

Internet Appendix A233: Chinese-English Dual Language Example (2)

Pitcher's Name 作者姓名	周青	FoR category 论文类别	资本市场, 金融监管	Date Completed 完成时间	2017年2月2日
(A) Title 论文题目	政府声誉介入下的上市公司虚假信息披露博弈分析				
(B) Basic Research Question 研究问题	政府干预如何影响上市公司虚假信息披露?				
(C) Key paper(s) 重要文献	<p>[1] Kreps, David M., and Robert Wilson. "Reputation and imperfect information." <i>Journal of economic theory</i> 27.2 (1982): 253-279.</p> <p>[2] Camerer, Colin, and Keith Weigelt. "Experimental tests of a sequential equilibrium reputation model." <i>Econometrica: Journal of the Econometric Society</i> (1988): 1-36.</p> <p>[3] King, Ronald R. "Reputation formation for reliable reporting: An experimental investigation." <i>The Accounting Review</i> (1996): 375-396.</p>				
(D) Motivation/Puzzle 研究动机/解决疑惑	<p>国内外已有关于上市公司信息披露声誉建立的研究大多是在声誉机制实现条件得到满足情况下进行的作用分析。虽有部分研究指出上市公司信息披露声誉建立是有条件的, 但并未结合特定披露及监管制度对声誉机制建立的条件进行解析, 立足政府声誉在上市公司声誉中作用视角进行的探索较为鲜见, 特别是运用多阶段动态博弈透视政府声誉。本文基于声誉机制建立的重要条件——对个体有价值的行为与对社会有价值的行为一致切入, 通过对引入政府声誉进行政府—上市公司—投资者三方单阶段与多阶段博弈的模型分析, 解读政府声誉介入下上市公司虚假信息披露的内在机理, 并进行实证检验。</p>				
THREE	Three core aspects of any empirical research project i.e. the “IDioTs” guide 文章实证检验的三个重要方面				
(E) Idea? 研究思路?	<p>(1) 中国证监会规定上市公司配股, 增发等再融资须达到ROE 6%-10% 以上。2006 中国证监会对ROE政策要求进行了修改;</p> <p>(2) 根据中心极限定理, 如果不存在产生系统误差的明显因素, 且样本量足够大, 那么, ROE 的分布近似于服从正态分布;</p> <p>(3) 根据以上两条, 我们的主要研究假设为:</p> <p>研究假设一: 如果存在盈余操纵, 那么, 在ROE 的频数分布中, 微亏公司的频数异常低, 微利公司的频数异常高; 略低于配股、增发“及格线”的观测值频数非常低, 而略高于配股、增发“及格线”的观测值频数极高;</p> <p>研究假设二: 如果存在盈余操纵, 那么, 配股政策变动后, 所影响年份的上市公司净资产收益率分布将发生显著变化, 趋向于靠拢新配股政策规定, 随着配股政策的调整轨迹而亦步亦趋。</p>				
(F) Data? 数据?	<p>本文样本为1993-2007年沪深两市挂牌交易剔除金融保险业所有A 股公司 (金融保险行业与普通行业的收入性质、经营方式有很大差异), 剩余样本量13, 231家, 数据选自CSMAR 数据库。</p>				
(G) Tools? 研究方法	<p>(1) 描述性统计方法: 图 1 ROE 分布图</p> <p>(2) Fridman 和 Kendall's W 检验</p>				

TWO	Two key questions 两个重要的问题
(H) What's New? 创新点	<ul style="list-style-type: none"> (1) 考虑中国证券市场核准制特征，修改传统声誉模型，建立政府·公司·市场三方博弈模型，并推导均衡条件； (2) 立足中国现实，研究在中国市场条件下，声誉机制如何失效，提供声誉模型新思路。
(I) So What? 为什么重要?	我们的研究为中国证券市场监管提供政策建议。我们的研究及说明核准制会降低声誉机制在减小信息不对称方面的作用。我们建议中国证监会进行市场化改革，采用注册制 ¹ 。
ONE	One bottom line 一个概要
(J) Contribution? 贡献	<ul style="list-style-type: none"> (1) 与基于美国市场研究发现不一致，我们发现在核准制条件下，声誉机制不能有效降低中国市场公司信息披露造假行为； (2) 核准制导致企业围绕监管红线进行盈余操纵； (3) 基于中国市场现实，不同于传统两方博弈的声誉模型，我们建立政府参与的三方博弈模型。
(K) Three Key Findings 三个主要研究结论	<ul style="list-style-type: none"> (1) 在目前声誉机制作用环境下，政府声誉介入反而容易催化上市虚假信息披露。尤其当政府声誉客观上强化投资者对上市公司信心时，危险更大。以“利弊为基础”的金融监管制度对上市公司进行实质性审查，实际上是替代市场对上市公司进行价值判断，减少投资者对上市公司披露信息的细致考察，将基于对政府的信任转嫁到上市公司，在上市公司采用虚假信息披露伪装成业绩优良公司时，声誉机制发挥作用会对社会造成危害； (2) 实证检验中，略高于监管要求ROE的公司频数异常高，而略低于该监管要求的公司频数异常低。说明有非随机因素影响ROE分布； (3) 在2006年监管政策变化前后，ROE分布存在显著差异。综上，中国上市公司存在显著的围绕监管红线的盈余操纵行为。

¹ 研究是在2007年进行的。当中国会采用核准制。自2015年后，中国会逐步进行市场化改革，并改用注册制。

Pitcher's Name	Clara (Qing) Zhou	FoR category	Capital market, financial regulation	Date Completed	02/Feb/2017
(A) Title	The game of fraudulent reporting: the role of the government				
(B) Basic Research Question	How the government's intervention affects firms' fraudulent reporting?				
(C) Key paper(s)	<p>[1] Kreps, David M., and Robert Wilson. "Reputation and imperfect information." <i>Journal of Economic Theory</i> 27.2 (1982): 253-279.</p> <p>[2] Camerer, Colin, and Keith Weigelt. "Experimental tests of a sequential equilibrium reputation model." <i>Econometrica: Journal of the Econometric Society</i> (1988): 1-36.</p> <p>[3] King, Ronald R. "Reputation formation for reliable reporting: An experimental investigation." <i>The Accounting Review</i> (1996): 375-396.</p>				
(D) Motivation/Puzzle	<p>Reputation has been recognized as a mechanism for mitigating information asymmetry. Existing studies document that managers are incentivized to build up firms' reputation in capital markets by improving reporting quality, which can lower firms' cost of capital. However, whether the reputation can serve as an implicit contract to reduce information asymmetry depends on certain conditions. Under Chinese current approval-based IPO system, two important conditions are violated: (1) the cost and benefit functions are twisted; (2) the inconsistency of firms' and markets' objective functions. By modifying the classical reputation game model between firms and the market, we introduce a third participant – the government and examine how the government intervention under the approval-based IPO system affects the equilibrium of the game. Further, we empirically test whether there is significant earnings management behavior around the threshold value set by China Securities Regulatory Commission (CSRC) for firms' Seasoned Equity Offering (SEO).</p>				
THREE	Three core aspects of any empirical research project i.e. the “ IDioTs ” guide				
(E) Idea?	<p>(1) In China, under approval-based IPO system, CSRC sets minimum ROE requirement for SEO (i.e. firms' ROE must be above 6% -10%). There is a policy change in 2006;</p> <p>(2) According to central limit theorem, in a large sample without systematic biases, the ROE follows a normal distribution;</p> <p>(3) Based on the two points above, our hypotheses are: H1: If there is earnings manipulation, we expect to observe that the frequency of minor-loss and low-profit firms is abnormally low; and that the frequency of firms whose ROE are slightly above (below) the regulatory threshold is abnormally high (low); H2: If there is earnings manipulation, we expect to observe that the distributions of ROE in the year before and after the 2006 policy change are significantly different.</p>				
(F) Data?	<p>(1) Sample period: from 1993 to 2007 (covers the regulation changes in 2006);</p> <p>(2) Sample: A-Share companies listed in both Shanghai and Shenzhen Stock Exchanges, we omit companies in financial industries. Sample contains 13,231 firm-year observations;</p> <p>(3) Data source: CSMAR.</p>				
(G) Tools?	<p>(1) Descriptive statistics: Figure 1 Distribution chart of ROE</p> <p>(2) Fridman and Kendall's W tests</p>				

TWO	Two key questions
(H) What's New?	(1) To reflect the characteristics of an approval-based IPO system in China, we modify the assumption made in classical KMRW (Kreps and Wilson, 1982), and we introduce a third player into the game i.e. government. We build a multi-stage dynamic game model with incomplete information and deriving perfect Bayesian equilibrium conditions; (2) Provide novel insights into how government intervention weakens the reputation mechanism in disciplining listed companies' disclosure.
(II) So What?	We provide policy implications for regulators. Our findings suggest that the approval-based IPO system reduces the effectiveness of the reputation mechanism in mitigating information asymmetry in capital markets. Therefore, CSRC should consider adopt registration-based system ² .
ONE	One bottom line
(J) Contribution?	(1) The reputation mechanism does not work under the approval-based IPO system in China, which contrasts findings in the U.S. market that adopts a registration-based system; (2) We also contribute to the literature by building up a three-participant game model with government intervention.
(K) Three Key Findings	(1) We derive equilibrium conditions in the three-participant (i.e., listed firms, the market investor and government) game. We find that the government intervention increases investor' reliance on government's reputation and regulation, thus improves investors' confidence in firms' disclosure quality. In equilibrium, a low-profitability firm tends to manipulate earnings to meet regulatory requirements; (2) The majority of firms' ROE are slightly above the required 6%-10%, and few firms' ROE are slightly below the threshold values, indicating that there are non-random factors affect the ROE distribution; (3) There are significant changes in ROE distribution from after the policy change in 2006. This indicates that there is obvious earnings manipulation around regulatory required critical values.

² This study is conducted in 2007 when approval-based IPO system is in use. Since 2015, China Securities Regulatory Commission started a series of regulation reforms and has changed from an approval-based to registration-based system.