

Director-Liability-Reduction Laws and Conditional Conservatism

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Compliance with Data Policy for the Journal of Accounting Research

1. *A description of which author(s) handled the data and conducted the analyses.*

- Yi Liang handled the data and conducted the empirical analyses.

2. *A detailed description of how the raw data were obtained or generated, including data sources, the date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated source of the raw data.*

- We obtained our raw data from the following sources, which both authors can access:
 - a) Roberta Romano provided enactment-year data for director-liability-reduction laws via email on November 30, 2015. These enactment-year data are listed in Table 1.
 - b) b. We obtained financial statement data from Compustat via Wharton Research Data Services (WRDS). We downloaded the data (except for inventories INVT and receivables RECT) on January 18, 2016. We downloaded the inventories and receivables data on December 20, 2017.
 - c) c. We obtained stock return data from CRSP provided by WRDS. We downloaded the data on January 18, 2016.
 - d) d. We obtained institutional ownership data from Thomson Reuters Institutional Holdings (13f) via WRDS. We downloaded the data on January 26, 2016.
 - e) e. We obtained institutional investor classification data from Brian Bushee's website (<http://acct.wharton.upenn.edu/faculty/bushee/>). We downloaded the data on July 29, 2016.
 - f) f. We obtained historical incorporation state data from (1) 10-K heading (downloaded on February 21, 2017 from Bill McDonald's website http://www3.nd.edu/~mcdonald/10-K_Headers/10-K_Headers.html), (2) Compact Disclosure company address data obtained on February 26, 2017, and (3) IRRC database obtained on February 16, 2017. Because these sources only contain incorporation state data as early as 1989, we further searched the company profiles on Mergent Online to identify any additional incorporation-state changes for the period before 1989. Our research assistant, Xinjie Ma, conducted the search between March 6, 2017 and March 8, 2017.
 - g) g. We obtained state-level GDP and population data from U.S. Bureau of Economic Analysis website <https://www.bea.gov/regional/>. We downloaded on the data on November 9, 2017.
 - h) h. We obtained G-index data for the years before 1990 from Professor Martijn Cremers on May 14, 2018. We downloaded G-index data for the years including and after 1990 from the ISS Governance Legacy database on May 14, 2018.

3. *If the data are obtained from an organization on a proprietary basis, the authors should privately provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to the editors about the data sharing agreement with the organization (e.g., non-disclosure agreement, any restrictions imposed by the organization on the authors with respect to publishing certain results).*

- Our data are from public sources and are not proprietary.

4. *A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental and survey papers, we require information about the instructions and instruments used to generate the data, subject eligibility and/or selection, as well as any exclusion criteria. The full set of instructions and instruments can be provided in the online appendix.*

- We describe our data and sample selection process in Section 4 of the paper.

5. The computer programs or code used to convert the raw data into the final dataset used in the analysis plus a brief description that enables other researchers to use this program. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the raw data were processed, the final sample was formed, variables were defined, outliers were treated, etc. This code or programming is in most circumstances not proprietary. However, we recognize that some parts of the code or data generation process may be proprietary, including from the authors' perspective. Therefore, instead of the code or program, researchers can provide a detailed step-by-step description of the code or the relevant parts of the code such that it enables other researchers to arrive at the same final dataset used in the analysis. In such cases, the authors should inform the editors upon initial submission, so that the editors can consider an exemption from the code sharing requirement. Whenever feasible, authors should also provide the identifiers (e.g., CIK, CUSIP) for their final sample. Authors should consult our FAQ Sheet on the JAR website for further details.

- We use SAS and STATA to convert the raw data and perform all analyses. The SAS and STATA codes are included with this document. The file "List of CIKs.txt" provides the CIKs of the firms in our final sample.

6. *An assurance that the data and programs will be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.*

- The authors will retain all original data and programs for at least six years.