistic of 2.490) and 0.139 (t-statistic of 7.936), respectively. The coefficient on *BTM* is 0.0268, remains positive and significant, with a t-statistic of 2.507.

[Table II goes about here]

4.2.2 Audit Fees and Short Interest

Considering the positive association between short interest and audit fees identified by prior literature (e.g., Cassell, Drake, and Rasmussen, 2011; Hope, Hu, and Zhao, 2017), as a validation exercise, we next examine whether the data within our sample period reproduces a similar association. We estimate the following ordinary least squares model as in Cassell, Drake, and Rasmussen (2011):

$$\begin{aligned}
LnFees_{i,t} = & \alpha + \beta_1 ShortRatioRank_{i,t} + \beta_2 LnAT_{i,t} + \beta_3 ARC_{i,t} + \beta_4 ROA_{i,t} + \beta_5 Loss_{i,t} + \beta_6 Leverage_{i,t} \\
& + \beta_7 Big4_{i,t} + \beta_8 GC_{i,t} + \beta_9 NumBusSeg_{i,t} + \beta_{10} NumForSeg_{i,t} + \beta_{11} LitRisk_{i,t} \\
& + \beta_{12} AuditLag_{i,t} + \beta_{13} Busy_{i,t} + \beta_{14} RetVol_{i,t} + \beta_{15} Returns_{i,t} \\
& + \beta_{16} MTB_{i,t} + \beta_{17} TotAccr_{i,t} + \lambda_\tau + \varepsilon_{i,t},
\end{aligned} \tag{2}$$

where i indexes firms and t indexes years. The dependent variable $LnFees$ is the natural log of audit fees. The variable $ShortRatioRank$ captures the intensity of short selling around the fiscal year-end and is measured in two alternative ways in Table III: (i) as the quintile rank of the short interest ratio (Column 1), and (ii) as a dummy equal to one for observations in the top short-ratio quintile and zero for observations in the bottom quintile (Column 2). $NumBusSeg$ and $NumForSeg$ denote the number of business and foreign geographic segments, respectively, and proxy for client operating complexity. $LitRisk$ is an indicator variable that equals one if the firm operates in a high-litigation industry as defined by Cassell, Drake, and Rasmussen (2011), and zero otherwise. $AuditLag$ is the audit reporting lag (in days) and captures the timing of the audit completion. $RetVol$ is the standard deviation of daily total stock returns during the calendar year, and $Returns$ is the corresponding buy-and-hold total return. MTB is the market-to-book ratio, and $TotAccr$ is total accruals, computed as net income minus operating cash flows scaled by lagged total assets. All other control variables are defined as in Equation (1). Year fixed effects λ_τ are included, and standard errors are clustered by fiscal year.

Table III reports the estimation results for all filers. In Column (1), the coefficient on $ShortRatioRank$ is positive and statistically significant at the five percent significance level, indicating that audit fees increase monotonically with the intensity of short selling. In Column (2), where $ShortRatioRank$ is defined as a top-versus-bottom quintile indicator, the coefficient is larger in magnitude and strongly significant at the one percent significance level, suggesting economically meaningful fee differentials

between firms in the highest and lowest short-selling quintiles. The coefficients on the control variables generally align with Cassell, Drake, and Rasmussen (2011). Audit fees are higher for larger and more complex clients (as captured by *LnAT*, and *ARC*), for firms audited by Big4 auditors, and for firms with greater return volatility and higher accrual intensity. Overall, our results—together with those of Cassell, Drake, and Rasmussen (2011)—indicate that intense short selling activity is associated with both reduced audit reporting lags and higher audit fees. Although our study does not engage in disentangling the portion of audit fees attributable to auditors’ assessments of reporting risk based on short interest (Cassell, Drake, and Rasmussen, 2011) from the portion attributable to accelerated audit effort to facilitate earlier filings, such a decomposition represents a promising avenue for future research.

[Table III goes about here]

4.2.3 Audit Lags and Short Selling Persistence

Next, we consider the case of firms that may be regularly under short sellers’ radar. More specifically, we evaluate firms that are ranked in the top quintile of short ratio on a given year, and they also ranked on the top quintile around their previous fiscal year-end. In such a case, these firms may be subject to intense short selling over an extended window extending across two fiscal years. Our goal is to examine whether short selling leads these firms to further reduced audit reporting lags or else if persistence in heightened short ratio moderates the negative association between short ratio and audit reporting lags.

We run our model among the sample of large-accelerated filers in Column (1) of Table IV. The coefficient of *Short Ratio Top Quintile* is -0.0225, and our null hypothesis (H_0) is rejected below the five percent confidence level, with a t-statistic of -3.044. This result suggests that when short-selling activity is persistent across consecutive fiscal year-ends, its negative association with audit reporting lags is moderated, although its influence is still negative and significant. Audit tenure (*LnTenure*) is again strongly negatively associated with audit reporting lags, with a coefficient of

-0.0174 (t-statistic of -4.060). Finally, and consistent with expectations, a material weakness in internal controls (*ICW*) or a going concern opinion (*GC*) is linked to longer lags, with coefficients of 0.0991 (t-statistic of 11.36) and 0.141 (t-statistic of 2.976), respectively.

In Column (2), we evaluate accelerated filers. The results are qualitatively similar. The coefficient of *Short Ratio Top Quintile* is -0.0143, significant at the ten percent level, with a t-statistic of -2.158. This again supports a negative association between persistent short-selling intensity and audit reporting lags, although weaker than the results reported in Table II. *LnTenure* continues to show a significant negative relation with reporting lags (-0.0123, t-statistic of -4.467). Consistent with earlier results, internal control weaknesses (*ICW*) and going concern opinions (*GC*) are positively associated with reporting lags, with coefficients of 0.119 (t-statistic of 26.15) and 0.108 (t-statistic of 5.871), respectively.

In Column (3), we report the results for non-accelerated filers. Here, the coefficient of *Short Ratio Top Quintile* is -0.0437 but statistically insignificant (t-statistic of -1.234), suggesting that when short-selling pressure is persistent, its association with audit reporting lags does not persist among this group.

Overall, these findings corroborate our presumption that the negative association between short selling and audit reporting lags decreases with short ratio persistence across fiscal years.

[Table IV goes about here]

4.2.4 Audit Lags and Short Selling: Evaluating Changes

Some firms may consistently file earlier or later than others due to firm-specific practices that are not captured by industry fixed effects alone. To address this concern, we re-estimate our model using changes in audit reporting lags and changes in short ratios from the previous year. To control for this possibility, we re-run our analyses replacing the variable *LnReplag* by *LnΔReplag* (natural log of a firm's audit reporting lag minus previous year's audit reporting lag) and *Short Ratio* by *ΔShortRatio* (short ratio around fiscal-year-end minus short ratio around previous fiscal-year-end).

Our updated model for these analyses is the following:

$$\begin{aligned}
Ln\Delta Replag_{i,t} = & \alpha + \beta_1 \Delta ShortRatio_{i,t} \\
& + \beta_2 \Delta LnAT_{i,t} + \beta_3 \Delta ICW_{i,t} + \beta_4 \Delta BTM_{i,t} + \beta_5 \Delta Foreign_{i,t} + \beta_6 \Delta OcfAT_{i,t} + \beta_7 \Delta ROA_{i,t} \\
& + \beta_8 \Delta GC_{i,t} + \beta_9 \Delta ARC_{i,t} + \beta_{10} \Delta Loss_{i,t} \\
& + \lambda_\gamma + \omega_\tau + \varepsilon_{i,t}
\end{aligned} \tag{3}$$

In Column (1) of Table V, we present the results for large-accelerated filers. The coefficient of $\Delta ShortRatio$ is -3.481, and highly significant at the one percent level (t-statistic of -25.49). This result indicates that increases in short-selling activity from one year to the next are associated with substantial reductions in reporting lags. Among the control variables, a deterioration in internal controls (ΔICW) or the inclusion of a going concern modification (ΔGC) is strongly linked to longer reporting delays, with coefficients of 4.348 (t-statistic of 18.04) and 8.372 (t-statistic of 10.07), respectively. Changes in profitability are also relevant. ΔROA is negatively associated with reporting lags (-1.635, t-statistic of -3.003), consistent with firms improving performance filing sooner.

The results are qualitatively similar among accelerated filers (Column 2). The coefficient of $\Delta ShortRatio$ is -1.276, significant below the one percent level (t-statistic of -6.855). Once again, worsening audit risk factors such as internal control weaknesses and going concern opinions drive reporting delays, with coefficients of 6.850 (t-statistic of 25.56) and 6.705 (t-statistic of 14.82), respectively. Among non-accelerated filers (Column 3), the coefficient of $\Delta ShortRatio$ is positive (1.309) but only marginally significant (t-statistic of 1.714).

Taken together, these findings imply that the relation between short-selling dynamics and audit reporting timeliness is not uniform across filer types. While increases in short interest generally reduce reporting lags among larger firms, this disciplining effect weakens for smaller firms.

[Table V goes about here]

4.2.5 Audit Lags and Short Ratio among Financial Firms

It is well-established that financial firms operate under a more rigorous regulatory and reporting environment than non-financial firms. To evaluate whether our findings extend to this special group, we re-run our model among financial firms only. The results are presented in Table VI.

Among large-accelerated filers (Column 1), the coefficient of *Short Ratio Top Quintile* is negative (-0.0104) but statistically insignificant (t-statistic of -0.764), suggesting that for this group, short-selling intensity does not significantly influence audit reporting lags. Consistent with expectations, audit risk indicators remain important among financial firms: the presence of a material weakness in internal controls (*ICW*) and a going concern opinion (*GC*) are both associated with longer delays, with coefficients of 0.149 (t-statistic of 4.565) and 0.229 (t-statistic of 3.017), respectively.

These results are qualitatively similar for accelerated-filers (Column 2). The coefficient of *Short Ratio Top Quintile* remains negative (-0.00431) and statistically insignificant (t-statistic of -0.302), again suggesting no strong evidence of a short-selling effect in this subsample.

In Column (3), we turn our attention to non-accelerated financial firms. In this case, the coefficient of *Short Ratio Top Quintile* is -0.0388, but only marginally significant (t-statistic of -1.852), suggesting only weak evidence of an association between short selling activity and reporting lags among financial firms.

Taken together, the results suggest that within financial firms, the disciplining role of short selling pertaining to reporting lags is not observable.

[Table VI goes about here]

5 Conclusion

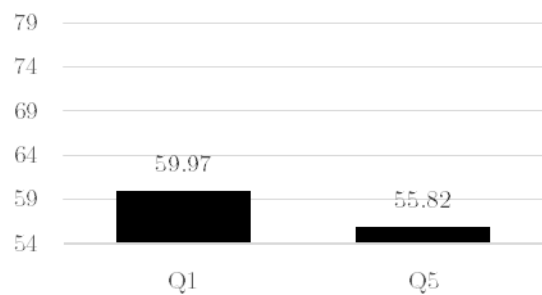
Previous literature had examined the disciplining role of short sellers on firms' financial reporting, leading to an enhanced accuracy of disclosed information and hence tilting prices closer to fundamental values. In this paper, we posit that short selling activity may not only improve price efficiency due to a higher quality of the disclosed information, but also given an improved timeliness of the disclosures. More specifically, we look at short selling intensity around the fiscal-year-end and we examine its relationship with audit reporting lags. Our results show that the number of days —counted from fiscal-year-end until the signature of the audit report— decreases with the intensity of short selling around the end of the fiscal year. This association is significant after controlling for the conventional client and auditor characteristics in a multivariate framework including industry and year fixed effects. Our results are consistent upon the evaluation of level values of the audit report lags and short ratio as well as changes (current vs. previous year). Our findings are indicative of faster filings when firms are targeted by short sellers. A faster audit turnaround time amid increased short selling is also consistent with the previously documented positive relationship between short selling and audit fees.

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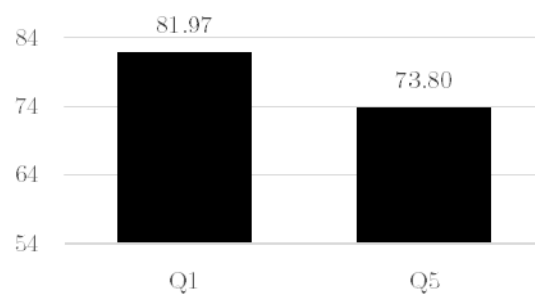
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Panel A. Large Accelerated Firms



Panel C. Non Accelerated Firms



Panel B. Accelerated Firms

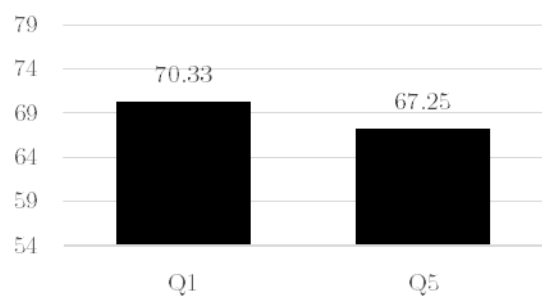
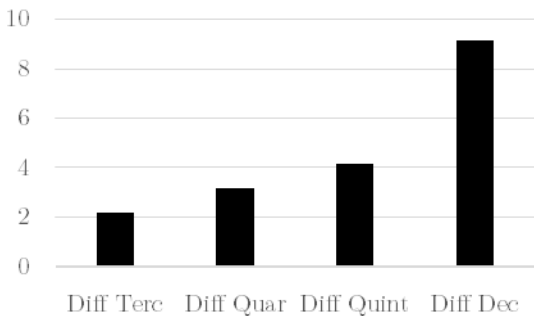
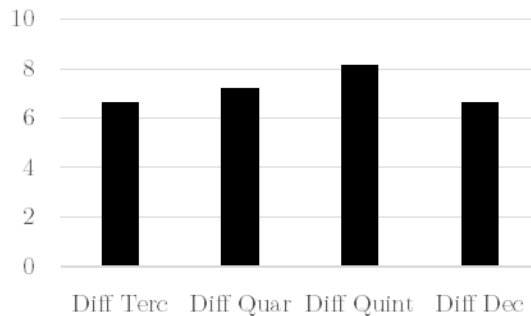


Figure 1. Audit Report Lag across Low vs. High Short Ratio. In this figure, we show the mean audit report lag for firm-years where fiscal-year end short ratio was low (bottom quintile of cross sectional distribution) compared to firm-years where fiscal-year end short ratio was high (top quintile of cross sectional distribution). The audit report lag is the number of days from fiscal year end until auditor's signature date.

Panel A. Large Accelerated Firms



Panel C. Non Accelerated Firms



Panel B. Accelerated Firms

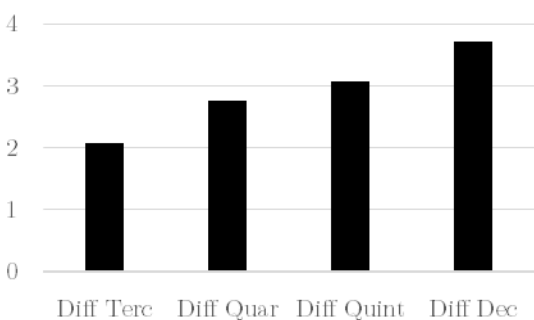


Figure 2. Audit Report Lag across Low vs. High Short Ratio: Varying Short Intensity Thresholds.

In this figure, we show the differences between the mean audit report lag for firm-years where fiscal-year end short ratio was low (bottom quantile of cross sectional distribution) compared to firm-years where fiscal-year end short ratio was high (top quantile of cross sectional distribution). The four columns show these differences across top and bottom quantiles relying on the following thresholds: Terciles, Quartiles, Quintiles, and Deciles. The audit report lag is the number of days from fiscal year end until auditor's signature date.

Table Ia
Summary Statistics (Large-Accelerated Filers)

In this table, we present the summary statistics for the variables used in our OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. The definition of all variables is presented in Appendix A. We report the mean, median, standard deviation, min, max, and 25th and 75th percentiles for each variable among large-accelerated filers (LAF). In Columns (1-7), we report the statistics for firms ranked in the bottom quintile (3,483 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (8-14), we report the statistics for firms ranked in the top quintile (3,471 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (15-20), we report the difference along t-tests (means), Wilcoxon rank-sum (Mann-Whitney, medians, continuous only), χ^2 (binary). Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

Variable	Bottom Quintile (Short Ratio)							Top Quintile (Short Ratio)							Difference					
	Mean	Med	SD	Min	Max	P25	P75	Mean	Med	SD	Min	Max	P25	P75	Diff Mean	t-stat Mean	p-val Median	z-val Median	$\chi^2(1)$ Binary	p-val
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
AuditLag	59.97	57.00	15.3	32.0	105.0	51.0	62.0	55.82	57.00	7.2	32.0	105.0	53.0	59.0	4.15***	14.49	0.00	5.09		
LnReplag	4.06	4.04	0.2	3.5	4.7	3.9	4.1	4.01	4.04	0.1	3.5	4.7	4.0	4.1	0.05***	10.51	0.00	5.09		
ShortRatio	0.01	0.01	0.0	0.0	0.0	0.0	0.0	0.14	0.13	0.0	0.1	0.2	0.1	0.2	-0.14***	-163.38	0.00	-72.22		
LnAT	9.35	9.36	1.6	1.8	12.3	8.1	10.5	7.35	7.32	1.2	3.7	12.3	6.5	8.1	1.99***	59.01	0.00	48.62		
ICW	0.01	0.00	0.1	0.0	1.0	0.0	0.0	0.04	0.00	0.2	0.0	1.0	0.0	0.0	-0.02***	-6.41			40.98	0.00
BTM	0.48	0.41	0.4	-1.2	3.7	0.2	0.6	0.47	0.35	0.6	-1.2	3.7	0.2	0.6	0.01	1.15	0.00	6.71		
Foreign	0.50	1.00	0.5	0.0	1.0	0.0	1.0	0.57	1.00	0.5	0.0	1.0	0.0	1.0	-0.07***	-5.87			34.31	0.00
OcfAT	0.11	0.10	0.1	-1.1	0.3	0.1	0.1	0.07	0.09	0.2	-1.1	0.3	0.0	0.2	0.04***	13.14	0.00	9.20		
ROA	0.06	0.06	0.1	-1.5	0.3	0.0	0.1	-0.01	0.04	0.2	-1.5	0.3	0.0	0.1	0.07***	19.34	0.00	17.63		
GC	0.00	0.00	0.1	0.0	1.0	0.0	0.0	0.01	0.00	0.1	0.0	1.0	0.0	0.0	-0.01***	-4.65			21.63	0.00
Busy	0.79	1.00	0.4	0.0	1.0	1.0	1.0	0.71	1.00	0.5	0.0	1.0	0.0	1.0	0.08***	8.14			65.71	0.00
UE_Inc	0.60	1.00	0.5	0.0	1.0	0.0	1.0	0.53	1.00	0.5	0.0	1.0	0.0	1.0	0.07***	5.89			34.58	0.00
Big4	0.97	1.00	0.2	0.0	1.0	1.0	1.0	0.92	1.00	0.3	0.0	1.0	1.0	1.0	0.05***	9.07			81.42	0.00
LnTenure	2.60	2.83	0.7	0.0	3.8	2.5	2.9	2.51	2.77	0.7	0.0	3.8	2.3	2.8	0.09***	5.21	0.00	11.22		
ARC2	0.18	0.16	0.1	0.0	0.9	0.1	0.3	0.21	0.17	0.2	0.0	0.9	0.1	0.3	-0.03***	-8.00	0.00	-4.03		
Loss	0.08	0.00	0.3	0.0	1.0	0.0	0.0	0.32	0.00	0.5	0.0	1.0	0.0	1.0	-0.24***	-26.22			626.68	0.00

Table Ib
Summary Statistics (Accelerated Filers)

In this table, we present the summary statistics for the variables used in our OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. The definition of all variables is presented in Appendix A. We report the mean, median, standard deviation, min, max, and 25th and 75th percentiles for each variable among accelerated filers (AF). In Columns (1-7), we report the statistics for firms ranked in the bottom quintile (2,638 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (8-14), we report the statistics for firms ranked in the top quintile (2,626 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (15-20), we report the difference along t-tests (means), Wilcoxon rank-sum (Mann-Whitney, medians, continuous only), χ^2 (binary). Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

Variable	Bottom Quintile (Short Ratio)							Top Quintile (Short Ratio)							Difference					
	Mean	Med	SD	Min	Max	P25	P75	Mean	Med	SD	Min	Max	P25	P75	Diff Mean	t-stat Mean	p-val Median	z-val Median	$\chi^2(1)$ Binary	p-val
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
AuditLag	70.33	71.00	11.7	32.0	105.0	64.0	75.0	67.25	69.00	10.0	32.0	105.0	60.0	74.0	3.08***	10.27	0.00	8.77		
LnReplag	4.24	4.26	0.2	3.5	4.7	4.2	4.3	4.20	4.23	0.2	3.5	4.7	4.1	4.3	0.04***	9.37	0.00	8.77		
ShortRatio	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.14	0.12	0.0	0.1	0.2	0.1	0.2	-0.13***	-135.02	0.00	-62.83		
LnAT	5.62	5.51	1.3	1.8	10.4	4.7	6.5	5.72	5.72	1.2	1.8	10.6	5.0	6.5	-0.10**	-2.86	0.00	-4.38		
ICW	0.06	0.00	0.2	0.0	1.0	0.0	0.0	0.07	0.00	0.3	0.0	1.0	0.0	0.0	-0.01	-1.09			1.19	0.28
BTM	0.73	0.59	0.7	-1.2	3.7	0.3	0.9	0.49	0.37	0.7	-1.2	3.7	0.2	0.7	0.24***	12.07	0.00	16.33		
Foreign	0.41	0.00	0.5	0.0	1.0	0.0	1.0	0.38	0.00	0.5	0.0	1.0	0.0	1.0	0.03*	2.21			4.87	0.03
OcfAT	0.03	0.07	0.2	-1.1	0.3	0.0	0.1	-0.05	0.04	0.3	-1.1	0.3	-0.1	0.1	0.08***	12.14	0.00	9.68		
ROA	-0.05	0.02	0.2	-1.5	0.3	-0.1	0.1	-0.15	-0.02	0.3	-1.5	0.3	-0.2	0.0	0.11***	12.91	0.00	12.06		
GC	0.04	0.00	0.2	0.0	1.0	0.0	0.0	0.05	0.00	0.2	0.0	1.0	0.0	0.0	-0.01	-1.73			2.99	0.08
Busy	0.78	1.00	0.4	0.0	1.0	1.0	1.0	0.74	1.00	0.4	0.0	1.0	0.0	1.0	0.04***	3.75			14.05	0.00
UE_Inc	0.52	1.00	0.5	0.0	1.0	0.0	1.0	0.49	0.00	0.5	0.0	1.0	0.0	1.0	0.03*	2.34			5.48	0.02
Big4	0.67	1.00	0.5	0.0	1.0	0.0	1.0	0.73	1.00	0.4	0.0	1.0	0.0	1.0	-0.06***	-4.74			22.41	0.00
LnTenure	2.16	2.56	0.9	0.0	3.8	1.8	2.8	2.31	2.56	0.7	0.0	3.8	2.1	2.8	-0.15***	-6.5	0.00	-3.15		
ARC2	0.22	0.18	0.2	0.0	0.9	0.1	0.3	0.21	0.17	0.2	0.0	0.9	0.1	0.3	0.01	1.63	0.01	2.50		
Loss	0.40	0.00	0.5	0.0	1.0	0.0	1.0	0.56	1.00	0.5	0.0	1.0	0.0	1.0	-0.17***	-12.36			148.53	0.00

Table Ic
Summary Statistics (Non-Accelerated Filers)

In this table, we present the summary statistics for the variables used in our OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. The definition of all variables is presented in Appendix A. We report the mean, median, standard deviation, min, max, and 25th and 75th percentiles for each variable among non-accelerated filers (NAF). In Columns (1-7), we report the statistics for firms ranked in the bottom quintile (585 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (8-14), we report the statistics for firms ranked in the top quintile (576 obs) of the cross-sectional distribution within each year, based on their short ratios. In Columns (15-20), we report the difference along t-tests (means), Wilcoxon rank-sum (Mann-Whitney, medians, continuous only), χ^2 (binary). Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

Variable	Bottom Quintile (Short Ratio)							Top Quintile (Short Ratio)							Difference					
	Mean	Med	SD	Min	Max	P25	P75	Mean	Med	SD	Min	Max	P25	P75	Diff Mean	t-stat Mean	p-val Median	z-val Median	$\chi^2(1)$ Binary	p-val
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
AuditLag	81.97	85.00	15.0	34.0	105.0	73.0	90.0	73.80	74.00	14.3	32.0	105.0	63.3	86.0	8.17***	9.51	0.00	9.29		
LnReplag	4.39	4.44	0.2	3.5	4.7	4.3	4.5	4.28	4.30	0.2	3.5	4.7	4.1	4.5	0.11***	8.85	0.00	9.29		
ShortRatio	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.06	0.05	0.0	0.0	0.2	0.0	0.1	-0.06***	-35.1	0.00	-29.50		
LnAT	4.47	4.22	1.6	1.8	10.3	3.4	5.1	5.26	5.22	1.5	1.8	9.6	4.5	6.1	-0.78***	-8.71	0.00	-10.19		
ICW	0.05	0.00	0.2	0.0	1.0	0.0	0.0	0.10	0.00	0.3	0.0	1.0	0.0	0.0	-0.05**	-3.02			9.12	0.00
BTM	0.80	0.56	0.9	-1.2	3.7	0.3	1.1	0.43	0.27	0.7	-1.2	3.7	0.1	0.6	0.37***	7.41	0.00	10.39		
Foreign	0.32	0.00	0.5	0.0	1.0	0.0	1.0	0.37	0.00	0.5	0.0	1.0	0.0	1.0	-0.05	-1.92			3.68	0.05
OcfAT	-0.05	0.03	0.3	-1.1	0.3	-0.1	0.1	-0.08	0.00	0.3	-1.1	0.3	-0.2	0.1	0.03	1.77	0.03	2.17		
ROA	-0.15	-0.01	0.4	-1.5	0.3	-0.2	0.0	-0.19	-0.08	0.4	-1.5	0.3	-0.3	0.0	0.04	1.96	0.00	3.19		
GC	0.14	0.00	0.3	0.0	1.0	0.0	0.0	0.10	0.00	0.3	0.0	1.0	0.0	0.0	0.04*	2.06			4.21	0.04
Busy	0.74	1.00	0.4	0.0	1.0	0.0	1.0	0.81	1.00	0.4	0.0	1.0	1.0	1.0	-0.07**	-2.87			8.20	0.00
UE_Inc	0.49	0.00	0.5	0.0	1.0	0.0	1.0	0.61	1.00	0.5	0.0	1.0	0.0	1.0	-0.12***	-4.16			17.07	0.00
Big4	0.59	1.00	0.5	0.0	1.0	0.0	1.0	0.73	1.00	0.4	0.0	1.0	0.0	1.0	-0.13***	-4.88			23.31	0.00
LnTenure	1.48	1.79	1.2	0.0	3.8	0.0	2.6	0.94	0.00	1.1	0.0	3.8	0.0	2.1	0.54***	7.81	0.00	7.31		
ARC2	0.24	0.19	0.2	0.0	0.9	0.0	0.4	0.19	0.14	0.2	0.0	0.9	0.0	0.3	0.04***	3.56	0.00	3.20		
Loss	0.54	1.00	0.5	0.0	1.0	0.0	1.0	0.65	1.00	0.5	0.0	1.0	0.0	1.0	-0.10***	-3.63			13.02	0.00

Table II

Audit Lag and Short Ratio across Filer Categories (Top vs Bottom Quintile Short)

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quintile* is a dummy variable taking value one if *Short Ratio* is ranked in the top quintile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom quintile of the cross-sectional distribution on a given year. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quintile	-0.0883*** (-7.083)	-0.0309*** (-3.097)	-0.0720*** (-3.262)
LnAT	-0.0133** (-2.672)	-0.0126** (-2.744)	-0.0249*** (-3.825)
ICW	0.0966*** (6.916)	0.116*** (14.86)	0.0542** (2.490)
BTM	0.0457*** (4.191)	0.0235*** (4.401)	0.0268** (2.507)
Foreign	-0.0779*** (-6.354)	0.00774 (0.812)	0.0161 (1.094)
OcfAT	-0.0165 (-0.454)	0.0227 (1.078)	0.0847** (2.194)
ROA	-0.0380 (-1.017)	-0.0105 (-0.446)	-0.0601** (-2.345)
GC	0.135** (2.181)	0.125*** (5.577)	0.139*** (7.936)
Busy	0.0161 (0.951)	0.0187 (1.631)	0.0303 (1.696)
UE_Inc	-0.00602 (-1.247)	-0.00320 (-0.584)	-0.0144 (-1.440)
Big4	-0.0168 (-1.160)	0.00122 (0.152)	-0.0305 (-1.307)
LnTenure	-0.0210*** (-3.441)	-0.0157*** (-5.895)	0.00352 (0.532)
ARC	0.0576 (1.141)	0.0798*** (3.151)	-0.0275 (-0.418)
Loss	0.0120 (1.133)	0.00603 (0.887)	0.00588 (0.427)
Intercept	4.260*** (101.0)	4.275*** (148.4)	4.443*** (88.33)
Observations	6,932	5,237	1,082
R-squared	0.285	0.267	0.353
Year FE and 2 Clust SE	Y	Y	Y

Table III
Audit Fees and Short Ratio

In this table, we present the results from OLS regressions where the dependent variable is *LnFees* measured as the natural log of audit fees. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1)	(2)
Short Ratio Rank	0.00785** (2.941)	0.108*** (5.827)
LnAT	0.497*** (170.4)	0.488*** (134.6)
Rec/Inv Intensity	0.810*** (25.61)	0.548*** (14.66)
ROA	-0.364*** (-11.93)	-0.338*** (-10.37)
Loss	0.126*** (10.59)	0.151*** (10.03)
Leverage	0.0149 (0.456)	-0.00863 (-0.244)
Big4	0.343*** (39.62)	0.315*** (31.52)
GC	0.0829 (1.774)	-0.0365 (-0.853)
Business Segments	0.0383*** (18.34)	0.0439*** (13.50)
Foreign Segments	0.0451*** (22.50)	0.0386*** (12.99)
Litigation Risk	0.116*** (16.57)	0.107*** (19.18)
Audit Report Lag	-0.00283*** (-4.627)	-0.000890 (-1.119)
Busy	0.0151 (1.762)	0.0483*** (3.679)
Return Volatility	8.765** (3.041)	15.14*** (3.805)
Returns	-0.539** (-3.055)	-0.906*** (-3.646)
Market-to-Book	-4.41e-06 (-1.700)	-4.14e-06** (-2.612)
Total Accruals	0.0378*** (4.381)	0.0746** (2.272)
Intercept	10.07*** (221.7)	9.981*** (189.1)
Observations	20,737	7,397
R-squared	0.821	0.815
Year FE and Clust SE	Y	Y
Short Ratio Rank	All Quintiles	Top-Bottom

Table IV

Audit Lag and Short Ratio across Filer Categories (Repeated Top Quintile Short)

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quintile* is a dummy variable taking value one if *Short Ratio* is ranked in the top quintile of the cross-sectional distribution on a given year, and also on the previous year, or zero otherwise. The definition of all variables in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quintile	-0.0225** (-3.044)	-0.0143* (-2.158)	-0.0437 (-1.234)
LnAT	-0.00737* (-2.033)	-0.0144*** (-3.633)	-0.0385*** (-7.052)
ICW	0.0991*** (11.36)	0.119*** (26.15)	0.0564*** (5.622)
BTM	0.0418*** (4.404)	0.0237*** (4.617)	0.0294*** (5.900)
Foreign	-0.0574*** (-5.318)	0.00943 (1.304)	0.0166 (1.409)
OcfAT	-0.0387 (-1.353)	0.0143 (0.922)	0.0944*** (3.616)
ROA	-0.0246 (-0.930)	-0.00383 (-0.298)	-0.0558*** (-3.477)
GC	0.141** (2.976)	0.108*** (5.871)	0.140*** (7.052)
Busy	0.0191 (1.716)	0.0143 (1.536)	0.0281* (2.158)
UE_Inc	-0.00473* (-2.010)	-0.00460 (-1.669)	-0.0201*** (-3.345)
Big4	-0.00866 (-0.787)	-0.00494 (-0.814)	-0.0171 (-1.127)
LnTenure	-0.0174*** (-4.060)	-0.0123*** (-4.467)	-0.00107 (-0.230)
ARC	0.0791* (2.145)	0.0397* (1.827)	0.0144 (0.438)
Loss	0.00943* (1.909)	0.00895* (1.941)	0.0137 (1.211)
Intercept	4.117*** (130.9)	4.274*** (142.2)	4.463*** (127.5)
Observations	17,385	13,151	2,828
R-squared	0.214	0.212	0.299
ear FE and 2 Clust SE	Y	Y	Y

Table V

Audit Lag and Short Ratio across Filer Categories: Evaluating Changes

In this table, we present the results from OLS regressions where the dependent variable is $\Delta RepLag$ measured as a firm's audit reporting lag minus previous year's audit reporting lag. $\Delta Short Ratio$ is a dummy variable taking value one if short ratio ranking moved up by more than one quintile on the cross-sectional distribution. The definition of all variables is presented in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) $\Delta RepLag$ Large Accelerated	(2) $\Delta RepLag$ Accelerated	(3) $\Delta RepLag$ Non Accelerated
$\Delta Short Ratio$	-3.481*** (-25.49)	-1.276*** (-6.855)	1.309* (1.714)
$\Delta LnAT$	0.246 (1.154)	0.271 (0.951)	-0.0440 (-0.0429)
ΔICW	4.348*** (18.04)	6.850*** (25.56)	5.053*** (3.433)
ΔBTM	0.0416 (0.258)	0.426*** (2.876)	0.381 (0.889)
$\Delta Foreign$	-0.372 (-1.163)	0.437 (1.027)	0.0670 (0.0342)
$\Delta OcfAT$	-3.246*** (-4.583)	1.311** (2.185)	2.789 (1.308)
ΔROA	-1.635*** (-3.003)	-1.477*** (-3.304)	-5.865*** (-4.308)
ΔGC	8.372*** (10.07)	6.705*** (14.82)	6.785*** (6.317)
ΔARC	-4.866*** (-3.978)	2.462* (1.802)	-2.825 (-0.605)
$\Delta Loss$	0.508*** (3.600)	0.586*** (3.254)	0.661 (0.788)
Intercept	-0.409*** (-7.889)	-0.292*** (-3.353)	0.130 (0.290)
Observations	15,471	11,085	1,003
R-squared	0.073	0.084	0.092
Year FE and 2 Clust SE	Y	Y	Y

Table VI

Audit Lag and Short Ratio among Financial Firms (Top vs Bottom Quintile Short)

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quintile* is a dummy variable taking value one if *Short Ratio* is ranked in the top quintile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom quintile of the cross-sectional distribution on a given year. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quintile	-0.0104 (-0.764)	-0.00431 (-0.302)	-0.0388* (-1.852)
LnAT	0.0124 (1.779)	-0.0286*** (-4.344)	-0.0278* (-2.082)
ICW	0.149*** (4.565)	0.0999*** (5.021)	0.140** (2.759)
BTM	-0.000305 (-0.0247)	0.0124 (1.403)	0.0317** (2.728)
Foreign	-0.00438 (-0.185)	-0.00152 (-0.0550)	-0.000219 (-0.00390)
OcfAT	0.0300 (0.408)	0.00860 (0.157)	-0.230** (-2.352)
ROA	-0.134 (-1.466)	0.0490 (1.388)	0.0111 (0.216)
GC	0.229** (3.017)	0.149*** (6.314)	0.115 (1.314)
Busy	0.0287 (1.194)	-0.00759 (-0.287)	-0.0313 (-0.409)
UE_Inc	-0.00853 (-1.216)	0.00176 (0.241)	-0.00969 (-0.494)
Big4	-0.00769 (-0.700)	0.000422 (0.0519)	0.0135 (0.342)
LnTenure	-0.0238*** (-5.631)	-0.00452 (-0.992)	0.00727 (0.725)
ARC	0.0814* (2.113)	-0.00281 (-0.197)	0.117 (1.259)
Loss	0.0147 (1.346)	0.0271** (2.386)	0.0386** (2.579)
Intercept	3.954*** (61.20)	4.413*** (106.1)	4.451*** (46.46)
Observations	2,025	1,766	271
R-squared	0.291	0.200	0.305
Year FE and 2 Clust SE	Y	Y	Y

Appendix A: Definition and source of variables

Variable	Definition	Source
LnReplag	Natural log of Audit Report Lag (Number of days from end of fiscal year until the signature of the auditor's opinion).	- Audit Analytics
LnΔReplag	Natural log of a firm's audit reporting lag minus previous year's audit reporting lag.	- Audit Analytics
ShortRatio	Short interest divided by Shares outstanding.	- Compustat North America
ΔShortRatio	A firm's short ratio around fiscal year end minus its short ratio around previous fiscal year end.	- Compustat North America
LnAT	Natural log of a firm's total assets.	- Compustat North America
ICW	Dummy variable taking value one if material weakness in internal controls over financial reporting is identified, or zero otherwise.	- Audit Analytics
BTM	Book value per share divided by stock price.	- Compustat North America
Foreign	Dummy variable taking value one if pretax foreign income (pifo) is not zero/missing, or zero otherwise.	- Compustat North America
OcfAT	Cash flows from operations (oancf) to firm's total assets.	- Compustat North America
ROA	Net Income divided by firm's total assets.	- Compustat North America
GC	Dummy variable taking value one if the audit report includes a going concern opinion, or zero otherwise.	- Audit Analytics
Busy	Dummy variable taking value one if the firm's fiscal year end is December.	- Audit Analytics
UE_Inc	Dummy variable taking value one if a firm's earnings-per-share (EPS) are higher than its' EPS on the previous year.	- Compustat North America
Big4	Dummy variable which equals one when the auditing firm is one of the top 4 audit firms (PricewaterhouseCoopers LLP, Ernst & Young LLP, Deloitte & Touche LLP, or KPMG LLP).	- Audit Analytics
LnTenure	Natural log of auditor's tenure with a firm. If the value is negative, zero, or missing, LnTenure takes value one.	- Audit Analytics & Compustat North America
ARC	Measure of accounting complexity calculated as the ratio of receivables and inventory to total assets.	- Compustat North America
Loss	Dummy variable taking value one if a firm's earnings were negative on a given year, or zero otherwise.	- Compustat North America

Short Selling and Audit Reporting Lags

Online Appendix B

Table B.1**Audit Lag and Short Ratio across Filer Categories (Top vs Bottom Tercile Short)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Tercile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Tercile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom Tercile of the cross-sectional distribution on a given year. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Tercile	-0.0520*** (-7.723)	-0.0220*** (-3.504)	-0.0488** (-2.945)
LnAT	-0.0117*** (-3.173)	-0.0141*** (-3.288)	-0.0335*** (-7.355)
ICW	0.0980*** (8.496)	0.113*** (21.32)	0.0473** (2.509)
BTM	0.0443*** (4.468)	0.0264*** (4.820)	0.0235*** (3.951)
Foreign	-0.0665*** (-5.806)	0.00721 (0.849)	0.0199 (1.534)
OcfAT	-0.0347 (-1.073)	0.0225 (1.165)	0.107*** (3.754)
ROA	-0.0229 (-0.739)	-0.00180 (-0.0965)	-0.0672*** (-3.435)
GC	0.136** (2.433)	0.114*** (5.767)	0.144*** (8.975)
Busy	0.0176 (1.386)	0.0199* (1.829)	0.0332** (2.288)
UE_Inc	-0.00519 (-1.449)	-0.00490 (-1.302)	-0.00988 (-1.005)
Big4	-0.0116 (-1.060)	-0.00351 (-0.552)	-0.0104 (-0.626)
LnTenure	-0.0194*** (-3.799)	-0.0118*** (-4.027)	-0.000839 (-0.203)
ARC	0.0737* (1.816)	0.0544** (2.649)	-0.0287 (-0.682)
Loss	0.0167** (2.798)	0.00532 (1.047)	0.0168 (1.183)
Intercept	4.196*** (132.3)	4.276*** (137.3)	4.459*** (117.8)
Observations	11,581	8,760	1,870
R-squared	0.239	0.229	0.327
Year FE and 2 Clust SE	Y	Y	Y

Table B.2**Audit Lag and Short Ratio across Filer Categories (Top vs Bottom Quartile Short)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quartile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Quartile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom Quartile of the cross-sectional distribution on a given year. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quartile	-0.0718*** (-7.907)	-0.0289*** (-3.518)	-0.0567*** (-3.345)
LnAT	-0.0131*** (-3.065)	-0.0133*** (-3.134)	-0.0265*** (-4.870)
ICW	0.110*** (9.909)	0.112*** (17.15)	0.0559** (2.489)
BTM	0.0448*** (4.211)	0.0261*** (5.272)	0.0233** (2.593)
Foreign	-0.0729*** (-6.209)	0.0102 (1.107)	0.0110 (0.871)
OcfAT	-0.0150 (-0.484)	0.0203 (1.098)	0.0766** (2.182)
ROA	-0.0391 (-1.310)	-0.00967 (-0.454)	-0.0532* (-2.090)
GC	0.129** (2.212)	0.118*** (5.407)	0.142*** (7.449)
Busy	0.0148 (1.000)	0.0211* (1.812)	0.0330** (2.277)
UE_Inc	-0.00496 (-1.080)	-0.00237 (-0.496)	-0.00924 (-1.034)
Big4	-0.0153 (-1.154)	0.000189 (0.0255)	-0.0243 (-1.365)
LnTenure	-0.0210*** (-4.062)	-0.0138*** (-4.689)	0.00159 (0.319)
ARC	0.0784* (1.839)	0.0741** (3.021)	-0.0180 (-0.330)
Loss	0.0128 (1.552)	0.00517 (0.860)	0.0153 (1.064)
Intercept	4.237*** (116.3)	4.271*** (144.9)	4.438*** (88.03)
Observations	8,680	6,556	1,380
R-squared	0.262	0.249	0.347
Year FE and 2 Clust SE	Y	Y	Y

Table B.3**Audit Lag and Short Ratio across Filer Categories (Top vs Bottom Decile Short)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Decile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Decile of the cross-sectional distribution, or zero if *Short Ratio* is ranked in the bottom Decile of the cross-sectional distribution on a given year. All variables definitions in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Decile	-0.140*** (-5.728)	-0.0421** (-2.484)	-0.0725** (-2.561)
LnAT	-0.00608 (-0.827)	-0.00713 (-1.133)	-0.0136 (-1.336)
ICW	0.0991*** (4.068)	0.116*** (7.174)	0.0328 (1.431)
BTM	0.0408*** (3.388)	0.0243*** (4.351)	0.0381*** (3.907)
Foreign	-0.0672*** (-5.377)	0.00288 (0.236)	0.00715 (0.342)
OcfAT	0.0316 (0.460)	0.0242 (1.007)	0.0470 (0.881)
ROA	-0.0814 (-1.355)	-0.0368 (-1.245)	-0.0582 (-1.091)
GC	0.0898 (1.548)	0.121*** (4.287)	0.134*** (4.423)
Busy	0.0290 (1.176)	0.0262 (1.648)	0.0334 (1.395)
UE_Inc	0.00193 (0.272)	0.00647 (0.832)	0.00306 (0.159)
Big4	-0.0398** (-2.356)	0.00790 (0.804)	-0.0355 (-1.020)
LnTenure	-0.0182* (-2.129)	-0.0142*** (-3.668)	0.00274 (0.239)
ARC	0.0407 (0.520)	0.0839** (2.620)	-0.196* (-2.031)
Loss	0.0105 (0.811)	-0.000810 (-0.0897)	-0.0140 (-0.422)
Intercept	4.256*** (61.10)	4.232*** (110.8)	4.428*** (63.80)
Observations	3,443	2,586	506
R-squared	0.360	0.292	0.393
Year FE and 2 Clust SE	Y	Y	Y

Table B.4**Audit Lag and Short Ratio across Filer Categories (Top Tercile Short Ratio)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Tercile* is a dummy variable taking value one if *Short Ratio* is ranked in the top tercile of the cross-sectional distribution on a given year, or zero otherwise. The definition of all variables is presented in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Tercile	-0.0263*** (-6.620)	-0.0147** (-3.023)	-0.0305** (-2.973)
LnAT	-0.00924** (-2.579)	-0.0136*** (-3.342)	-0.0368*** (-6.948)
ICW	0.101*** (11.66)	0.120*** (25.63)	0.0573*** (5.679)
BTM	0.0420*** (4.456)	0.0229*** (4.523)	0.0273*** (5.677)
Foreign	-0.0577*** (-5.416)	0.00914 (1.267)	0.0172 (1.518)
OcfAT	-0.0427 (-1.476)	0.0130 (0.822)	0.0882*** (3.399)
ROA	-0.0244 (-0.890)	-0.00399 (-0.309)	-0.0543*** (-3.561)
GC	0.140** (2.888)	0.108*** (5.853)	0.138*** (7.127)
Busy	0.0187 (1.693)	0.0141 (1.503)	0.0290* (2.168)
UE_Inc	-0.00490* (-2.009)	-0.00487 (-1.733)	-0.0187** (-2.964)
Big4	-0.00914 (-0.851)	-0.00524 (-0.869)	-0.0165 (-1.092)
LnTenure	-0.0175*** (-4.062)	-0.0122*** (-4.395)	-0.00263 (-0.593)
ARC	0.0754* (2.037)	0.0383 (1.764)	0.0119 (0.369)
Loss	0.0122** (2.307)	0.00959* (2.050)	0.0141 (1.231)
Intercept	4.141*** (131.0)	4.274*** (142.1)	4.465*** (127.7)
Observations	17,385	13,151	2,828
R-squared	0.216	0.213	0.303
Year FE and 2 Clust SE	Y	Y	Y

Table B.5**Audit Lag and Short Ratio across Filer Categories (Top Quartile Short Ratio)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quartile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Quartile of the cross-sectional distribution on a given year, or zero otherwise. The definition of all variables is presented in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quartile	-0.0219*** (-4.584)	-0.0158** (-2.987)	-0.0287*** (-3.354)
LnAT	-0.00840** (-2.296)	-0.0137*** (-3.423)	-0.0369*** (-6.645)
ICW	0.100*** (11.68)	0.119*** (25.81)	0.0574*** (5.659)
BTM	0.0421*** (4.434)	0.0231*** (4.542)	0.0278*** (5.512)
Foreign	-0.0578*** (-5.402)	0.00899 (1.244)	0.0169 (1.486)
OcfAT	-0.0418 (-1.441)	0.0132 (0.833)	0.0925*** (3.633)
ROA	-0.0252 (-0.938)	-0.00413 (-0.315)	-0.0572*** (-3.665)
GC	0.140** (2.930)	0.107*** (5.859)	0.139*** (7.082)
Busy	0.0189 (1.702)	0.0142 (1.511)	0.0288* (2.135)
UE_Inc	-0.00485* (-2.043)	-0.00480 (-1.711)	-0.0189** (-2.976)
Big4	-0.00895 (-0.821)	-0.00524 (-0.870)	-0.0170 (-1.120)
LnTenure	-0.0175*** (-4.080)	-0.0122*** (-4.409)	-0.00222 (-0.503)
ARC	0.0769* (2.082)	0.0382 (1.762)	0.0114 (0.348)
Loss	0.0108* (2.148)	0.00945* (2.001)	0.0141 (1.243)
Intercept	4.130*** (129.7)	4.274*** (142.3)	4.462*** (127.5)
Observations	17,385	13,151	2,828
R-squared	0.215	0.213	0.302
Year FE and 2 Clust SE	Y	Y	Y

Table B.6**Audit Lag and Short Ratio across Filer Categories (Top Quintile Short Ratio)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Quintile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Quintile of the cross-sectional distribution on a given year, or zero otherwise. The definition of all variables is presented in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Quintile	-0.0209*** (-4.180)	-0.0145** (-2.577)	-0.0371*** (-3.619)
LnAT	-0.00806** (-2.209)	-0.0139*** (-3.474)	-0.0369*** (-6.589)
ICW	0.0994*** (11.37)	0.119*** (25.81)	0.0573*** (5.697)
BTM	0.0420*** (4.429)	0.0233*** (4.548)	0.0277*** (5.543)
Foreign	-0.0579*** (-5.396)	0.00910 (1.260)	0.0167 (1.458)
OcfAT	-0.0419 (-1.443)	0.0136 (0.865)	0.0919*** (3.646)
ROA	-0.0252 (-0.940)	-0.00387 (-0.295)	-0.0573*** (-3.739)
GC	0.141** (2.962)	0.108*** (5.870)	0.139*** (7.055)
Busy	0.0190 (1.699)	0.0141 (1.507)	0.0289* (2.138)
UE_Inc	-0.00477* (-1.995)	-0.00483 (-1.746)	-0.0188** (-2.981)
Big4	-0.00889 (-0.812)	-0.00504 (-0.832)	-0.0169 (-1.117)
LnTenure	-0.0175*** (-4.083)	-0.0123*** (-4.448)	-0.00204 (-0.458)
ARC	0.0775* (2.094)	0.0385 (1.776)	0.0107 (0.330)
Loss	0.0103* (2.038)	0.00927* (1.989)	0.0147 (1.305)
Intercept	4.126*** (130.9)	4.274*** (142.2)	4.462*** (127.6)
Observations	17,385	13,151	2,828
R-squared	0.214	0.212	0.303
Year FE and 2 Clust SE	Y	Y	Y

Table B.7**Audit Lag and Short Ratio across Filer Categories (Top Decile Short Ratio)**

In this table, we present the results from OLS regressions where the dependent variable is *LnRepLag* measured as the natural log of the number of days between the fiscal year end and the signature of the audit report. *Short Ratio Top Decile* is a dummy variable taking value one if *Short Ratio* is ranked in the top Decile of the cross-sectional distribution on a given year, or zero otherwise. The definition of all variables is presented in Appendix A. Significance at the 1%, 5% and 10% level is denoted by ***, **, * respectively.

VARIABLES	(1) LnRepLag Large Accelerated	(2) LnRepLag Accelerated	(3) LnRepLag Non Accelerated
Short Ratio Top Decile	-0.0192** (-2.345)	-0.0141** (-2.631)	-0.0122 (-0.734)
LnAT	-0.00732* (-2.023)	-0.0143*** (-3.575)	-0.0383*** (-6.944)
ICW	0.0992*** (11.33)	0.119*** (26.26)	0.0575*** (5.945)
BTM	0.0420*** (4.379)	0.0237*** (4.615)	0.0285*** (5.264)
Foreign	-0.0575*** (-5.324)	0.00937 (1.301)	0.0167 (1.411)
OcfAT	-0.0401 (-1.397)	0.0140 (0.896)	0.0939*** (3.598)
ROA	-0.0251 (-0.967)	-0.00339 (-0.258)	-0.0547*** (-3.403)
GC	0.141** (3.031)	0.108*** (5.895)	0.139*** (6.790)
Busy	0.0189 (1.694)	0.0142 (1.529)	0.0282* (2.109)
UE_Inc	-0.00480* (-2.015)	-0.00470 (-1.718)	-0.0202*** (-3.354)
Big4	-0.00952 (-0.861)	-0.00491 (-0.808)	-0.0172 (-1.141)
LnTenure	-0.0175*** (-4.084)	-0.0124*** (-4.514)	-0.00163 (-0.349)
ARC	0.0781* (2.110)	0.0394* (1.812)	0.0146 (0.453)
Loss	0.00933* (1.851)	0.00903* (1.967)	0.0136 (1.175)
Intercept	4.118*** (130.4)	4.275*** (141.9)	4.464*** (126.5)
Observations	17,385	13,151	2,828
R-squared	0.213	0.212	0.299
Year FE and 2 Clust SE	Y	Y	Y