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경영학석사 학위논문

# Why do Foreign Private Issuers File Annual Reports Late?

- An Analysis of Non-timely 20-Fs -

미국 소재 외국기업들은  
왜 연례보고서를 늦게 제출하는가?

2020년 2월

서울대학교 대학원  
경영학과 회계학 전공  
박 다 윷

# Why do Foreign Private Issuers File Annual Reports Late?

- An Analysis of Non-timely 20-Fs -

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이 논문을 경영학석사 학위논문으로 제출함

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# Abstract

## Why do Foreign Private Issuers File Annual Reports Late?

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Timeliness enhances the decision usefulness of accounting information for investors. To contribute to the health of capital markets, firms should meet time requirements. Yet, many firms are late in filing their financial statements. This paper focuses on the nature of the delays by foreign private issuers. The results show that accounting issues contribute to the greatest delays. The paper also examines short-window market reactions to the foreign issuers' non-timely notifications. Results show the market penalizes foreign issuers when they file late. This paper sheds light on foreign issuers' non-timeliness and its capital consequences.

**Keywords:** *timeliness, 20-F, 12b-25, non-timely notifications, market reactions, grace period, foreign private issuers*

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# Chapter 1. Introduction

Timeliness means that information is available to decision-makers in time to be capable of influencing their decisions (IASB Conceptual Framework 2018). Decision-makers seek information to reduce uncertainty about future outcomes and timeliness may affect the payoff.<sup>①</sup> More timely information is less likely to be preempted (substituted) by other information.<sup>②</sup> Accounting information that is not timely is likely to be less useful because financial statement users are likely to have learned that information from other sources. Despite the enhancing qualitative characteristic of timeliness, a nontrivial number of firms do not file their financial statements on time. This paper examines the non-timeliness of foreign private issuers. Overall, this paper sheds light on the reasons of non-

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<sup>①</sup> Feltham (1968) discusses the value of information and reflects upon the concepts of relevance, timeliness, and accuracy. He states, “the timing of the receipt of information may affect the payoff” for two reasons: 1. the timing affects the information available when a decision is made and 2. the decision maker may delay his decision until he has received the information. He observes that there is a reporting delay because accountants must take the time to record, process, and transmit the data even if the intention is to report the data immediately. He notes that accuracy or content can be sacrificed to permit a decrease in reporting delay. Also, a change in the information system which increases costs could decrease reporting delay. Therefore, management should judge whether the value of decreasing delay exceeds the costs when deciding whether to file on time or not.

<sup>②</sup> Pinto and Sul (2019) observe that when there is little to no delay in between the local earnings announcement and the 20-F filing, more investors download the 20-F’s. Investors download significantly fewer 20-F’s for every day the 20-F filing is delayed.

timeliness and its capital consequences.

Rule 12b-25 of the Securities and Exchange Commission (SEC) requires companies that are unlikely to file their annual report on time to file a Form Non-Timely (NT) within one business day after the due date. If a company files Form NT (also known as Form 12b-25) on time, then an automatic one-time grace period of 15 days is granted to submit the annual report. Management must provide a narrative explaining why the company is filing late and indicate whether the annual report will be filed within the allowed grace period. If the company files a timely Form NT and subsequently files within the grace period, then the company avoids SEC-imposed penalties. If the company fails to file within the grace period, the company incurs a variety of costly penalties including deregistration by the SEC.

Most of the prior literature on non-timeliness focuses on domestic issuers (e.g. Alford, Jones, and Zmijewski 1994; Feldman et al. 2006; Bryant-Kutcher, Peng, and Zvinakis 2007; Dee, Hillison, and Pacini 2010; Impink et al. 2012; Duarte-Silva et al. 2013; and Bartov and Konchitchki 2017), but this paper focuses on foreign private issuers. Foreign private issuers differ from domestic issuers as shown by the SEC's separate rulings on accelerations of domestic issuers' and foreign private issuers' annual report filing deadlines. The SEC proposed the rule to enhance foreign issuer reporting and

received and reviewed comments to take into consideration the differences between domestic issuers and foreign private issuers.<sup>③</sup>

Here is an excerpt of a comment letter by Myung Whan Kim, Director of Korea Electric Power Corporation as an example of the steps taken to prepare Form 20-F (an annual report form for foreign private issuers):

*We typically take the following steps in the course of preparing Form 20-F.*

- Under our articles of incorporation, we must have our standalone financial statements for the preceding year approved at our annual general meeting of shareholders to be held by the end of March. The articles of incorporation for each of our six generation subsidiaries also require the same. Our generation subsidiaries account for a significant portion of our revenues, assets and operating income.*
- Under Korean securities laws, we and each of our generation subsidiaries are required to file on the FSS website by the end of March a Korean annual report, which contains the respective standalone financial statements and notes.*
- It generally takes us and our independent auditors one month following the annual general shareholders meetings of us and our generation subsidiaries (where the respective standalone financial statements are approved), i.e., the end of April, to prepare draft consolidated financial*

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<sup>③</sup> Please see the proposed rules of Foreign Issuer Reporting Enhancements at <https://www.sec.gov/rules/proposed/2008/33-8900.pdf>. For comments, see <https://www.sec.gov/comments/s7-05-08/s70508.shtml>.

*statements and notes thereto in accordance with Korean GAAP, which is suitable for preparing the management's discussion and analysis ("MD&A") section of Form 20-F.*

- *It generally takes one and a half to two months following the availability of such draft financial statements and notes thereto, i.e., by mid-June to the end of June, to translate such draft into English, have the English translation reviewed by the management and finalize the English financial statements and notes thereto to a level where our chief executive officer and chief financial officer may perform the required internal control procedures and provide the certifications required for Form 20-F.*

*Given such tight timeline, accelerating the due date for Form 20-F would seriously undercut the time required, among others, for (i) the preparation of the MD&A, which requires careful diligence, deliberation and drafting, (ii) the undertaking of the procedures required for our management to make its assessment of the effectiveness of internal controls, (iii) the undertaking by our independent registered public accounting firm of their audit procedures and procedures required for its attestation regarding the effectiveness of our internal controls, and (iv) translation of various Korean materials into English.*

The key difference between domestic issuers and foreign private issuers is that foreign private issuers must meet U.S. financial reporting requirements in addition to their home country's financial reporting requirements. Therefore, home country

differences (e.g. regulations and language) may factor into the timeliness of foreign private issuers' filings of annual reports.

In the final ruling of Foreign Issuer Reporting Enhancements, the SEC stated: "We will continue to monitor market developments to consider whether it would be appropriate to accelerate further the due date for Form 20-F annual reports." This paper investigates the narratives of non-timely foreign private issuers on NT 20-F's and provides explicit evidence on why foreign private issuers are not able to meet the annual report filing deadline. Through this investigation, this paper provides foreign private issuers' timeframes in preparing annual reports contingent upon the reasons stated in the narratives. The purpose of this paper is to gain insight into how foreign private issuers can provide annual reports in the U.S. on a timelier basis by understanding the root problems of foreign private issuers' non-timeliness when filing annual reports.

This paper also examines the capital consequences related to late filings by observing stock price reactions to NT 20-Fs. In consideration of the costly penalties, I expect that the market will respond negatively to NT 20-Fs in which management indicates that they intend on filing outside of the grace period. I question whether investors will respond negatively to NT 20-Fs in which management indicates that they intend on filing within the grace period. Because filings within the grace period would be considered on time by the

SEC and thus would impose none of the costly penalties of failing to file on time, there could be no market response. On the other hand, there could be a negative market response because the company was unable to meet the original filing deadline. Considering that a large proportion of the sample are NTs with management declaring they will file within the grace period (86 percent of the sample), if there is no market response to these filings, there could be no market response for the sample.

I begin the analysis with a sample of 290 foreign private issuers that file a non-timely notification. Here are the contributions to the literature. I provide empirical evidence that accounting is one of the most frequently cited reasons on the narratives of NT 20-Fs. Moreover, the average delay is longest when accounting issues are cited as the reason for delay (40 days) than when corporate events (such as change in personnel) explain the delay (25 days), or when reasons are unspecified (25 days).

I run a regression with the delay in filing as the dependent variable and different narratives of NT 20-Fs stating accounting issues as independent variables. I sort the reasons within each narrative into seven variables: accounting issues, weak controls, investigation, auditor, changes, error, and restatements. The regression's results show that the most significant delays are due to weak controls and error.

I then investigate the capital consequences of late filings by studying the short-window changes in stock prices on the dates that the non-timely notifications are filed.<sup>④</sup> An analysis of the whole sample finds that there is a significant and negative market reaction to NT 20-F filings (-1.66 percent). Although the NT 20-Fs are often preempted by confounding events—information within 6-Ks or press releases—there is a significant and negative market reaction. Even if management declares they will file within the grace period, there is a significant and negative market reaction to NT 20-F filings (-1.68 percent). An analysis of a subsample consisting of NTs with management declaring they intend on filing outside the grace period with reasons that are unspecified shows a negative market reaction (-8.78 percent); the market considers no news to be bad news when management intends on filing outside of the grace period. There is also a significant and negative market reaction when management states accounting reasons for the delays in the overall sample (-1.96%) and even when management indicates they intend on filing within the grace period (-2.76%).

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<sup>④</sup> The event study method used here is inspired by Ball and Brown (1968). Ball and Brown (1968) explores empirical capital markets research and finds the markets' reaction to announcements of earnings. Their event study examines a narrow window securities market reaction to the announcement of earnings. Three classes of data are of interest: contents of the reports, dates of the report announcements, and movement of security prices around the announcement dates. They find accounting information to be value relevant. One underappreciated finding of their seminal work is that the annual report does not rate highly as a timely medium. Most of its content (about 85 to 90 percent) is captured by more prompt media.

Overall, this paper contributes to the financial accounting literature concerning the non-timeliness of 20-F's and how the market responds to management's narratives. This paper contributes to understanding why foreign private issuers file their annual reports late and the capital consequences. The implications of this research shed light on the wisdom of management's discretion when writing the narrative of their NT 20-Fs and on the specific reasons that 20-F filings are delayed.

The rest of this paper proceeds as follows. Chapter 2 provides institutional background and reviews prior literature. Chapter 3 presents the variable definitions and data of the research. Chapter 4 outlines the tests and reports the results. Chapter 5 summarizes the findings and states the conclusions.

# Chapter 2. Institutional Background and Prior Literature

## 2.1. Foreign Private Issuers

Foreign private issuers can access capital markets in the United States (“U.S.”) via American Depositary Receipts (ADRs). In the early 20<sup>th</sup> century, JP Morgan created ADRs allowing U.S. investors to invest U.S. dollars in a non-U.S. company without the challenges of adapting to foreign market policies and procedures. Today—in the early 21<sup>st</sup> century—there are more than 3,000 ADRS available representing foreign private issuers of more than 70 countries. Statistics show that the demand for ADRs and the number of ADRs have been growing as investors seek global diversification.<sup>⑤</sup>

In 2008, the Securities Exchange Commission (“SEC”) adopted enhancements to foreign issuer reporting to promote cross-border capital flows and improve the accessibility of the U.S.’s capital market to foreign private issuers. For example, the SEC adopted rules to permit foreign private issuers to file in accordance with International Financial Reporting Standards (“IFRS”), as issued by the

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<sup>⑤</sup> According to a representative of Fisher Investments, clients—many U.S. individuals—also invest in ADRs because of tax benefits.

International Accounting Standards Board (“IASB), without reconciliation to generally accepted accounting principles (“GAAP”) used in the United States.<sup>⑥</sup> To list on the U.S. stock market, an ADR must be sponsored (a U.S. Bank becomes responsible for the recordkeeping, distribution of dividends and shares, etc.) and meet the reporting requirements under the Securities Exchange Act of 1934. Depending on the level of reporting requirements met, an ADR can establish a greater presence in the U.S. stock market and raise capital. Foreign private issuers in the most prestigious tiers of ADRs must file their annual reports on Form 20-Fs and submit materials distributed to shareholders in their home countries on Form 6-Ks. In addition to the general reporting requirements of the SEC, there are also specific reporting requirements by the stock exchanges.

Home country differences such as economic, social, and political conditions can affect a foreign private issuer’s stock price and financial results. Specifically, reporting requirements of the foreign private issuers’ home countries can differ from those of the U.S. Some home countries have shorter deadlines than the U.S. Therefore, investors are advised to be aware of home country differences when investing internationally.

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<sup>⑥</sup> Please see Islam and Stammerjohan (2018) for a review of the literature before and after the 20-F reconciliation requirement.

## 2.2. Financial Statement Filing Requirements

The adoption of Form 20-F<sup>⑦</sup> occurred nearly 30 years ago from February 2008. In September 2008, the SEC accelerated the filing deadline for the annual report on Form 20-F from six months to four months after a foreign private issuer's fiscal year-end regardless of size.<sup>⑧</sup> The amendment took place to enhance the information that is available to investors as a part of a series of initiatives that seek to effect changes in disclosure and other requirements applicable to foreign private issuers in light of market developments, new technologies, and other matters in a manner that promotes investor protection and cross-border capital flows.<sup>⑨</sup>

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<sup>⑦</sup> For an example of Form 20-F, please see

<https://www.sec.gov/about/forms/form20-f.pdf>

<sup>⑧</sup> The new rules are codified in SEC Release No. 33-8959 (please see <http://www.sec.gov/rules/final/2008/33-8959.pdf>). The effective date is December 5, 2008. (b) A foreign private issuer must file its annual report on this Form within the following period: (1) Within six months after the end of the fiscal year covered by the report for fiscal years ending before December 15, 2011; and (2) Within four months after the end of the fiscal year covered by the report for fiscal years ending on or after December 15, 2011.

<sup>⑨</sup> The SEC proposed amendments to the filing due date for Form 20-F to reflect technological and other developments that have occurred in the nearly 30 years that have elapsed since Form 20-F was first adopted. Technological advances have made it easier for companies to process and disseminate information quickly. Also, many foreign private issuers registered with the Commission have a three-month due date for filing annual reports in their home country. Investors also evaluate and react to information in a shorter timeframe, and many now expect to receive information on a faster basis. Annual reports that are filed on a faster basis would not only provide investors with more timely access to these filings, but also improve the delivery and flow of reliable information to investors and the capital markets, thereby helping to improve the efficiency of the markets.

## 2.3. Non-timely Annual Report Filings

When foreign issuers delay their filings of Forms 20-F, investors pay the trading costs that occur when making investment decisions amidst greater information asymmetry. In addition, the firm faces potential legal consequences when 20-F filing deadlines are not met, some of which are severe. The SEC could take legal action against the delinquent foreign private issuer and its officers and directors seeking monetary or other penalties. Furthermore, the SEC could issue an Order Instituting Administrative Proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934 (Exchange Act) for failing to file with the SEC annual reports on Form 20-F, a violation of Section 13(a) of the Exchange Act and Rule 13a-1 thereunder. Pursuant to Section 12(j) of the Securities Exchange Act of 1934, the registration of each class of registered securities could be revoked.

If a company is unable to file its 20-F on time, then the company should file Form NT no later than one business day after the original due date of the 20-F. If Form NT is filed on time, a one-time grace period of 15 days (for annual reports) is automatically granted. Although Rule 12b-25 states that extensions are granted only when a firm filing on time would incur “unreasonable effort or

expense,” the SEC does not formally decide whether the reasons for the late filing provided in Form NT are justifiable (Morse, Barnes-Brown & Pendleton 2009). Part II of Form NT requires management to indicate whether they expect to file within the grace period by checking a box. Part III of Form NT requires management to provide the reasons for the late filing.<sup>⑩</sup> In addition, Part IV(3) of Form NT requires registrants to state whether they anticipate that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof. If management expects a “significant change” in earnings relative to the corresponding prior period then management should attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made. If the company subsequently files the late 20-F within the granted grace period, the company is considered by the SEC to have filed in a timely manner, and incurs no SEC-imposed penalties.<sup>⑪</sup> This suggests that as long as a company files within the SEC’s grace period, the market may consider the late filing to be a benign event and not react negatively

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<sup>⑩</sup> For an example of a Form NT (also known as Form 12b-25), please see <https://www.sec.gov/about/forms/form12b-25.pdf>

<sup>⑪</sup> The one exception is that the company is not allowed to issue securities until the late reports are filed.

to the non-timeliness.

[Figure 1]

Over the years, the frequency of late filings has been volatile due to a variety of changes in the financial reporting environment. For example, Chan et al. (2015) investigate the effects the new accelerated deadline from about 180 days to 120 days had and find that there is a significant reduction in the filing lags and a change in their distribution for fiscal year 2011. On the other hand, they find that about 6 percent of the firms still filed their Form 20-F reports late. The authors also find that 20-F filing lags are negatively related to the use of International Financial Reporting Standards (IFRS) or U.S. GAAP in 20-F reports and use of the English language in foreign firms' home countries. Another factor that is likely to adversely impact timely reporting is the frequency of restatements. Srinivasan, Wahid, and Yu (2015) find that the restatement rate of U.S.-listed foreign firms is significantly lower than that of comparable U.S. firms and that the difference depends on the firm's home country characteristics. Foreign firms from countries with a weak rule of law are less likely to restate than are firms from strong rule of law countries. Thus, market developments will continue to cause the incidence of late filings to fluctuate over time.

## 2.4. Prior Literature

Chamber and Penman (1984) document results indicating that accounting reports contain some information about specific firms which is not provided by other sources, regardless of the time lag of the reports. They also find that firms publish reports early when they have good news resulting in positive abnormal returns and find that when firms publish reports late, market participants interpret the failure to report on time as a forecast of bad news. They also find an inverse relationship between firm size (measured by market value) and reporting lag.

Alford et al. (1994) document the frequency of non-timely filings and describe the financial characteristics of the firms. They concluded that in fact, as many as 20 percent of 10-K filings are filed after the statutory filing date and that “on average late filers are small, have negative accounting rates of return, negative earnings changes, low liquidity, and high financial leverage.” Alford et al. (1994) state that verifying the value-relevance of NTs is a worthy study considering that implications of the studies examine the relevance of non-earnings financial statement information.

Feldman et al. (2006) find that the market reacts negatively to companies’ filings of Form 12b-25. They show that the stock market

reactions to over 9,000 late filings vary in an intuitive way according to the classified reasons. The most negative (severe) market reactions occur for bankruptcy-related and financial-condition-related delays. Auditor changes and reorganizations and restructurings that are unrelated to bankruptcy have the lowest (least severe) negative abnormal returns. Management changes and audit-related delays have negative abnormal returns that are in the middle, likely because they signal problems, but not as severe as those related to bankruptcy or necessary financing.

Bryant-Kutcher, Peng, and Zvinakis (2007) find the factors that are associated with the timeliness of the filing of the annual report by developing a model of the probability of a late filing. They consider the following determinants of late filings: financial distress, profitability, strength of internal control over financial reporting, the time it takes the auditor to complete the audit, and size. They find that late filers are more highly leveraged, less liquid, and less profitable than timely filers. In addition, they find that late filers have weaker systems of internal control and longer audit completion times. They find that the accelerated deadline did not cause firms to be late, but firms with weak internal control systems had problems meeting the shortened deadline.

Dee et al. (2010) find abnormally high trading volume around the filing of Form 12b-25, indicating that the filing does provide

information useful to the market. They find no overall market price reaction to late filings for the sample taken as a whole but find negative abnormal returns for firms that provide inadequate or boilerplate reasons for late filings, and positive abnormal returns for firms that provide apparently legitimate reasons for late filings. Their findings suggest that investors value information provided in Form 12b-25 and penalize firms when an adequate explanation is not provided for delays in filing.

Impink et al. (2012) examine the exogenous impact of Sarbanes Oxley Act (SOX) on delays in 10-K filings. They find that the tightened filing deadlines did not increase delays in 10-K filings. Yet, about half of the firms with internal control weaknesses filed their 10-Ks late. When these late filers file a Form 12b-25, they experience negative abnormal returns. Furthermore, they find more negative market reactions when management provides no meaningful narrative.

Duarte-Silva et al. (2013) investigate earnings delays accompanied by an announcement of the delay—late releases of preliminary earnings. The paper presents evidence on earnings delay announcements. They find that although only an estimated 2% of earnings delays are explicitly announced, the information conveyed by these disclosures can be material. They document that earnings delay announcements produce an average one-day abnormal stock

return of approximately -6%.

In a more recent paper, Bartov and Konchitcki (2017) investigate the short-window reaction to NTs and distinguish between filings that occur within or beyond the SEC grace period. They contrast the stock market reaction to late quarterly and annual financial statement filings to find that late quarterly financial statement filings are more value-relevant. Furthermore, they examine issues regarding management's declared intention to file within the SEC grace period. Moreover, they analyze post-announcement stock price returns and the post-NT operating performance of firms that file late.<sup>12</sup>

The current paper studies whether non-timely notifications can be a relevant signal for investors within the context of international investing within the U.S. In the current paper, 20-Fs are examined and thus differences with prior literature investigating domestic filers are expected. One key difference is that foreign private issuers have alternative sources of financial earnings made available via 6-Ks and other disclosures within home countries, so earnings may already be available although the 20-Fs are filed late. However, there is a similarity with the current paper and the prior

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<sup>12</sup> In other recent studies Cao, Calderon, Chandra, and Wang (2010) investigate market reactions to NT filings stating information system failures and Wang, Raghunandan, and McEwen (2013) examine the impact of non-timely filings on audit fees.

literature, the agreement that trading strategies based on this research would conclude that in general late filers should be sold short because they are likely to result in losses.

## Chapter 3. Variable Definitions and Data

### 3.1. Variable Definitions

[Figure 2]

One of the stock price holding periods Alford et al. (1994) examine begins one day after the 10-K due date and ends on the day the late 10-K is actually filed. They refer to this as the “delay period” (Alford et al. 1994, Table 5, Panel C). I follow Alford et al. 1994 and calculate *DelayDays* using a formula that returns the number of days between an end date (actual 20-F filing date) and beginning date (statutory 20-F filing date). With the *DelayDays*, I use a dummy variable to indicate whether management filed within the grace period or not—15 days from the NT 20-F filing date. I take into consideration the possibility of the 15<sup>th</sup> day falling upon a weekend (Saturday or Sunday) or Holiday and account for these instances. I calculate the *DaysFiscalEndtoFSFiling* with the formula using the fiscal year end date as the beginning date. I use the SEC’s filing requirements that were effective during the sample period.<sup>13</sup> I

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<sup>13</sup> As aforementioned, the reporting deadline for annual reports filed on Form 20-F by foreign private issuers were accelerated from six months to four months after the issuer’s fiscal year-end. A foreign private issuer must file its annual report on Form

use the dates of Audit Analytics to calculate *DelayDays* and *DaysFiscalEndtoFSFiling*.

I measure buy-and-hold abnormal returns over the  $n$  trading days for firm  $i$  as prepared by Wharton Research Data Services (WRDS).<sup>⑭</sup> To measure expected returns, I use the three Fama and French (1993) factors, MKTRF, SMB, and HML, augmented by a momentum factor, UMD, following Carhart (1997). I first estimate the following model using an estimation window of 40 days, minimum number of valid returns as 30, gap of 55 days, event window start at -2 days, and event window end at +2 days:

$$R_{i,t} - R_{f,t} = \alpha_i + \beta_{MKTRF,i} \cdot MKTRF_t + \beta_{SMB,i} \cdot SMB_t + \beta_{HML,i} \cdot HML_t + \beta_{UMD,i} \cdot UMD_t + \varepsilon_{i,t},$$

where

$R_{i,t}$  = the daily return including dividends of firm  $i$  on day  $t$

$R_{f,t}$  = the daily return of a one-month Treasury bill on day  $t$

$MKTRF_t$  = the daily excess return of a value-weighted equity market portfolio on day  $t$

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20-F within six months after the fiscal year covered by the report for fiscal years ending before December 15, 2011 and within four months after the end of the fiscal year covered by the report for fiscal years ending on or after December 15, 2011. If the deadline date falls on a non-business day, I use an algorithm to calculate the first following business day as the deadline day.

<sup>⑭</sup> I use the U.S. Daily Event Study that allows researchers to study the effect of events on U.S. stocks by uploading one's own "events" file. The event study engine allows one to explore reactions to firm-specific events in the U.S. equity market.

$SMB_t$  = the risk factor of size (market value of equity)

$HML_t$  = the risk factor of book-to-market equity ratios

$UMD_t$  = the return on a momentum portfolio

I then use firm  $i$ 's estimated betas from WRDS to compute the expected return for firm  $i$  on day  $t$  as follows:

$$E(R_{i,t}) = R_{f,t} + \hat{\beta}_{MKTRF,i} \cdot MKTRF_t + \hat{\beta}_{SMB,i} \cdot SMB_t + \hat{\beta}_{HML,i} \cdot HML_t + \hat{\beta}_{UMB,i} \cdot UMB_t$$

## 3.2. Data

I obtain the sample of NT filers from the Audit Analytics Non-Timely Module Feed (NT) dataset for all 20-F late filings with fiscal year-ends between 2000 and 2018. I obtain accounting data from the annual Compustat databases. I had to retrieve the actual filing dates of the corresponding financial statements of the NT 20-Fs from the EDGAR database and use an algorithm to obtain the statutory filing dates.

I obtain the risk-free rate and the Fama-French and momentum factors from the Fama-French Portfolios and Factors dataset available through the WRDS. I retrieve data on stock prices, number of shares outstanding, and stock returns from the Center for Research in Security Prices (CRSP) Daily Stock File. I calculate the market value of equity by multiplying the number of shares by the stock price, adjusted for stock splits and stock dividends, and the six-month trailing return by compounding each firm's CRSP raw daily returns over the period.

[Table 1]

Table 1 reports the sample selection procedure. The initial

sample of NT filers consists of 1,408 observations (NT 20-Fs). Due to missing data on Compustat, CRSP, Audit Analytics, or EDGAR, there is a reduction of 900 observations.<sup>15</sup> I restrict the sample to unique firms filing NT 20-F for the first time reducing the sample size by 214 observations.<sup>16</sup> I then eliminate 2 observations with missing short window abnormal returns. I next exclude 2 NT filings that primarily delay for technical reasons.<sup>17</sup> This procedure yields a final sample of 290 NT filers. 14 NT filers never file 20-F's due to mergers, acquisitions, and revocation. Therefore, the final sample for the analyses of *DelayDays* results in 276 NT filers.

[Figure 3]

Based on the histogram above, during the 2000 to 2012 period, most companies (101 out of 181, or 56%) filed NT 20-F between 180 and 182 days after the fiscal period end.<sup>18</sup> The results make sense—management waits until the last day before admitting that they cannot

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<sup>15</sup> One reason for the reduction in observations is because many of the firms on Audit Analytics are not listed, but file reports with the SEC. Please see Lennox and Li (2014) for more details on the missing data.

<sup>16</sup> Investors may anticipate a repeated late filing and thus not react to the non-timely notification. Certain companies that file NT 20-F's tend to file a NT 20-F the following year. Therefore, I restrict the sample to consist of unique firms.

<sup>17</sup> A paper filing or computer problems with the EDGAR online filing system is unlikely to convey news.

<sup>18</sup> If the 180<sup>th</sup> day falls on a weekend, then the deadline is pushed to the next business day. By including days 181 and 182, I conservatively allow for the possibility that the 180<sup>th</sup> day for some of these companies was a Saturday or Sunday.

file their annual report on time. A significant number of companies file late NT filings. These non-timely non-timely 20-F notifications probably indicate internal control and financial reporting problems.<sup>19</sup>

[Figure 4]

Based on the histogram above, during the 2012 to 2018 period (after the deadline acceleration), most companies (81 out of 109, or 74%) filed NT 20-F between 120 and 122 days after the fiscal period end.<sup>20</sup> Again, the distribution of the histogram shows that management waits until the last day before admitting that they cannot file their annual report on time and that a significant number of companies (21%) file late NT filings.

[Figure 5]

The figure shows that 75.17% (218 of 290) of the companies file within the grace period when weekends and Holidays are taken into consideration; 24.83% (72 of 290) file outside the grace period;

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<sup>19</sup> In untabulated analyses of non-timely NT 20-F's, the negative market reaction on the date of NT 20-F filing is -3.38 percent for non-timely NT 20-F's and -1.61\*\* percent for timely NT 20-F's. The *DelayDays* (37\*\*\*) are significantly greater for the non-timely NT 20-F filers than for the timely NT 20-F filers (29\*\*\*).

<sup>20</sup> If the 120<sup>th</sup> day falls on a weekend, then the deadline is pushed to the next business day. By including days 121 and 122, I conservatively allow for the possibility that the 120<sup>th</sup> day for some of these companies was a Saturday or Sunday.

and 4.83% (14 of 290) do not file at all due to mergers, acquisitions, and revocations.

[Panel A of Table 2]

Table 2 presents descriptive statistics about the sample firms. Panel A of Table 2 shows that the average delay in filing is 31 days (labeled *DelayDays*), whereas the median delay in filing is only 15 days. This indicates that most late 20-Fs are filed within the grace period, and that the distribution is positively skewed, indicating that some late filings can be very late. The number of days from the fiscal period-end to the actual filing date indicates that some 20-Fs take very long to file. The next row in Panel A shows that 86 percent of the NT filers explicitly declare on the Form NT that they intend to subsequently file a 20-F within the allowed grace period. Other statistics reported in Panel A include the following: 52% of the NT filers report losses, average raw stock returns over the past six months are 0.4%, NT filers' average total assets are approximately \$12.7 billion, 85% percent have Big N auditors, average book-to-market is 1.02, average debt-to-equity ratio is 0.35, average current ratio is 45.67, average market value is \$3.05 billion, average Net Loss is \$21.8 million, and average net cash flows from operations is \$463.8 million.

[Panel B of Table 2]

Panel B of Table 2 presents the distribution of observations by year, form type, and delay reason. The delay reason is classified into one of four categories: Uncertain, Accounting, Corporate Events, and Multiple (i.e., both Accounting and Corporate Events), based on management's explanation of the reason for the delay reported in Part II of Form NT.<sup>21</sup> The pattern of NT filers is relatively consistent with the events during that period that are likely to cause delays. For example, there is a relatively large jump in NT filers from 15 in 2002 to 39 in 2003, the first year in which the Sarbanes-Oxley Act was enacted. Panel B also shows that the accounting reasons for the delays jumped from 4 in 2002 to 12 in 2003, consistent with the large number of restatements that followed from SOX 404 and the initial implementation of auditor inspections by the Public Company Accounting Oversight Board (PCAOB). By 2008, SOX 404 procedures and PCAOB inspections had been in effect for several years, and the total number of NT filers declined from 17 in 2007 to 5 in 2008. In December 5, 2008, the SEC released new rules for foreign private

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<sup>21</sup> I obtain the delay reason codes by interpreting the late filing reasons from the NT narratives directly from Audit Analytics, and I sort these reasons into four categories following Bartov and Konchitchki (2017). I requested the sorting procedure and received it. Thanks to Professor Konchitchki. An alternative approach is to use a computerized retrieval and classification approach as in Feldman, Rosenfeld, Lazer, Livnat, and Segal (2006).

issuers to file 20-F's within approximately 120 days after the end of the fiscal year covered by the report for fiscal years ending on or after December 15, 2011 rather than the original 180 days. The SEC argued that modern technology allows companies to file timelier periodic reports and that market participants currently demand timelier information. In addition, companies no longer needed to reconcile their financial statements to U.S. GAAP. There is a relatively large jump in NT filers from 6 in 2011 to 23 in 2012, the first year the accelerated deadline applies. Panel B also shows that the uncertain reasons for the delays jumped from 1 in 2011 to 15 in 2012.

[Panel C of Table 2]

The data of the foreign private issuers' stock exchanges was hand-collected from the 20-F's of each foreign private issuer related to the NT 20-F filing. While collecting the data, I observed instances when foreign private issuers changed stock exchanges (e.g. a foreign private issuer trading on NASDAQ in a current 20-F filing may be trading over-the-counter in a later 20-F filing). 89% of the foreign private issuers in the sample were traded on either the New York Stock Exchange or NASDAQ at the time of their NT-filing.

[Table 3]

Table 3 presents the industry distribution of the sample firms using the 48-industry classification scheme based on Fama and French (1997). The sample firms span 41 of the 48 industries, a fairly representative subset. The Business Services industry is the most highly represented in the sample (16.6 percent of the observations), and the Shipping Containers, Apparel, Healthcare, Medical Equipment, Recreation, and Textiles industries are the least represented industries (0.34 percent). Statistical analysis shows the following industries within this sample have many *DelayDays* in filing 20-Fs: Business Services, Communication, Electronic Equipment, and Pharmaceutical Products.

[Panel A of Table 4]

Table 4 presents the distribution of the late filing delay in days, *DelayDays*, by form type, management's declaration of whether it intends to file within the grace period, and the reason for the delay. Panel A of Table 4 reports the *DelayDays* partitioned by whether management declares its intention to file within the fifteen-day grace period for 20-Fs. As may be expected, the comparison indicates that the number of *DelayDays* is significantly shorter when management

declares it will file within the grace period. Specifically, the mean number of *DelayDays* is 54 when management does not indicate it intends to file within the grace period (i.e., Part2\_b\_check=0) and half of that number, 27 days, when management indicates it intends to file within the grace period (i.e., Part2\_b\_check=1). Table 4 also categorizes each firm's reason for the filing delay, as noted above, into one of four categories: uncertain, accounting, corporate events, and multiple (i.e., both accounting and corporate events reasons), based on management's explanation of the reason for the delay reported in Part II of Form NT.

Panel B of Table 4 reports the *DelayDays* by the reason for the delay and shows that for the NT 20-Fs, 35 percent (98/276) report accounting as the reason for the delay, followed by 44 percent citing uncertain reasons (122/276), 12 percent reporting corporate events (32/276), and 9 percent reporting multiple reasons (24/276). In addition, the average delay for 20-Fs that report accounting reasons for the delay is 40 days, compared to 25 days for corporate events, 25 days for uncertain, and 34 days for multiple reasons. Thus, accounting issues are responsible for the majority of the delayed filings and are also responsible for substantially longer delays when compared to the other commonly reported reasons.

[Panel B of Table 4]

## Chapter 4. Tests and Results

### 4.1. Determinants of Delay Days

[Table 5]

Table 5 addresses the research question of which specific accounting issues are causing foreign private issuers to file annual reports late. I answer this question by running a simple regression with the dependent variable as *DelayDays* and the reasons within the accounting group as independent variables. The analysis of the sample results in a R-Square of 10.65%, showing that the reasons can explain the *DelayDays*. Results show that the most statistically significant reasons that cause delays are discrepancies or errors discovered and control weaknesses. In an untabulated analysis, I find that these reasons explain *DelayDays* better than company characteristics such as size, leverage, and profitability.

Here is an example of a narrative explaining delay caused by discrepancies or errors discovered:

*“Gafisa S.A. (the “Company”) is unable to file its annual report on Form 20-*

*F for the year ended December 31, 2010 within the prescribed time period without unreasonable effort or expense due to the restatement of the Company's 2009 consolidated financial statements.*

*As disclosed in its current report on Form 6-K filed April 1, 2011, the Company identified certain U.S. GAAP misclassifications that have a material effect on amounts disclosed in its U.S. GAAP reconciliation footnote contained in its 2009 consolidated financial statements, including but not limited to, the amount of cash equivalent balances, the amount of marketable securities balances, and the related requirement to present a U.S. GAAP consolidated statement of cash flows in Note 25. The Company is also conducting an evaluation of certain aspects of its U.S. GAAP revenue recognition and other potential classification errors and believes that adjustments of previously reported U.S. GAAP amounts are also likely for these matters. As such, the Company has determined that a restatement of its 2009 consolidated financial statements is required.*

*In connection with the above-mentioned restatement and as disclosed in its current report on Form 6-K filed June 27, 2011, the Company is engaging an additional independent registered public accounting firm to audit the 2009 consolidated financial statements to be filed with the U.S. Securities and Exchange Commission. The Company cannot accurately predict when the procedures to be carried out by this independent registered public accounting firm in connection with the audit of the Company's restated 2009 consolidated financial statements will be completed.*

*In light of the above, the Company is unable to timely file its annual report on Form 20-F for the fiscal year ended December 31, 2010. In addition, at this stage, the Company is not in a position to determine when it will be able to file its annual report on Form 20-F for the fiscal year ended December 31, 2010.”<sup>22</sup>*

Here is a narrative explaining delay caused by control weaknesses:

*“The Registrant will be unable to compile the necessary financial information required to prepare a complete filing in a timely manner without unreasonable effort or expense. The Registrant is investigating and assessing several control deficiencies noted recently that could be material weaknesses and needs more time to finalize its assessment on controls over financial reporting. The Registrant expects to file within the extension period.”<sup>23</sup>*

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<sup>22</sup><http://www.sec.gov/Archives/edgar/data/1389207/000095010311002627/0000950103-11-002627-index.htm>

<sup>23</sup>[https://www.sec.gov/Archives/edgar/data/1030471/000114420415026557/v408942\\_nt20f.htm](https://www.sec.gov/Archives/edgar/data/1030471/000114420415026557/v408942_nt20f.htm)

## 4.2. Stock Price Response to Late Filing Notifications

[Panel A of Table 6]

Table 6, Panel A shows how investors react to NT 20-F filings. I examine the stock price response to NT filings during the five-day window around the NT filing date,  $[-2, +2]$ , where day 0 is the filing day. During the window when a NT 20-F filing occurs, the stock market response is negative and statistically significant (-1.66 percent). The results are consistent with Bartov and Konchitchki (2017)—an immediate negative market reaction to a NT 10-K filing.<sup>24</sup>

Table 6, Panel A examines the stock price response to NT filings after partitioning the sample on whether management declares its intention to file the 20-F within the allowed grace period (by checking the box in Part II of Form NT). The stock market reaction is negative (-1.68 percent) when management checks the box (Part2\_Check=1) that declares its intention to file within the grace period and the stock market reaction is negative (-1.52 percent) when management does not (Part2\_Check=0), thereby not declaring its intention to file within the grace period. I had predicted that the

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<sup>24</sup> This immediate negative market reaction is found despite confounding events—6-Ks that are filed prior to the NT 20-Fs to keep investors aware of possible delays in filings.

stock market reaction to management that indicate filing outside of the grace period would be more negative, but it is not.<sup>25</sup> The negative response in the subsample declaring its intention to file within the grace period shows that the market penalizes foreign private issuers that file after the statutory filing deadline although the SEC considers filing within the grace period a timely filing.

[Panel B of Table 6]

Table 6, Panel B investigates whether the stock market reaction to the late filing announcement varies with the stated reason for the delay. Thus, I further partition the sample of NT filers into four subsamples based on the stated reason for the late filing (in Part III of Form NT). Three observations from Panel B are noteworthy. First, when NT filers do not specify their reason for delay (regardless of whether management intends to file within the grace period), there is a negative response (-1.99 percent). Second, when NT filers cite either accounting or corporate events as reasons, there are negative responses (-1.96 percent and -0.57 percent respectively). Third, the companies citing multiple reasons for delay, perhaps not surprisingly, fared the worst, exhibiting -5.07%. Other

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<sup>25</sup> The lack of statistical significance may be the reason as to why we do not see this result.

than when NT filers cite accounting reasons, the results are statistically insignificant.

Moreover Table 6, Panel B considers whether the stock market reaction to the late filing announcement varies with management's intention to file within the grace period. First, when NT filers do not specify their reason for delay, there is a negative response (-1.07 percent). Second, when NT filers cite either accounting or corporate events as reasons, there are negative responses (-2.76 percent and -0.8 percent respectively). Third, the companies citing multiple reasons for delay fare even worse, exhibiting -5.03 percent. However, the results for when management declares to not file within the grace period is sporadic in comparison to the overall results. First, when NT filers do not specify their reason for delay, there is a significant negative response (-8.78 percent). Second, when NT filers cite either accounting or corporate events as reasons, there are positive responses (2.13 percent and 3.26 percent respectively). Third, the companies citing multiple reasons for delay exhibit a negative response (-5.27%).

Why is there a negative response when management declares to not file within the grace period and do not specify their reason for delay? Why is there a positive response when management declares to not file within the grace period and cite either accounting or corporate events as reasons? One theory that comes to mind is the

one dealt with in Jung and Kwon (1988). The paper introduces an adverse selection argument that when insiders are known to withhold information, outsiders (e.g. investors, consumers) discount the quality of goods insiders deal with to the lowest possible value consistent with their discretionary disclosure (Grossman 1981). If this is the case, when management declares to not file within the grace period and do not specify their reason for delay, outsiders discount the quality of management to the lowest possible value consistent with their discretionary disclosure. Dee et al. (2012) also found no news to be bad news when they conducted the same analysis for domestic firms. The positive reactions of citing accounting or corporate events as reasons are statistically insignificant and may be due to outliers within the sample.

[Panel C of Table 6]

Table 6 Panel C reports the frequency of NT filers that declare on the NT form that they will file within the grace period, along with the frequency with which they actually do so. Overall, this analysis shows that 24.8 percent (72/290) of NT 20-F filers ultimately fail to file within the grace period. This panel also indicates that although 75.2 percent (218/290) of the NT 20-Fs indicate they will subsequently file within the grace period, 21.1

percent (53/251) of that group actually fail to do so. Thus, a fairly large percentage of NT filers that declare their intention to file within the grace period fail to do so, and the failure rate is substantially higher for NT 20-F filers. In an untabulated analysis I investigate the capital market consequences to firms that declare they will file within the grace period and subsequently fail to do so. I find that when accounting reasons are stated, there is a significantly negative market reaction (-4.29 percent).

There are several explanations as to why 21.1% of management that declared will file within the grace period do not file within the grace period. First, the company's Exchange Act registration has been revoked. Second, the registration has been terminated under Section 12(g). Third, there has been a merger and thus management is no longer required to file periodic reports with the SEC. Fourth, there is an issue of moral hazard. Fifth, management may have honestly mistaken the time it would take to file the actual annual report. However, considering that management that indicates they will be filing outside of the grace period, subsequently file within the grace period more than 50 percent of the time (20/39), I assume that management of foreign private issuers are more likely than not to provide conservative estimates of whether they will file within the grace period or not.

In summary, Table 6 reports that investors' reactions depend

on the reasons for delay and whether management intends to file within the grace period or not.

[Table 7]

Table 7 further investigates the research question by testing the reaction to NT filings for firms that subsequently file within the grace period. The analysis in Panel A of Table 7 addresses this by examining the stock market reactions to late filers after partitioning jointly on management that subsequently files the annual financial statement within the SEC's allowed grace period, and whether management declares their intention to file within the grace period or not. Management declares its intention to file within the grace period by checking the box in Part II (Part2\_b\_check = 1) or not (Part2\_b\_check = 0). The top part of Panel A (Part2\_b\_check = 0) reports the results for the sample firms that do not explicitly declare that they intend to subsequently file their 20-F within the grace period. The bottom part of Panel A of Table 7 (Part2\_b\_check = 1) reports the results for the sample firms that declare on Part II of Form NT that they do intend to subsequently file within the grace period. This analysis shows that the market penalizes NT filers that do not declare they will file within the grace period (-5.47 percent) more than NT filers that do declare they will file within the grace

period (-2.39 percent) although both actually subsequently make the deadline.

Table 7, Panel B further partitions the sample that subsequently files within the grace period by the reason for the delay. This analysis finds that there is generally a negative reaction for all reasons for 20-Fs. One notable observation is that although management files within the grace period, citing unspecified reasons results in a negative market reaction (-2.7 percent) greater than citing accounting (-2.03 percent) or corporate events (-1.51 percent) as reasons.

In summary, Table 7 provides evidence that investors react negatively to late filers that subsequently file within the grace period whether management declares to file within the grace period or not.

## Chapter 5. Summary and Conclusions

I investigate the timeliness of foreign private issuers' annual report filings and the immediate capital market consequences of announcements of foreign private issuers' late filings. I address the first research question by running a regression on the *DelayDays* with reasons for late filings stated on the NT 20-F's. I investigate capital consequences by examining short-window stock price changes around NT filing dates. The findings can be summarized as follows.

Generally, delays in filing are significantly greater when narratives state accounting issues. Specifically, errors/discrepancies and control weaknesses cause significant delays. The narratives suggest that foreign private issuers need more time to meet the higher reporting quality standards of the U.S. when preparing annual reports.

The stock market reaction tests demonstrate a generally negative market response to late filing announcements for 20-Fs. There is a significantly negative market response to late filing announcements for 20-Fs when management states no reasons for delay and indicates no intention of filing within the grace period. This

finding suggests that the market discounts the firm to the lowest possible value consistent with their discretionary disclosure (Grossman 1981). This finding also suggests that investors value information provided in Form 12b-25 and penalize firms for not giving adequate explanation for the late filing (Dee et al. 2010).

In summary, this paper contributes to capital markets research by providing theory and evidence focusing on when foreign private issuers do not file within the SEC's regulatory deadlines. This paper documents that (1) investigations cause significant delays when foreign private issuers are filing annual reports (2) the market penalizes non-timely foreign private issuers regardless of whether they intend on filing within the grace period and subsequently do file within the grace period (3) investors value timely information and prefer that management disclose reasons when there are delays, and (4) accounting problems can signal serious delays.

These findings have implications for foreign private issuers when they notify the U.S. market about delays in filing annual reports. Management should use wisdom when preparing the narratives and indicating when the late filings will occur. The evidence highlights, for management and accountants, that the market punishes non-timeliness and discretion that increase information asymmetries suggesting that foreign private issuers should file by the original deadline if possible and be transparent when delays are inevitable.

# Appendix

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0058
Expires:	February 28, 2022
Estimated average burden hours per response .....	2.50
SEC FILE NUMBER	
CUSIP NUMBER	

## FORM 12b-25

### NOTIFICATION OF LATE FILING

(Check one):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-CEN  
 Form N-CSR

For Period Ended: \_\_\_\_\_

- Transition Report on Form 10-K  
 Transition Report on Form 20-F  
 Transition Report on Form 11-K  
 Transition Report on Form 10-Q

For the Transition Period Ended: \_\_\_\_\_

*Read Instruction (on back page) Before Preparing Form. Please Print or Type.*  
**Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.**

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates:

#### PART I — REGISTRANT INFORMATION

Full Name of Registrant

Former Name if Applicable

Address of Principal Executive Office (Street and Number)

City, State and Zip Code

#### PART II — RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-CEN or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

SEC 1344 (06-19) Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**PART III — NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-CEN, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

(Attach extra Sheets if Needed)

**PART IV — OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification

\_\_\_\_\_  
(Name) (Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If answer is no, identify report(s). Yes  No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof? Yes  No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

\_\_\_\_\_  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date \_\_\_\_\_ By \_\_\_\_\_

INSTRUCTION: The form may be signed by an executive officer of the registrant or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the registrant by an authorized representative (other than an executive officer), evidence of the representative's authority to sign on behalf of the registrant shall be filed with the form.

**ATTENTION**

**Intentional misstatements or omissions of fact constitute Federal Criminal Violations (See 18 U.S.C. 1001).**

**GENERAL INSTRUCTIONS**

1. This form is required by Rule 12b-25 (17 CFR 240.12b-25) of the General Rules and Regulations under the Securities Exchange Act of 1934.
2. One signed original and four conformed copies of this form and amendments thereto must be completed and filed with the Securities and Exchange Commission, Washington, D.C. 20549, in accordance with Rule 0-3 of the General Rules and Regulations under the Act. The information contained in or filed with the form will be made a matter of public record in the Commission files.
3. A manually signed copy of the form and amendments thereto shall be filed with each national securities exchange on which any class of securities of the registrant is registered.
4. Amendments to the notifications must also be filed on Form 12b-25 but need not restate information that has been correctly furnished. The form shall be clearly identified as an amended notification.
5. Interactive data submissions. This form shall not be used by electronic filers with respect to the submission or posting of an Interactive Data File (§232.11 of this chapter). Electronic filers unable to submit or post an Interactive Data File within the time period prescribed should comply with either Rule 201 or 202 of Regulation S-T (§232.201 and §232.202 of this chapter).

## Appendix: Grouping Late Filings by NT Reason

<i>Reason Group Description</i>	<i>The Group Includes the following NT Reasons that Appear in Our Sample</i>
<u>Unspecified</u> (e.g., insufficient time; unspecified reason)	13, 16, 23, 29, 33, 34
<u>Accounting</u> (e.g., need to review accounting-related calculations; auditing or internal control issues; Errors; Irregularities; Investigation by SEC/other authority/committee; restatements)	2, 3, 4, 5, 6, 8, 9, 10, 11, 15, 18, 19, 20, 25, 27, 28, 30, 31, 37, 38, 39, 45, 48, 49, 50, 53, 54, 62, 63, 64, 65, 66, 67, 68, 69, 70
<u>Corporate Events</u> (e.g., de-registration; going private; restructuring; change in control; M&A; bankruptcy; debt/funding/refinancing problems)	21, 22, 24, 26, 36, 42, 61, 71, 73, 77, 78
<u>Multiple</u> (includes NT filings that state both Accounting and Corporate Events reasons. Note that NT filings with an Unspecified reason plus Accounting or Corporate reason is treated as Accounting or Corporate, respectively)	
<u>Technical</u> (e.g., change in fiscal year; relocation; technical problem with Edgar filing; software)	1, 14, 32, 35, 41, 42, 43, 44, 46, 47

The table describes our classification to reason groups based on the reasons for the late filing stated by management when filing Form NT. NT Reason numbers refer to the 78 reasons classified by the coding system of Audit Analytics—Non-Timely Module Feed (NT) dataset (variable name is NT\_REAS\_KEYS). There are several NT filings where an NT filing contains numerous reasons. Thus, we follow the following procedure to re-classify reasons with same content. First, we sort all 78 NT reasons into four groups based on the NT Reason numbers in the table (Unspecified, Accounting, Corporate Events, and Technical). Second, we treat cases with multiple same-four-group-reason as one reason (i.e., an NT filing with two different reasons based on the 78 original reasons, but the two are within one of our four groups, e.g., Accounting, is considered as this group, e.g., Accounting). Third, we re-classify the groups into final four groups using the following rules: (1) we delete cases with purely Technical reason (i.e., only one reason which is Technical). If the case includes Technical plus any of the other three groups, we treat the case as a purely other group, i.e., the Technical is passive and does not influence the content of the classification; (2) Uncertain group refers to situations where the reason is purely uncertain only, i.e., Uncertain plus another non-Uncertain group is not considered a Multiple group observation; (3) Because the appearance of Uncertain plus non-Uncertain groups effectively means that there is no uncertainty about the reason, the remaining non-Uncertain groups (Accounting and Corporate Events) refer to cases with either a pure non-Uncertain reason or multiple reason groups of non-Uncertain plus Uncertain; (4) The Multiple reason group includes NT filings that is classified as both Accounting and Corporate Events reasons. The sample includes all NT 10-Q and NT 10-K filings by U.S. firms in the Audit Analytics—Non-Timely Module Feed (NT) dataset, with fiscal period end between 2000 and 2008, non-missing date and reason for the late filing, non-duplicate observations, NT filing on or before September 1, 2009, with Compustat, CRSP, EDGAR data, and with sample selection criteria described in the study. EDGAR refers to the U.S. Securities and Exchange Commission website, Electronic Data Gathering Analysis and Retrieval database.

**Appendix:**  
**Original Late Filing Reasons in Our Sample (NT Reason)**

<i>NT REAS KEYS</i>	<i>NT REAS TITLES</i>
1	Act of God (Extreme weather, War, Illness, Even Death, etc)
2	Z - Inventory, vendor, purchasing or cost of sales matters
3	Auditor (external) retained, changed or resigned
4	Change in accounting principle or methodology, new adoption
5	Internal Control / Sarbanes Oxley (404 or 302) implementation issues
6	Auditor unable to finish review or audit not complete
8	Consultation/correspondence/comment letter with SEC about accounting matters
9	Z - Revenue recognition
10	Material Weakness issues with ICFR or DC preparation
11	Z - Tax expense/benefit/deferral/other (FAS 109) issues
13	Insufficient time without undue hardship, expense
14	Auditor in process of PCAOB registration
15	Z - Assets: PPE (Short/Long Term, Goodwill, Impairments)
16	Insufficient time to prepare report
18	Discrepancies or errors discovered
19	Z - Accounts/loans receivable/billing, investments & cash issues
20	Investigation underway, special committee (internal, external or SEC)
21	Reorganizations, restructurings and/or disposals, change or dissolution of business
22	Acquisition, merger, reverse merger, joint venture
23	Other - miscellaneous, no category, etc.
24	Change, newly hired, turnover, reduction or resignation of personnel, management, board, legal staff
25	In negotiations: SEC, regulators, tax authorities, creditors etc.
26	Bankruptcy, litigation, contingency, non-compliance of credit agreement
27	Going concern or financial difficulty matters
28	Restatement of financials pending
29	NO REASON GIVEN
30	Z - Intercompany accounting issues
31	Z - Liabilities, payables, or reserves
32	Change in fiscal year
33	Waiting on key information - Inability to obtain
34	Review underway
35	Technical problems with Edgar Filing
36	Going private, de-registering
37	Z - Financial derivatives/hedging accounting issues (FAS 133)
38	Z - Consolidation, translation issues: foreign and currency (FAS 46r), foreign GAAP vs. US GAAP
39	Z - Deferred or executive equity/options comp issues (123R)
41	Liquidation or sale of assets
42	Insufficient personnel
43	Software Problem or Telecommunications Problem
44	Change in filing classification, new filer, first report
45	Z - Lease, leasehold & FAS 13 (98) (subcategory) issues
46	Security issuance issues

47	Relocation of office/place of business
49	Z - Cash flow statement classification issues (FAS 95)
50	Z - Debt, warrants, equity, and security accounting issues
53	Z - Disclosures: Lease Contingency & Commitment Issues (FAS 5)
54	Z - Balance sheet classification
61	Z - Acquisition, merger, disposal, or discontinued operations issues
62	Z - Capitalization of expenditures issues
63	Z - Debt or equity classification issues
64	Z - Depreciation, depletion or amortization issues
65	Z - Expense recording issues
66	Z - Footnote or segment disclosure issues
67	Z - Foreign/Affiliate/Subsidiary Accounting Issues
68	Z - Gain or loss recognition issues
70	Z - Unspecified accounting issues
71	In the midst of Startup or IPO in progress
73	Change in control
77	Funding/re-financing, administer/extend/amend credit agreement, capital restructuring, obtain waiver
78	Information system implementation

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The table presents the reasons for the late filing stated by management when filing Form NT. The reasons include all the applicable reasons that appear in our sample while classifying into reason groups. NT Reason numbers are from total of the 78 reasons classified by the coding system of Audit Analytics—Non-Timely Module Feed (NT) dataset (variable name is *NT\_REAS\_KEYS*). There are several NT filings where an NT filing contains numerous reasons. Thus, we follow a procedure to re-classify reasons with same content, as described above. The variable *NT\_REAS\_TITLES* provides the late filing reason. The sample includes all NT 10-Q and NT 10-K filings by U.S. firms in the Audit Analytics—Non-Timely Module Feed (NT) dataset, with fiscal period end between 2000 and 2008, non-missing date and reason for the late filing, non-duplicate observations, NT filing on or before September 1, 2009, with Compustat, CRSP, EDGAR data, and with sample selection criteria described in the study. EDGAR refers to the U.S. Securities and Exchange Commission website, Electronic Data Gathering Analysis and Retrieval database.

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## Figures

Figure 1 – NT 20-F's by year

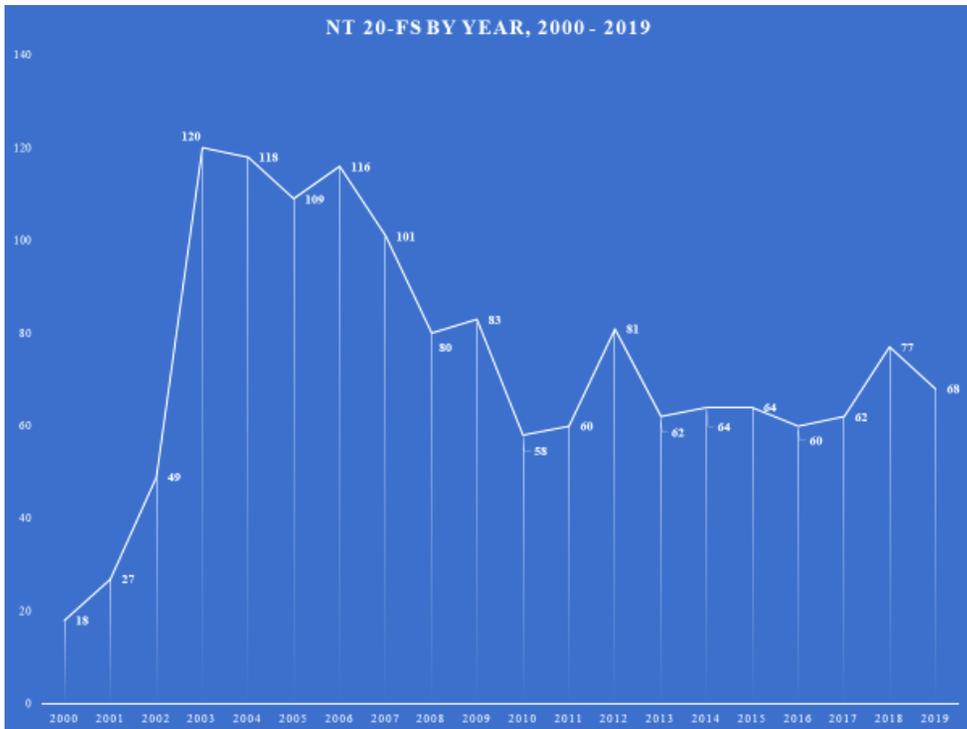
Figure 2 – Time-Line for the SEC Form 20-F Statutory Filing Date

Figure 3 – Foreign Private Issuers' NT 20-F Filings 2000 to 2012

Figure 4 – Foreign Private Issuers' NT 20-F Filings 2012 to 2018

Figure 5 – 20-F Filings 2000 to 2018

Figure 1. NT 20-F's by year  
2000 - 2019



# Figure 2. Time-Line

Time-Line for the SEC Form 20-F Statutory Filing Date

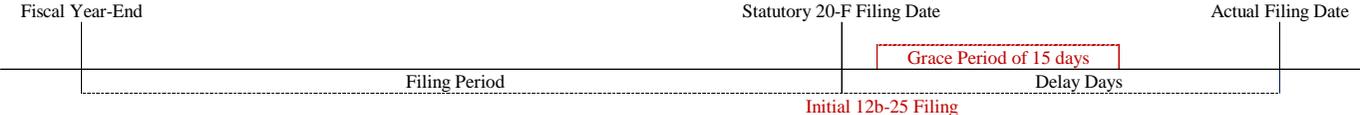


Figure 3. Foreign Private Issuers' NT 20-F Filings  
 Filings 2000 to 2012

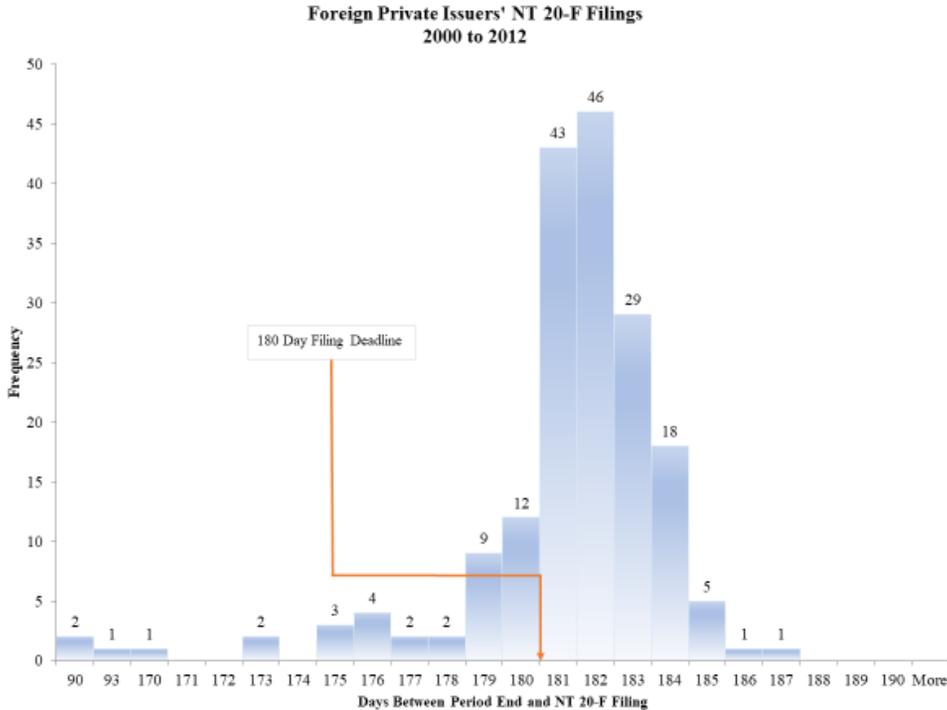


Figure 4. Foreign Private Issuers' NT 20-F Filings  
Filings 2012 to 2018

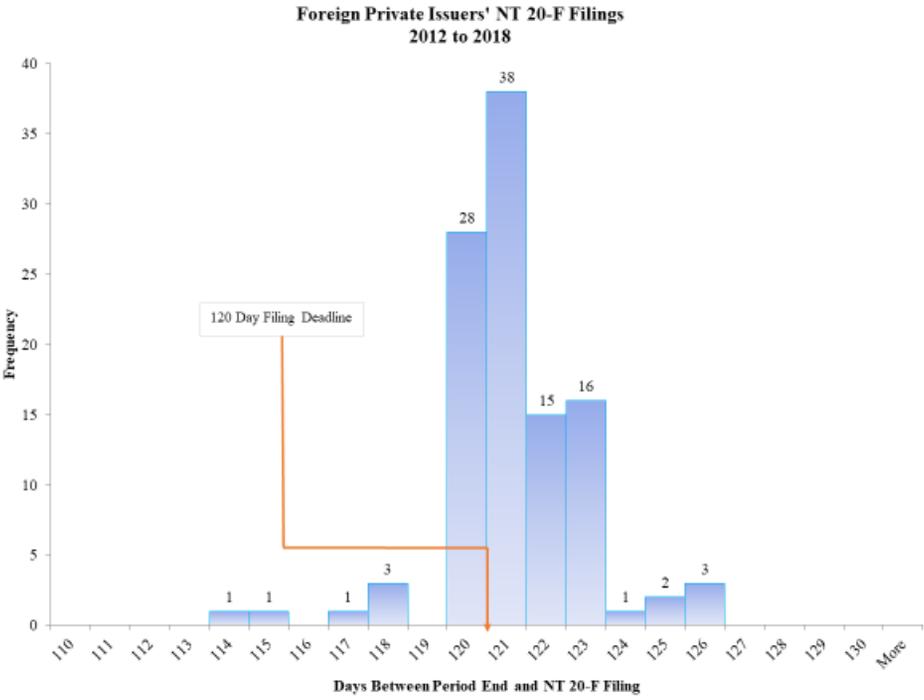
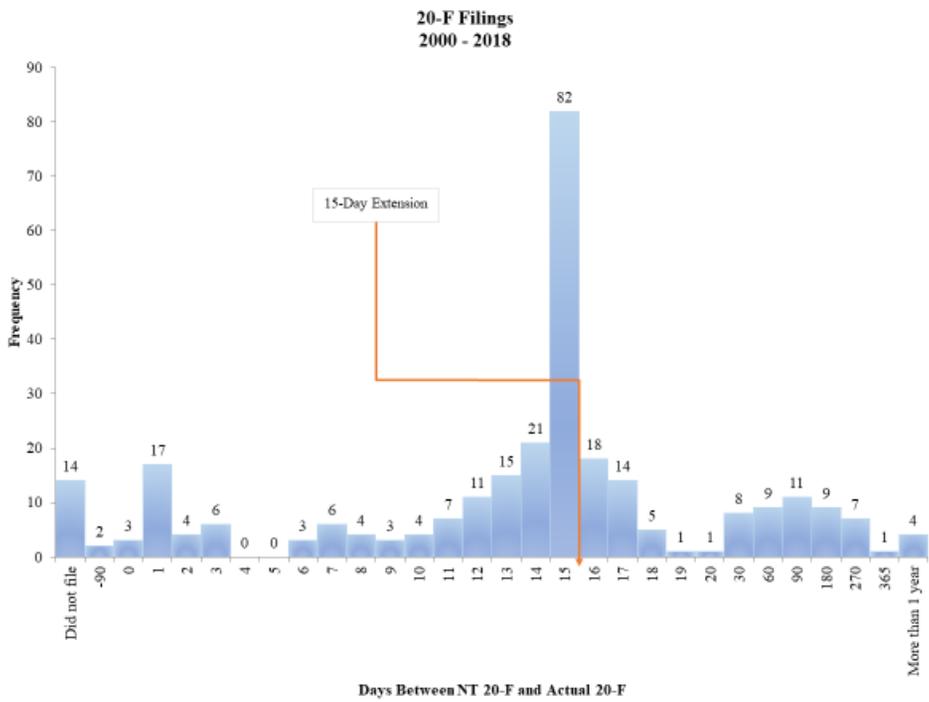


Figure 5. 20-F Filings  
2000 to 2018



# Tables

Table 1 – Sample Selection

Table 2 – Descriptive Statistics

Panel A: Form NT Filings and Variables Used in the Analyses

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Table 3 – Industry Distribution

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Panel A: Delay Days by Management Declaration to File within Grace Period

Panel B: Delay Days by Reason for Delay and Management Declaration to File within Grace Period

Table 5 – Results from Estimating a Regression on Delay Days

Table 6 – Abnormal Stock Returns around Form NT 20-F Filing by Intent to file within the Grace Period and by Reason for Delay

Panel A: Abnormal Return by Intent to File Within the Grace Period

Panel B: Abnormal Return, Reason for Delay, and Management Declaration to File within Grace Period

Panel C: Distribution by Management Declaration to File within Grace Period and Whether Filed within Grace Period

Table 7 – Abnormal Stock Returns around Form NT filing by Management

Declaration to File within Grace Period, Whether Filed within Grace Period, and Reason for Delay

Panel A: Abnormal Return by Management Declaration to File within Grace Period and Whether Filed within Grace Period

Panel B: Abnormal Return by Form Type, Delay Reason, and Whether Filed within Grace Period

Panel C: For Part2\_b\_check = 1 only, Abnormal Return by Form Type, Delay Reason, and Whether Filed within Grace Period

# Table 1

## Sample Selection

	<b>n</b>
Total number of NT 20-F filings in Audit Analytics - Non-Timely Module Feed (NT) dataset, with a fiscal period-end between 2000 and 2018	1408
Delete:	
Observations without available and consistent data from Compustat, CRSP, Audit Analytics, and EDGAR financial statements filing and fiscal period-end date data required for the analyses	(900)
	508
Non-first-time NT filings in the Audit Analytics database	(214)
	294
Firms missing [-2, +2] abnormal return	(2)
	292
Deletions related to reclassification into four reason groups (including deletion of technical late filings)	(2)
Final sample for the analyses in general	290
Observations without a following 20-F filing due to mergers, acquisitions, and revocation.	(14)
Final sample for the analyses of delay days	276

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## Table 2 Panel A

<b>Descriptive Statistics</b>							
<b>Panel A: Form NT Filings Sample and Variables Used in the Analyses</b>							
<b>Variable</b>	<b>Variable Definition</b>	<b>Mean</b>	<b>Median</b>	<b>Std. Dev.</b>	<b>25 Pc.</b>	<b>75 Pc.</b>	<b>n</b>
<i>DelayDays</i>	No. of calendar days from 20-F statutory filing deadline to actual filing of 20-F	31.01	15.00	61.93	12.00	17.00	277
<i>DaysFiscalEndToFSFiling</i>	No. of calendar days from fiscal period-end to actual filing of 20-F	187.42	193.00	70.53	136.00	197.00	277
<i>part2_b_check</i>	Management's declaration of whether it intends (= 1; box in Part II of NT form is check) or it does not intend (= 0; box in Part II of NT form is unchecked) to file within the grace period	0.86	1.00	0.35	1.00	1.00	290
<i>AT</i>	Total assets, \$MM	12769.44	477.26	70328.45	101.34	2323.68	268
<i>BIG_N_Auditor</i>	= 1 if the firm's auditor is one of the Big N, = 0 otherwise	0.85	1.00	0.36	1.00	1.00	290
<i>BTM</i>	Book-to-Market	1.02	0.65	4.49	0.28	1.36	258
<i>Leverage</i>	Debt-to-Equity Ratio	0.35	0.03	2.83	0.00	0.50	142
<i>Liquidity</i>	Current Ratio = Current Assets / Current Liabilities	45.67	4.53	182.69	2.24	11.93	201
<i>Loss</i>	= 1 if income before extraordinary items is negative, = 0 otherwise	0.52	1.00	0.50	0.00	1.00	260
<i>MVE</i>	Market Value of Equity, \$MM	3053.31	193.71	9416.08	54.62	1013.87	258
<i>NI</i>	Net Income (Loss), \$MM	-21.81	-0.48	808.51	-27.96	41.24	259
<i>OANCF</i>	Net Cash flows from operations, \$MM	463.84	7.38	2200.59	-4.14	101.52	259
<i>PastSixMnthRet</i>	Raw return over past six months	0.004	0.001	0.015	-0.002	0.004	117

Table 2 Panel B

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**Panel B: Distribution by Year and Reason for Delay**

<b>Year</b>	<b>Reason Group</b>				
	<b>20-F</b>	<b>Uncertain</b>	<b>Accounting</b>	<b>Corporate Events</b>	<b>Multiple</b>
2000	3	1	1	1	0
2001	9	3	1	2	3
2002	15	7	4	3	1
2003	39	16	12	5	6
2004	19	8	10	1	0
2005	21	8	8	3	2
2006	20	6	10	1	3
2007	17	2	11	2	2
2008	5	3	1	1	0
2009	15	5	6	2	2
2010	10	9	1	0	0
2011	6	1	5	0	0
2012	23	15	5	1	2
2013	11	4	2	2	3
2014	15	7	5	2	1
2015	21	9	9	3	0
2016	17	10	5	2	0
2017	8	3	3	2	0
2018	16	9	5	2	0
<b>Total</b>	<b>290</b>	<b>126</b>	<b>104</b>	<b>35</b>	<b>25</b>

---

Table 2 Panel C

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**Panel C: Distribution by Stock Exchange**

	<u>n</u>	<u>%</u>
American Stock Exchange	20	7%
New York Stock Exchange	117	40%
NASDAQ	143	49%
Over-the-Counter	10	3%
Total	290	100%

---

# Table 3

## Industry Distribution

Code	FF_IND	Description	n	%	Delay Days
34	BUSSV	Business Services	48	16.6%	31.3***
32	TELCM	Communication	31	10.7%	25.9***
36	CHIPS	Electronic Equipment	29	10.0%	32.8**
40	TRANS	Transportation	16	5.5%	14.4***
13	DRUGS	Pharmaceutical Products	14	4.8%	48.31**
31	UTIL	Utilities	10	3.4%	64
44	BANKS	Banking	10	3.4%	26.1*
19	STEEL	Steel Works Etc	10	3.4%	16***
42	RTAIL	Retail	9	3.1%	21*
27	GOLD	Precious Metals	9	3.1%	17.3
41	WHLSL	Wholesale	9	3.1%	15.3***
28	MINES	Non-Metallic and Industrial Metal Mining	8	2.8%	13.9***
30	OIL	Petroleum and Natural Gas	7	2.4%	63
18	CNSTR	Construction	6	2.1%	135.5
9	HSULD	Consumer Goods	6	2.1%	39.7
35	COMPS	Computers	6	2.1%	12.2**
47	FIN	Trading	6	2.1%	10.7***
17	BLDMT	Construction Materials	4	1.4%	40
46	RLEST	Real Estate	4	1.4%	15.8***
21	MACH	Machinery	4	1.4%	14.5***
2	FOOD	Food Products	3	1.0%	89
15	RUBBR	Rubber and Plastic Products	3	1.0%	35.3
33	PERSV	Personal Services	3	1.0%	19.3*
48	OTHER	Almost Nothing	3	1.0%	15.3**
14	CHEMS	Chemicals	3	1.0%	13.7***
38	PAPER	Business Supplies	3	1.0%	13.7***
43	MEALS	Restaraunts, Hotels, Motels	3	1.0%	11.5
23	AUTOS	Automobiles and Trucks	3	1.0%	10.5
1	AGRIC	Agriculture	2	0.7%	98
4	BEER	Beer & Liquor	2	0.7%	45.5
7	FUN	Entertainment	2	0.7%	37
37	LABEQ	Measuring and Control Equipment	2	0.7%	16*
22	ELCEQ	Electrical Equipment	2	0.7%	15**
3	SODA	Candy & Soda	2	0.7%	15
45	INSUR	Insurance	2	0.7%	13*
12	MEDEQ	Medical Equipment	1	0.3%	79
10	CLTHS	Apparel	1	0.3%	15
11	HLTH	Healthcare	1	0.3%	15
6	TOYS	Recreation	1	0.3%	15
16	TXTLS	Textiles	1	0.3%	12
39	BOXES	Shipping Containers	1	0.3%	1
Total			290		

The table provides distribution by industry of the NT 20-F's sample. The sample excludes industries with 0 observations. The following industries have 0 observations: 24 Aero (Aircraft), 8 Books (Printing and Publishing), 29 Coal (Coal), 20 FabPr (Fabricated Products), 26 Guns (Defense), 25 Ships (Shipbuilding, Railroad Equipment), and 5 Smoke (Tobacco Products). The NT 20-F sample is described in Table 1. \* indicates significance at the 90% level, \*\* indicates significance at the 95% level, and \*\*\* indicates significance at the 99% level.

## Table 4 – Panel A

**Mean and Median Number of Delay Days (*DelayDays*) by NT Form Type and Reason for Delay**

**Panel A: *DelayDays* by Management Declaration to File within Grace Period**

		<b>n</b>	<b>Mean</b>	<b>Median</b>
	Total	276	31.08***	15
Management Declared Will File within Grace Period? (Part2_b_Check)	No	38	53.89***	15
	Yes	238	27.44***	15
	Diff. (No - Yes)		26.45***	0

---

Table 4 – Panel B

Panel B: *DelayDays* by Reason for Delay and Management Declaration to File within Grace Period

Reason Group	All			<i>Part2_b_Check</i> = 0			<i>Part2_b_Check</i> = 1		
	n	Mean	Median	n	Mean	Median	n	Mean	Median
unspecified	122	25***	15	15	45**	15	107	23***	15
accounting	98	40***	15	16	77***	33	82	32***	15
corporate events	32	25***	15	1	11	11	31	25***	15
multiple	24	34**	14	6	21	15	18	39**	14

The table provides analysis of delay days by the reason for the delay. The late filing delay (*DelayDays*) is the number of calendar days between the 20-F filing date and the estimated statutory deadline. I retrieve the fiscal year-end date and the actual filing date of the corresponding financial statement dates directly from EDGAR. *Part2\_b\_Check* refers to management's declaration of whether it intends (=1; box in Part II of NT form is checked) or it does not intend (=0; box in Part II of NT form is unchecked) to file its financial statements within the grace period, which is 15 days for 20-F's. The sample is described in Table 1. Missing observations are due to companies not filing their 20-Fs. \* indicates significance at the 90% level, \*\* indicates significance at the 95% level, and \*\*\* significance at the 99% level.

## Table 5

### Results from Estimating a Regression on Delay Days

Model: Delay Days =  $\beta_1 + \beta_2 \text{Accounting} + \beta_3 \text{Weak\_Controls} + \beta_4 \text{Investigation} + \beta_5 \text{Auditor} + \beta_6 \text{Changes} + \beta_7 \text{Error} + \beta_8 \text{Restatement} + \varepsilon$

<b>Independent Variables</b>	<b>Descriptions</b>	<b>Estimate</b>
<i>Intercept</i>		21.09**
<i>Accounting</i>	Accounting issues	6.18
<i>Weak_Controls</i>	Control weaknesses	36.25**
<i>Investigation</i>	Internal/External Review or Investigation Underway	14.87
<i>Auditor</i>	Auditor-related issues	16.30
<i>Changes</i>	Change in accounting principle	-16.21
<i>Error</i>	Errors and discrepancies	104.40***
<i>Restatement</i>	Restatements	8.33
R-Square		0.1065

\* indicates significance at the 90% level, \*\* indicates significance at the 95% level, and \*\*\* significance at the 99% level.

## Table 6 Panel A

**Abnormal Stock Returns around Form NT 20-F Filing by Intent to file within the Grace Period and by Reason for Delay**  
**Fama-French Momentum-Adjusted Returns**  
**Window = [-2, +2]**

**Panel A: Abnormal Return by Intent to File Within the Grace Period**

		<b>Analysis Variable : Buy-Hold Abnormal Return</b>		
		<b>n</b>	<b>Mean</b>	<b>Median</b>
Management Declared Will File within Grace Period? (Part2_b_Check)	Total	290	-1.66% *	-1.24%
	No	41	-1.52%	-0.95%
	Yes	249	-1.68% *	-1.38%
	Diff. (No - Yes)		0.16%	0.43%

---

## Table 6 Panel B

**Panel B: Abnormal Return, Reason for Delay, and Management Declaration to File within Grace Period**

<b>Reason Group</b>	<b>All</b>			<b>Part2_b_Check = 0</b>			<b>Part2_b_Check = 1</b>			<b>Diff. (0 - 1)</b>	
	<b>n</b>	<b>Mean</b>	<b>Median</b>	<b>n</b>	<b>Mean</b>	<b>Median</b>	<b>n</b>	<b>Mean</b>	<b>Median</b>	<b>Mean</b>	<b>Median</b>
unspecified	126	-1.99%	-1.43%	15	-8.78% **	-4.32%	111	-1.07%	-0.67%	-7.71% *	-3.66%
accounting	104	-1.96% *	-0.71%	17	2.13%	0.10%	87	-2.76% **	-1.17%	4.89% *	1.27%
corporate events	35	-0.57%	-2.34%	2	3.26%	3.26%	33	-0.80%	-2.34%	4.06%	5.60%
multiple	25	-5.07%	-1.44%	5	-5.27%	-5.65%	20	-5.03%	-1.41%	-0.24%	-4.24%

Table 6 Panel C

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**Panel C: Distribution by Management Declaration to File within Grace Period and Whether Filed within Grace Period**

Management Declared Will File within Grace Period? (Part2_b_Check)	Filed within Grace Period		Total
	No	Yes	
No	19	20	39
Yes	53	198	251
Total	72	218	290

---

# Table 7

**Abnormal Stock Returns around Form NT Filing  
by Management Declaration to File within Grace Period,  
Filed within Grace Period, and Reason for Delay  
Fama-French Momentum-Adjusted Returns  
Window = [-2, +2]**

**Panel A: Abnormal Return by Management Declaration to File within Grace Period and Filed within Grace Period**

	File within Grace Period		
	n	Mean	Median
<i>Part2_b_Check = 0</i>	20	-5.47% **	-2.32%
<i>Part2_b_Check = 1</i>	198	-2.39% **	-1.24%

**Panel B: Abnormal Return by Form Type, Delay Reason, and Filed within Grace Period**

Reason Group	File within Grace Period		
	n	Mean	Median
unspecified	104	-2.70% *	-1.43%
accounting	69	-2.03%	-0.47%
corporate events	26	-1.51%	-2.05%
multiple	19	-6.46%	-5.65%

The table presents abnormal event returns surrounding the filing of a Form NT by actual filing, management's expectation to file within the grace period and the reason for the delay. Abnormal returns are calculated using the CRSP Daily Stock File as the buy-and-hold returns for firm  $i$  over the  $n$  trading days in the window (the window is from day -2 through day +2, where day 0 is the NT filing date). Expected returns are measured using the three Fama and French (1993) factors,  $MKTRF$ ,  $SMB$ , and  $HML$ , augmented by a momentum factor,  $UMD$ , following Carhart (1997). Specifically, I first estimate a model using a 40-trading-day hold-out period, which begins 55 trading days prior to the NT filing date.  $MKTRF$  is the daily excess return on a value-weighted aggregate equity market portfolio,  $SMB$  is the return on a zero-investment factor-mimicking portfolio for book-to-market value of equity, and  $UMD$  is the return on a zero-investment factor-mimicking portfolio for momentum. *Part2\_b\_check* refers to management's declaration of whether it intends (=1; box in Part II of NT form is checked) or it does not intend (=0; box in Part II of NT form is unchecked) to file its financial statements within the grace period, which is 15 days for 20-Fs. File after Grace Period (File within 15 days) refers to whether the financial statements are filed after (within) the grace period of 15 days for 20-Fs, respectively. The reason groups for the delay, Uncertain, Accounting, Corporate Events, and Multiple, are based on the reasons for the late filing as classified by management's statement on the NT form.

## Exhibits

Exhibit 1 – Example of an Unspecified Reason

Exhibit 2 – Example of an Accounting Reason

Exhibit 3 – Example of a Corporate Event Reason

Exhibit 4 – Example of Multiple Reasons

(Accounting + Corporate Event)

# Exhibit 1 – Example of an Unspecified Reason

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## PART I — REGISTRANT INFORMATION

**POSCO**

Full Name of Registrant

Former Name if Applicable

**POSCO Center, 440 Teheran-ro, Gangnam-gu**  
Address of Principal Executive Office (*Street and Number*)

**Seoul, Korea 135-777**  
City, State and Zip Code

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## PART II — RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.
- 

## PART III — NARRATIVE

State below in reasonable detail the reasons why Form 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

The registrant is unable to file its Annual Report on Form 20-F for the year ended December 31, 2013 within the prescribed time period because the information required for an accurate and full completion of the report, including but not limited to the financial statements that form a part thereof, could not be provided within the prescribed time period without unreasonable effort or expense. The registrant expects to file its Annual Report on Form 20-F as soon as practicable, and in no event later than the fifteenth calendar day following the prescribed due date.

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## Exhibit 2 – Example of an Accounting Reason

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### PART I — REGISTRANT INFORMATION

**Mirae Corporation**

Full Name of Registrant

Former Name If Applicable

**#9-2, Cha Am-Dong**

Address of Principal Executive Office (Street and Number)

**Cheon An, Chung Cheong Nam-Do 330-200, Republic of Korea**

City, State and Zip Code

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### PART II — RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or portion thereof will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.
- 

### PART III — NARRATIVE

State below in reasonable detail the reasons why Forms 10-K, 20-F, 11-K, 10-Q, N-SAR, N-CSR the transition report or portion thereof, could not be filed within the prescribed time period.

Mirae Corporation (the "Company") is unable to file its annual report on Form 20-F for the fiscal year ended December 31, 2006 (the "Form 20-F") by July 2, 2007 (the "Prescribed Due Date").

The delay in the filing of the Form 20-F is principally the result of the Company's inability to prepare its consolidated financial statements as of and for the fiscal year ended December 31, 2006 (the "Consolidated Financial Statements") in a timely manner. The delay in the preparation of the Consolidated Financial Statements results from the fact that the Company's affiliate, Cyber Bank Corporation ("Cyber Bank"), which the Company has in the past consolidated, was not able to conduct a physical inventory count as of December 31, 2006. As a result of the delay in conducting such physical inventory count, the Company needs more time to complete its accounting records over inventories.

In light of the foregoing, the Company will not be able to file the Form 20-F by the Prescribed Due Date. The Company's management expects that the Company will be able to file the Form 20-F within the 15-day extension period permitted.

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## Exhibit 3 – Example of a Corporate Event

### Part I – Registrant Information

Full Name of Registrant:	Ability Inc.
Former Name if Applicable:	Cambridge Holdco Corp.
Address of Principal Executive Office (Street and Number):	Yad Harutzim 14
City, State and Zip Code:	Tel Aviv, Israel 6770007

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### Part II – Rules 12b-25(b) and (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

### Part III – Narrative

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Ability Inc. (the "Registrant") respectfully notifies the Securities and Exchange Commission that it was unable to file, without unreasonable effort and expenses, its annual report on Form 20-F for the fiscal year ended December 31, 2016 (the "Annual Report") on or before the prescribed due date of May 1, 2017. As previously disclosed, Registrant's independent board members resigned in early April and Registrant's management has had to devote substantial time and effort to identify replacements and address various regulatory issues that have arisen in connection with the resignations. Registrant has therefore been unable to conclude internal and external discussions with its advisors on the disclosures for the Annual Report and its financial statements. The Registrant anticipates that it will file the Annual Report within the prescribed extension period.

# Exhibit 4 – Example of Multiple (Accounting + Corporate Event)

## PART I — REGISTRANT INFORMATION

### **NEWLEAD HOLDINGS LTD.**

Full Name of Registrant

Former Name if Applicable

83 Akti Miaouli & Flessa Str.  
Address of Principal Executive Office (Street and Number)

185 38 Piraeus Greece  
City, State and Zip Code

## PART II — RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

## PART III — NARRATIVE

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

NewLead Holdings Ltd. (the "Registrant") has been unable to complete its annual report on Form 20-F for the fiscal year ended December 31, 2011, on a timely basis, without unreasonable effort or expense, due to the complexity of the ongoing restructuring efforts that the Registrant is currently undertaking and important changes that have occurred in its business operations. From July 1, 2011 through April 30, 2012, and as part of the Registrant's restructuring efforts, the Registrant's lenders seized four of the Registrant's vessels and the Registrant sold 12 vessels. The sales proceeds have been and are expected to be insufficient to fully repay the related debt and therefore, the Registrant will continue to have significant debt. All of the Registrant's debt is currently under restructuring negotiations. The Registrant is currently in discussions with its lenders regarding the future use of three of the Registrant's five remaining vessels. The Registrant expects to discontinue its Wet segment and, in addition, the Registrant has entered into a new business relationship outside of the shipping industry. Since, as at December 31, 2011 and for the year then ended, the Registrant expects a net loss, negative cash flows from operations and all debt to be classified as current, this raises substantial doubt about its ability to continue as a going concern. The Registrant intends to file its annual report on Form 20-F no later than the 15th calendar day following the prescribed due date.

# 국문초록

## 미국 소재 외국기업들은 왜 연례보고서를 늦게 제출하는가?

박다윗

경영학과 회계학

서울대학교

대학원

적시성은 회계 정보의 의사 결정 유용성을 향상 시키므로 기업은 시간 요구 사항을 준수함으로써 자본 시장의 발전에 기여 할 수 있습니다. 그러나 다수 기업들이 재무제표를 늦게 제출하는 점에 착안하여 본 논문은 미국 소재 외국기업들에 초점을 두어 지연의 성격을 살펴보고자 하였습니다. 실증 분석 결과, 제출 지연은 회계 문제가 가장 크게 기인하는 것으로 나타났습니다. 또한 외국기업들의 지연 공시에 대한 단기 시장 반응을 분석한 결과 시장은 재무 제표를 늦게 제출하는 것에 대하여 부정적인 반응을 보였습니다. 전반적으로 이 논문은 외국기업들의 비적시성의 요인들을 살펴보고 이에 따른 결과들을 검토합니다.

**주요어** : 적시성, 지연 공시, 시장 반응, 외국기업

**학번** : 2017-20889

## Acknowledgments

In Psalms 90:12, it is written, “Teach us to number our days, that we may gain a heart of wisdom.” I number the days spent researching why foreign private issuers file annual reports late at about 100 days. Much study caused physical weariness, but there were moments of spiritual nourishment in the process of pondering and searching for answers. I thank my professors, mentors, colleagues, family, and friends that had to bear my questions and requests. Without them, I would have been lost. I would like to acknowledge God, Jesus, and the Holy Spirit for being my foundation to build upon. Without faith, my days would have been meaningless.