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ABSTRACT: I examine the effects of proprietary information on corporate transparency and voluntary disclosure. To do so, I develop and validate two measures of firms' reliance on trade secrecy: one based on 10-K disclosures and one based on subsequent litigation outcomes. I complement these measures by using the staggered passage of the Uniform Trade Secrets Act as a shock to trade secrecy. I find that firms that begin to rely more heavily on trade secrecy substitute increased voluntary disclosure of *nonproprietary* information for decreased disclosure of *proprietary* information. The total effect of trade secrecy is a decrease in corporate transparency.

Keywords: Proprietary costs, trade secrets, disclosure, information asymmetry, innovation, patents

JEL No. D23, G30, O31, O32, O33, O34, O38

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