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# Does the information content of payout initiations and omissions influence firm risks?

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## Abstract

We study the influence on firm risks of NASDAQ and NYSE firm payout initiations and omissions. These pay out events can be interpreted as managerial signals of firm financial life-cycle maturation resulting in concomitant changes in firm risks. We remove confounding payout types and we match on the propensity to initiate or omit informed by determinants of pay out known to investors in advance. For payout event and matched firms, we apply the difference-in-differences method to estimate the effect of the information content of actual initiations and omissions on firm risks. We find consistent significant declines in total, aggregate systematic, and idiosyncratic firm risks after cash dividend initiations and increases after dividend omissions, but only incidentally after share repurchase initiations and omissions.

**JEL Classification:** G35, G32, C58

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