Mannheim, June 2026

Fall Term 2026

ACC 750 Accounting Seminar

Accounting and Capital Markets in the Age of Information Democratization and Technological Change

Lecturers: Prof. Holger Daske/Prof. Dirk Simons

I. Admission and Seminar Dates

We are happy to announce our seminar, "Accounting and Capital Markets in the Age of Information Democratization and Technological Change," for the upcoming fall term 2026. The seminar consists of a written seminar paper and a presentation of your work in addition to active participation. All seminar papers and presentations are in English.

We accept applications for the seminar across two periods: the **fast-track period** and the **regular period**.

Please submit your application via the task "Application Submission" on ILIAS. Your application should include your Bachelor's certificate, a recent transcript of records, your CV, and the completed registration form. The seminar registration form can be downloaded from ILIAS (search for the group "ACC 750" in HWS 2026 using Portal2 and join it).

You must prove in your application that you fulfill the prerequisites. The necessary prerequisites for participation include the successful completion of at least one of the following classes: **ACC 510, ACC 520, ACC 530, ACC 540, ACC 560, or ACC/TAX 570**. Please highlight the respective class in your transcript. If the class grades have not yet been published, you can still apply, but admission to the seminar is conditional on successful completion of the course. The final topic will be assigned according to your preferences as far as possible.

If you have any further questions, please contact **Luca Di Leo** (luca.laurin.di.leo@students.uni-mannheim.de).

Fast-Track Period:

- **Application Deadline:** Sunday, June 14, 2026
- **Admission Notification:** Thursday, June 18, 2026
- **Withdrawal Deadline:** Friday, June 19, 2026. *If you wish to withdraw, you should notify us.*

- **Topic Allocation & Start of Writing:** Monday, June 22, 2026 (12:00 pm)
- **Submission Deadline:** Monday, August 17, 2026 (12:00 pm)

Regular Period:

- **Application Period:** August 24 – August 27, 2026
- **Admission Notification by Chairs:** Thursday, September 03, 2026
- **Withdrawal Deadline:** Friday, September 04, 2026
- **Topic Allocation & Start of Writing:** Monday, September 07, 2026 (12:00 pm)
- **Submission Deadline:** Monday, November 02, 2026 (12:00 pm)

Kick-off Meeting: A joint kick-off session will be offered to explain the general methodology, academic guidelines, and requirements for the seminar thesis. This session is highly recommended for all participants, independent of your assigned supervisor or chair. *The exact date and time will be announced in due course.*

Seminar Presentations: The block seminar (presentations) will take place on **November 12 and 13, 2026**. Attendance at all seminar sessions is mandatory.

II. Preliminary Remarks

The seminar examines how accounting and sustainability information shapes capital markets in an era of information democratization and technological change. A central question runs through the seminar: does broader access to information improve transparency and market efficiency, or does it instead increase complexity, noise, and misinterpretation?

The individual topics follow the corporate information chain. It covers how institutions design information environments, how firms produce and communicate information, how intermediaries disseminate it, and how investors interpret it. Each seminar thesis takes the form of a structured literature review on a specific topic within this framework. Given the breadth and complexity of the theme, the seminar is divided into three parts:

Part I — Designing Information Environments and Producing Information

Topics in this part address how regulators, standard setters, and firms shape accounting and sustainability information before it becomes publicly available. They may cover the design of reporting regulation and standards, the role of enforcement and assurance in supporting credibility, firms' measurement and preparation of information, and managerial choices in disclosure. Together, these topics speak about how institutional design and firm-level production affect the quality, comparability, and usefulness of corporate information.

Part II — Disseminating Information

Topics in this part address how information intermediaries transmit accounting and sustainability information to capital-market participants. They may cover traditional intermediaries such as analysts and the financial press, as well as newer channels such as social media, digital platforms, and AI systems. We examine how these intermediaries filter, translate, verify, aggregate, amplify, or distort information before it reaches investors and other market participants.

Part III — Interpreting Information

Topics in this part address how investors process accounting and sustainability information and how the resulting trading behavior shapes market outcomes. They may cover how different types of investors, and the technologies they use (e.g., Large Language Models, Robo-Advisors), interpret, weight, incorporate, or misinterpret information, and how these processes affect price discovery, liquidity, market efficiency, disagreement, and noise.

General Preparation & Introductory Literature. For further insights and in general preparation for the seminar, we highly recommend reading the following overarching review publications before choosing your topics of interest:

- **Blankespoor, E., deHaan, E., & Marinovic, I. (2020).** Disclosure processing costs, investors' information choice, and equity market outcomes: A review. *Journal of Accounting and Economics*, 70(2–3), 101344.
- **Leuz, C., & Wysocki, P. D. (2016).** The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of Accounting Research,* 54(2), 525–622.
- **Christensen, H. B., Hail, L., & Leuz, C. (2021).** Mandatory CSR and sustainability reporting: Economic analysis and literature review. *Review of Accounting Studies*, 26(3), 1176–1248.
- **Becker, K., Bischof, J., & Daske, H. (2021).** *IFRS*: Markets, Practice, and Politics, *Foundations and Trends in Accounting*, 15, 1–262.
- **Lopez-Lira, A., & Tang, Y. (2026).** Can ChatGPT forecast stock price movements? Return predictability and large language models. *Journal of Financial Economics,* forthcoming.

Part I — Designing Information Environments and Producing Information

Topic 1: The Political Economy of Accounting Regulation

Supervisor: Wenqian Yang, M.Sc.

Topic description

Accounting regulation is shaped by the interaction between regulators, firms, investors, and other stakeholders, making accounting both an economic and political institution. Standards such as IFRS and U.S. GAAP are not purely technical rules but evolve through a standard-setting process that reflects competing economic interests and political incentives. This topic studies how accounting standards evolve over time through feedback effects between regulation and economic outcomes. By analyzing the interaction between institutional design, political incentives, and economic conditions, the seminar topic aims to understand the theoretical fundamentals of why regulatory regimes change and how these changes are supposed to affect the stability, efficiency, and credibility of financial reporting systems.

Introductory Literature

- Chen, H., & Yang, L. (2023). Stability and regime change: The evolution of accounting standards. *The Accounting Review*, 98(3), 135–152.
- Bertomeu, J., & Magee, R. P. (2011). From low-quality reporting to financial crises: Politics of disclosure regulation along the economic cycle. *Journal of Accounting and Economics*, 52(2–3), 209–227.
- Bertomeu, J., & Magee, R. P. (2015). Mandatory disclosure and asymmetry in financial reporting. *Journal of Accounting and Economics*, 59(2), 284–299.
- Dye, R. A., & Sridhar, S. S. (2008). A positive theory of flexibility in accounting standards. *Journal of Accounting and Economics*, 46(2–3), 312–333.

Topic 2: Materiality Concepts in Sustainability Reporting Regulation

Supervisor: *Tobias Kalmbach, M.Sc.*

Topic Description

Materiality is a foundational concept in sustainability reporting, but regulators and standard setters have adopted fundamentally different views on what it means. The International Sustainability Standards Board (ISSB) follows a *financial-materiality* perspective, requiring disclosure of sustainability matters that affect enterprise value. The European Union's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) follow a *double-materiality* perspective, requiring disclosure of both financial materiality and impact materiality (the firm's effects on people and the environment). The U.S. Securities and Exchange Commission has narrowed its climate disclosure rule toward a financial-materiality perspective, in line with established U.S. securities law principles. These divergent materiality concepts shape what firms disclose, how they manage their sustainability performance, how comparable disclosures are across jurisdictions, and which stakeholders are served by reported information. The empirical literature has begun to examine the consequences of these materiality concepts. Whether materiality classifications make sustainability information more useful or instead introduce new forms of complexity and unintended firm responses is a central open question.

The objective of this seminar paper is to synthesize the academic literature on materiality in sustainability reporting and the consequences of different materiality concepts. Following a brief introduction to the conceptual distinctions between financial, impact, and double materiality and the regulatory regimes that illustrate them, the seminar paper should primarily focus on the empirical approaches used in this literature — in particular, how researchers operationalize which materiality concept applies (e.g., relying on SASB classifications, regulatory regime indicators, or constructed measures of impact materiality) and how they measure its consequences (e.g., firm sustainability performance, disclosure informativeness, capital market reactions).

Introductory Literature

- Christensen, H. B., Hail, L., & Leuz, C. (2021). Mandatory CSR and sustainability reporting: Economic analysis and literature review. *Review of Accounting Studies*, 26(3), 1176–1248.
- Fiechter, P., Habermann, F., Melloni, G., & Pisciella, A. (2025). Double materiality as a driver of impact-material sustainability outcomes. *SSRN Working Paper*.
- Göttsche, M., Griffin, P. A., Habermann, F., Schiemann, F., & Spandel, T. (2025). A double-edged sword: materiality classifications of sustainability topics. *Review of Accounting Studies*, 30(4), 3596–3639.
- Grewal, J., Hauptmann, C., & Serafeim, G. (2021). Material sustainability information and stock price informativeness. *Journal of Business Ethics*, 171(3), 513–544.

Topic 3: The Strategic Limits of Mandatory Disclosure

Supervisor: *Yasmin Kuhlmann, M.Sc.*

Topic Description

Standard setters such as the FASB and IASB design financial reporting rules with the stated objective of providing information that is useful to investors, lenders, and other recipients. Guided by this objective, the trajectory of regulation over recent decades has been one of expanding mandates: more line items, more recognition, more disclosure. Yet financial reports cover only one part of what investors need to know. Information about growth opportunities, intangibles, customer relationships, sustainability performance, or strategic outlook is typically supplied through firms' voluntary disclosures, which sit alongside and interact with mandated reports. Whether broader mandatory reporting actually improves the *total* amount of value-relevant information in capital markets therefore depends crucially on how firms adjust their voluntary information production in response. This seminar topic reviews the theoretical and empirical literature in accounting, finance and economics on the *interaction* between *mandatory* reporting standards and firms' *voluntary* disclosure and information-acquisition incentives.

Introductory Literature

- Friedman, H. L., Hughes, J. S., & Michaeli, B. (2022). A Rationale for Imperfect Reporting Standards. *Management Science*, 68(7): 5380–5400.
- Cianciaruso, D., & Sridhar, S. S. (2018). Mandatory and Voluntary Disclosures: Dynamic Interactions. *Journal of Accounting Research*, 56(4): 1253–1283.
- Pinto, J. (2023). Mandatory Disclosure and Learning from External Market Participants: Evidence from the JOBS Act. *Journal of Accounting and Economics*, 75(1): 101528.
- Bischof, J., & Daske, H. (2013). Mandatory Disclosure, Voluntary Disclosure, and Stock Market Liquidity: Evidence from the EU Bank Stress Tests, *Journal of Accounting Research*, 51, 997–1029.

Topic 4: Strategic Voluntary Disclosure When Firms Possess Multiple Signals

Supervisor: Xinyan Wu, M.Sc.

Topic description

Firms typically possess multiple pieces of private information about their economic prospects, which may differ in precision, timing, or informational content. While the voluntary disclosure literature traditionally focuses on settings with a single signal, recent theoretical work shows that the presence of multiple signals may fundamentally alter disclosure incentives. In particular, disclosure of one piece of information can create expectations about future disclosures and shape investors' beliefs about other, undisclosed information, thereby generating interdependencies across disclosure decisions. As a result, firms may face implicit pressures in managing their disclosure strategies across different pieces of information, and these interdependencies can simultaneously create incentives to disclose and incentives to withhold, making it unclear whether the presence of multiple signals increases or decreases overall disclosure.

To address this question, this thesis provides an overview of the relevant theoretical and empirical literature. It begins with a brief overview of voluntary disclosure models and the role of commitment. Building on these foundations, the thesis examines specifically how the presence of multiple signals affects strategic interactions across disclosure decisions, thereby enhancing our understanding of voluntary disclosure in information environments characterized by multiple pieces of information.

Introductory Literature

- Beyer, A., & Dye, R. A. (2023). On the disclosure of half-truths and the duty to update. *Management Science*, 69(7), 4283–4311.
- Cianciaruso, D., & Sridhar, S. S. (2018). Mandatory and voluntary disclosures: Dynamic interactions. *Journal of Accounting Research*, 56(4), 1253–1283.
- Heinle, M. S., Kim, C., Taylor, D. J., & Zhou, F. S. (2025). Signaling long-term information using short-term forecasts. *Journal of Accounting and Economics*, 101768.

Topic 5: Disclosure as a Learning Mechanism: Market Feedback and Corporate Decisions

Supervisor: Xinyan Wu, M.Sc.

Topic description

Firms increasingly operate in information-rich capital markets in which investors, analysts, and other participants not only receive corporate disclosures but also *generate* information that can be valuable to firms themselves. While the traditional voluntary disclosure literature largely views disclosure as a one-way flow of information from firms to investors, recent research emphasizes that firms may strategically disclose information in order to learn from market reactions and feedback. In particular, disclosure can induce information production by analysts, improve the informativeness of market prices, and help firms infer the quality of investment opportunities or future growth prospects. As a result, disclosure decisions may shape not only investor beliefs but also firms' subsequent real decisions.

This thesis aims to provide a broad overview of the relevant theoretical and empirical literature in the field of accounting. It begins with a brief overview of voluntary disclosure models and the informational role of capital markets. Building on this foundation, the thesis examines how firms use disclosure strategically to elicit feedback from the market, and how such feedback affects corporate decisions. By synthesizing these strands of literature, the thesis aims to enhance our understanding of disclosure as a *two-way* communication mechanism in modern information environments.

Introductory Literature

- Langberg, N., & Sivaramakrishnan, K. (2010). Voluntary disclosures and analyst feedback. *Journal of Accounting Research*, 48(3), 603–646.
- Fox, Z., Kim, J., & Schonberger, B. (2026). Investment opportunities, market feedback, and voluntary disclosure: Evidence from the shale oil revolution. *The Accounting Review*, 1–35.
- Jayaraman, S., & Shuang Wu, J. (2020). Should I stay or should I grow? Using voluntary disclosure to elicit market feedback. *The Review of Financial Studies*, 33(4), 1391–1443.

Topic 6: Disclosure in the Age of Algorithmic Readers

Supervisor: Ilias Nasri, M.Sc.

Topic Description

The audience for corporate accounting and sustainability disclosures has changed fundamentally. Machine downloads now account for the majority of EDGAR traffic, and machine-learning models routinely parse narrative disclosures for tone, topics, and forward-looking content. Recent evidence shows that firms facing greater algorithmic readership adapt their filings to be friendlier to machine processing and avoid linguistic patterns penalized by sentiment algorithms. Whether this technological shift improves the comparability and informativeness of corporate disclosures or instead induces new forms of strategic obfuscation, AI-washing, and gaming of the algorithmic audience is an open question central to the seminar's framework.

The aim of this seminar thesis is to investigate how the rise of AI readers reshapes firms' production and communication of accounting information. The central research question is: How does algorithmic readership influence firms' disclosure choices, and what are the consequences for disclosure quality and the information environment of capital markets? The thesis conducts a structured literature review covering the conceptual foundations of disclosure processing costs in a machine-reader equilibrium, empirical evidence on managerial responses (tone, readability, narrative complexity) in 10-K filings, earnings calls, and sustainability reports, and feedback effects on auditors and other gatekeepers. The review should engage the tension between the transparency-enhancing effects of machine readability and the distortion-inducing effects of strategic gaming. It concludes with research gaps and implications for standard setters.

Introductory Literature

- Cao, S., Jiang, W., Yang, B., & Zhang, A. L. (2023). How to talk when a machine is listening: Corporate disclosure in the age of AI. *The Review of Financial Studies*, 36(9), 3603–3642.
- Blankespoor, E., deHaan, E., & Marinovic, I. (2020). Disclosure processing costs, investors' information choice, and equity market outcomes: A review. *Journal of Accounting and Economics*, 70(2–3), 101344.
- Estep, C., Griffith, E. E., & MacKenzie, N. L. (2024). How do financial executives respond to the use of artificial intelligence in financial reporting and auditing? *Review of Accounting Studies*, 29, 2798–2831.
- Bochkay, K., Brown, S. V., Leone, A. J., & Tucker, J. W. (2023). Textual analysis in accounting: What's next? *Contemporary Accounting Research*, 40(2), 765–805.

Topic 7: Technological Shocks, Information Environments, and Corporate Transparency: Evidence from Historical Capital Markets

Supervisor: *Luca Di Leo, M.Sc.*

Topic Description:

Long before AI and algorithmic trading reshaped modern capital markets, earlier technological revolutions posed equally fundamental challenges to corporate transparency. During the 18th, 19th, and 20th centuries, breakthrough technologies and infrastructural disruptions, such as delayed transatlantic shipping routes, the commercial telegraph, or sudden outages in postal networks, drastically altered information acquisition costs. Before these shocks, markets were highly opaque, and delayed information flows gave rise to severe information frictions, rumors, and adverse selection.

The objective of this seminar paper is to synthesize recent top-tier literature that uses historical settings to understand the evolution of capital market information environments. Moving beyond methodological questions of causal inference, this thesis focuses on how technological shocks reshape the costs and benefits of corporate transparency for both information producers and market participants. How did early markets, firms, and regulators adapt when faced with new information technologies? And how did sudden changes in information-dissemination channels alter market efficiency, liquidity, and information asymmetry? By examining these historical shocks, the thesis provides key insights into how technological disruption shapes the demand for corporate transparency and the conditions under which information reaches market participants equally.

Introductory Literature:

- Bourveau, T., Breuer, M., & Stoumbos, R. (2025). Learning to Disclose: Disclosure Dynamics in the 1890s Streetcar Industry. *The Review of Financial Studies*, 38, 2602–2651.
- Steinwender, C. (2018). Real Effects of Information Frictions: When the States and the Kingdom Became United. *American Economic Review*, 108(3), 657–696.
- Koudijs, P. (2016). The Boats That Did Not Sail: Asset Price Volatility in a Natural Experiment. *The Journal of Finance*, 71(3), 1185–1226.
- Li, B., & Venkatachalam, M. (2025). The value of equal access to mandatory disclosure: evidence from the Great Postal Strike of 1970. *Review of Accounting Studies*, 30(2), 1397–1431.

Topic 8: Employee-Generated Information as a Competing Disclosure Channel: Theory and Evidence from Labor Market Platforms

Supervisor: Sabrina Popow, M.Sc.

Topic Description

The rise of platforms like Glassdoor has created a new, decentralized channel through which information about firms (e.g., firm culture, pay practices, and business outlook) reaches capital market participants and labor markets alike, entirely outside managerial control. This thesis examines whether and how this external information source shapes firms' disclosure behavior, and what consequences follow for market quality and firms' real outcomes. This thesis asks: Does the availability of employee-generated information on social media platforms substitute for or complement firm-initiated disclosure? And does broader access to such information improve transparency and efficiency, or does it introduce noise, selective revelation, and unintended disciplinary effects? Analyzing theoretical models of voluntary disclosure in the presence of competing information sources and empirical evidence from labor market review platforms, students should explore how employee-generated information shapes the corporate information environment, with a particular focus on firms' strategic disclosure responses and the downstream consequences for capital market participants.

Introductory Literature

- Einhorn, E. (2018). Competing Information Sources. *The Accounting Review*, 93(4), 151–176.
- Frenkel, S., Guttman, I., & Kremer, I. (2020). The Effect of Exogenous Information on Voluntary Disclosure and Market Quality. *Journal of Financial Economics*, 138(1), 176–192.
- Huang, K., Li, M., & Markov, S. (2020). What Do Employees Know? Evidence from a Social Media Platform. *The Accounting Review*, 95(2), 199–226.
- Dube, S., & Zhu, C. (2021). The Disciplinary Effect of Social Media: Evidence from Firms' Responses to Glassdoor Reviews. *Journal of Accounting Research*, 59(5), 1783–1825.

Part II — Disseminating Information

Topic 9: Delegated Information Processing in Capital Markets

Supervisor: Wenqian Yang, M.Sc.

Topic description

This topic studies how information intermediaries shape the transmission of corporate information to capital market participants. Intermediaries such as proxy advisors, financial analysts, and institutional agents do not merely pass information through markets; they filter, aggregate, interpret, and strategically communicate information to investors. Their incentives, information quality, and communication choices can improve information efficiency but may also create distortions, overreliance, or biased decision-making. Against this background, this seminar thesis examines how *proxy advisors* as intermediaries combined with the market environment affect corporate governance, with the broader goal of understanding when intermediaries enhance versus distort market information and capital allocation.

Introductory Literature

- Taylor, D. J., & Verrecchia, R. E. (2015). Delegated trade and the pricing of public and private information. *Journal of Accounting and Economics*, 60(2–3), 8–32.
- Malenko, A., Malenko, N., & Spatt, C. (2025). Creating controversy in proxy voting advice. *The Journal of Finance*, 80(4), 2303–2354.
- Malenko, A., & Malenko, N. (2019). Proxy advisory firms: The economics of selling information to voters. *The Journal of Finance*, 74(5), 2441–2490.

Topic 10: Certification and Disclosure: Do Intermediaries Improve Information Quality?

Supervisor: Peiyuan Zhao, M.Sc.

Topic Description

Certification plays an important role in many settings, ranging from product markets to financial markets. In principle, certification by third-party intermediaries is expected to reduce information asymmetry, lower perceived risk, and enhance transparency. However, these benefits are not automatically guaranteed. Empirical evidence suggests that certification does not always add informational value and may, in many cases, have unintended effects. This thesis reviews both analytical and empirical literature to examine how *certification* interacts with firms' disclosure decisions and affects information quality. The objective is to understand why certification does not necessarily improve the information content available to market participants or improve the overall social welfare.

Introductory Literature

- Bongaerts, D., Cremers, K. J. & Goetzmann, W. N. (2012). Tiebreaker: Certification and Multiple Credit Ratings. *The Journal of Finance*, 67 (1), 113–152.
- Dranove, D. & Jin, G. Z. (2010). Quality Disclosure and Certification: Theory and Practice. *Journal of Economic Literature*, 48 (4), 935–963.
- Lizzeri, A. (1999). Information Revelation and Certification Intermediaries. *The RAND Journal of Economics*, 30 (2), 214–231.

Topic 11: Timing Games Among Information Intermediaries

Supervisor: *Yasmin Kuhlmann, M.Sc.*

Topic Description

Sell-side analysts are perhaps the most studied information intermediaries in capital markets, yet most empirical work on their behavior treats one important choice as exogenous: *when* they issue a forecast. In reality, analysts are simultaneously suppliers and consumers of information, where each forecast updates the public information set that other analysts then use as an input, so the order and timing of forecasts is a strategic equilibrium outcome with direct consequences for price discovery, forecast accuracy, and the value of analyst coverage to investors. Seminal research has identified two patterns that may emerge, separation in time when analysts are sufficiently dissimilar, or *endogenous clustering* when they are alike (see Guttman, 2010). Subsequent work has shown that the option to freeride on competitors' disclosures generates equilibrium delay, clustering, and *deliberate underinvestment in information*, even when acquisition is costless.

The thesis should review the theoretical literature on analysts' strategic timing decisions and assess its predictions against the empirical record, especially in light of newer information channels like social-media analysts on Seeking Alpha and StockTwits, real-time crowdsourced platforms such as Estimize, and AI-generated research. A central question is whether classical timing-game predictions (clustering, freeriding, lead-analyst price impact) survive or sharpen when traditional analysts compete with continuous-arrival, low-cost intermediaries.

Introductory Literature

- Guttman, I. (2010). The Timing of Analysts' Earnings Forecasts. *The Accounting Review*, 85(2): 513–545.
- Aghamolla, C., and T. Hashimoto (2020). Information Arrival, Delay, and Clustering in Financial Markets with Dynamic Freeriding. *Journal of Financial Economics*, 138(1): 27–52.
- Beyer, A., and I. Guttman (2011). The Effect of Trading Volume on Analysts' Forecast Bias. *The Accounting Review*, 86(2): 451–481.

Topic 12: Crowding In or Crowding Out? The Effect of Information Acquisition Costs on Price Informativeness

Supervisor: *Pascal Schrader, Dipl. WInf.*

Topic Description

A central question in accounting and finance research is how changes in information acquisition costs affect the amount of private information incorporated into stock prices. Theory offers competing predictions. On the one hand, lower acquisition costs may encourage investors to produce more precise private signals, thereby increasing price informativeness ("crowding in"). On the other hand, broader and cheaper access to public disclosures may reduce sophisticated investors' incentives to acquire costly private information, as the competitive advantage of being informed diminishes ("crowding out").

The goal of this thesis is to provide a structured review of the crowding-in versus crowding-out debate surrounding information acquisition costs and price informativeness. In a first step, the student will present the theoretical foundations, drawing on models of rational expectations and costly information acquisition that generate the opposing predictions. In a second step, the thesis will review and contrast recent empirical studies. Finally, the thesis will discuss the implications of these findings for securities regulation, voluntary disclosure, and managerial decision-making, highlighting when regulators' efforts to level the informational playing field may come at the cost of reduced price informativeness.

Introductory Literature

- Blankespoor, E., deHaan, E., & Marinovic, I. (2020). Disclosure Processing Costs, Investors' Information Choice, and Equity Market Outcomes: A Review. *Journal of Accounting and Economics*, 70(2–3), 101344.
- McClure, C. G., Shi, S. X., & Watts, E. M. (2025). Information Acquisition Costs and Price Informativeness: Global Evidence. *Review of Accounting Studies*, 30, 2468–2507.
- Zhu, C. (2019). Big Data as a Governance Mechanism. *The Review of Financial Studies*, 32(5), 2021–2061.

Topic 13: Machines in the Middle: AI as an Information Intermediary and Its Effects on Corporate Voluntary Disclosure

Supervisor: Sabrina Popow, M.Sc.

Topic Description

The rise of AI-based information processing has introduced a fundamentally new type of information intermediary into capital markets. Unlike financial analysts or the financial press, AI systems autonomously ingest, synthesize, prioritize, and disseminate corporate disclosures at scale and in real time. In doing so, they shape how investors access, interpret, and react to information without relying on human editorial judgment or conventional gatekeeping.

As investors increasingly turn to AI tools to search for and process corporate information, the signal they receive is no longer identical to the one originally sent by the firm. Instead, it is transformed by an intermediary that operates largely outside managerial control.

Drawing on theoretical models of strategic disclosure in the presence of signal-distorting intermediaries, this seminar thesis examines how AI intermediation alters corporate disclosure incentives. The central question of the thesis is whether AI, by introducing misinformation risk alongside genuine processing benefits, undermines the disciplining logic of unraveling theory: when AI systems may hallucinate signals in the absence of firm disclosure, strategic non-disclosure becomes less costly, potentially crowding out voluntary information provision. Students should explore whether AI, as a new generation of capital market intermediary, improves transparency and information quality, or instead introduces a structurally distinct form of noise and camouflage into the corporate information environment, and what this implies for equilibrium disclosure thresholds and overall capital market information quality.

Introductory Literature

- Einhorn, E. (2025). Broken Telephone Communication. *Journal of Business Finance & Accounting*, 52(5), 2262–2277.
- Bertomeu, J., Lin, Y., Liu, Y., & Ni, Z. (2026). AI Information Processing, Misinformation, and Voluntary Disclosure: Theory and Evidence. *Working paper*.
- Bertomeu, J., Lin, Y., Liu, Y., & Ni, Z. (2025). The impact of generative AI on information processing: Evidence from the ban of ChatGPT in Italy. *Journal of Accounting and Economics*, 80(1), 101782.

Part III — Interpreting Information

Topic 14: More Information, Better Prices? Higher-Order Beliefs and Information Efficiency in Capital Markets

Supervisor: Peiyuan Zhao, M.Sc.

Topic Description

Conventional wisdom suggests that greater availability of information enhances transparency and leads to more efficient pricing in capital markets. However, models of higher-order beliefs show that investors may place substantial weight not only on fundamental information but also on their expectations of other investors' beliefs. As a result, additional public information can influence trading and prices in ways that do not necessarily improve price efficiency. This thesis provides a literature review of research on higher-order beliefs, beauty contest effects, and information aggregation in financial markets. The objective is to explain why more information does not always lead to more informative prices and to identify the conditions under which additional information improves market efficiency.

Introductory Literature

- Allen, F., Morris, S., & Shin, H. S. (2006). Beauty Contests and Iterated Expectations in Asset Markets. *The Review of Financial Studies*, 19 (3), 719–752.
- Angeletos, G., & Pavan, A. (2007). Efficient Use of Information and Social Value of Information. *Econometrica*, 75(4), 1103–1142.
- Banerjee, S., Kaniel, R., & Kremer, I. (2009). Price Drift as an Outcome of Differences in Higher-Order Beliefs. *The Review of Financial Studies*, 22 (9), 3707–3734.
- Schmidt-Engelbertz, P., & Vasudevan, K. (2025). Speculating on Higher-Order Beliefs. *The Review of Financial Studies*, 38(8), 2434–2466.

Topic 15: The Capital Market Consequences of Voluntary versus Mandatory ESG Disclosure

Supervisor: *Alexander Hübsch, M.Sc.*

Topic Description

A long-standing accounting literature documents that voluntary disclosure is associated with capital market benefits, such as lower bid-ask spreads, lower cost of equity capital, and improved analyst forecast accuracy. Identifying causal effects in voluntary settings is challenging, however, because firms self-select into transparency. The recent global wave of mandatory ESG reporting provides a unique opportunity to revisit this question. Mandates extend reporting obligations to firms that would otherwise remain silent, breaking the self-selection that has shaped earlier evidence and raising a fundamental question: Do the capital market benefits associated with voluntary ESG disclosure persist, dilute, or disappear when disclosure is mandated for all firms regardless of preference? Whether mandates preserve the value of disclosure or substitute boilerplate compliance for substantive information remains a central open question.

The objective of this seminar paper is to synthesize the academic literature on the capital market consequences of voluntary and mandatory ESG disclosure. Following a general introduction to the institutional landscape of ESG disclosure regimes and the conceptual differences between voluntary and mandatory settings, the seminar paper should focus on the empirical approaches used in this literature, in particular how researchers address the self-selection problem in voluntary settings, how they identify the effects of disclosure mandates, and how they measure capital market consequences.

Introductory Literature

- Dhaliwal, D. S., Li, O. Z., Tsang, A., & Yang, Y. G. (2011). Voluntary nonfinancial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting. *The Accounting Review*, 86(1), 59–100.
- Frankel, R., Kothari, S. P., & Raghunandan, A. (2025). The economics of ESG disclosure regulation. *Review of Accounting Studies*, 30(4), 3218–3253.
- Krueger, P., Sautner, Z., Tang, D. Y., & Zhong, R. (2024). The effects of mandatory ESG disclosure around the world. *Journal of Accounting Research*, 62(5), 1795–1847.
- Manchiraju, H., & Rajgopal, S. (2017). Does corporate social responsibility (CSR) create shareholder value? Evidence from the Indian Companies Act 2013. *Journal of Accounting Research*, 55(5), 1257–1300.

Topic 16: ESG Rating Disagreement and Investor Decision-Making

Supervisor: *Tobias Kalmbach, M.Sc.*

Topic Description

ESG ratings have become a central input into sustainability-oriented investment decisions, yet different rating providers frequently assign substantially different scores to the same firm. This divergence — sometimes referred to as "aggregate confusion" (Berg, Kölbel, & Rigobon, 2022) — raises fundamental questions about how investors interpret conflicting sustainability signals and how rating uncertainty affects portfolio choice, capital allocation, and asset prices. ESG ratings illustrate a central tension in the modern information environment: they expand investor access to sustainability information that would otherwise be costly to assemble, but the proliferation of divergent ratings may introduce noise and misinterpretation rather than clarity. Unlike credit ratings, which share a common conceptual target and have converged under regulatory oversight, ESG ratings differ both in measurement and in what they fundamentally seek to measure, leaving investors to interpret signals that may point in different directions. The empirical literature has just begun to examine how investors respond to this uncertainty and what consequences it has for sustainable investing and market outcomes.

The objective of this seminar paper is to synthesize the academic literature on how ESG rating disagreement affects investor decision-making and market outcomes. Following a general introduction to the sources of ESG rating divergence and the conceptual challenges it poses for investors, the seminar paper should focus on the empirical approaches used in this literature — in particular, how researchers measure rating disagreement (e.g., score divergence across providers, dispersion measures, decomposition into scope, measurement, and weight) and how they identify its consequences for investor decision-making and market outcomes (e.g., portfolio choice, asset prices, capital allocation).

Introductory Literature

- Avramov, D., Cheng, S., Lioui, A., & Tarelli, A. (2022). Sustainable investing with ESG rating uncertainty. *Journal of Financial Economics*, 145(2), 642–664.
- Berg, F., Heeb, F., & Kölbel, J. (2024). The economic impact of ESG ratings. *SAFE Working paper (No. 439)*.
- Berg, F., Kölbel, J. F., & Rigobon, R. (2022). Aggregate confusion: The divergence of ESG ratings. *Review of Finance*, 26(6), 1315–1344.
- Christensen, D. M., Serafeim, G., & Sikochi, A. (2022). Why is corporate virtue in the eye of the beholder? The case of ESG ratings. *The Accounting Review*, 97(1), 147–175.

Topic 17: Algorithmic Trading and Its Impact on Corporate Decision-Making and Market Efficiency

Supervisor: *Pascal Schrader, Dipl. WInf.*

Topic Description

Algorithmic trading (AT), defined as the automated execution of trades based on pre-programmed instructions, has profoundly reshaped financial markets, now accounting for a majority of trading volume in many exchanges worldwide. The importance of studying AT arises from its considerable influence on market liquidity, price discovery, information asymmetry, and managerial decision-making.

This thesis will conduct an extensive literature review to investigate the multifaceted impact of algorithmic trading, highlighting different outcomes documented by recent research. Specifically, the review will address the following key questions: How does algorithmic trading influence information acquisition activities among investors? In what ways does AT affect corporate disclosures, such as Management Discussion and Analysis (MD&A) and managerial guidance? Furthermore, how do these changes affect overall market efficiency and transparency?

Introductory Literature

- Lee, C. M. C., & Watts, E. M. (2021). Tick Size Tolls: Can a Trading Slowdown Improve Earnings News Discovery? *The Accounting Review*, 96(3), 373–401.
- Stephan, A. (2024). The Effect of Algorithmic Trading on Management Guidance. *The Accounting Review*, 99(6), 421–449.
- O'Hara, M. (2015). High frequency market microstructure. *Journal of Financial Economics*, 116(2), 257–270.

Topic 18: Retail Investor Information Processing in the Age of Commission-Free Trading

Supervisor: *Alexander Hübsch, M.Sc.*

Topic Description

Retail investors have become a substantially larger force in capital markets following the rise of zero-commission brokerage platforms, fractional shares, gamified mobile interfaces, and social-media-driven information channels. These developments have not only lowered barriers to participation but also fundamentally reshaped how retail investors find, weight, and act on accounting and other firm-related information, such as earnings releases, regulatory filings, analyst reports, and news. Their growing influence raises a central question for the modern information environment: Do retail investors empowered by new trading technologies improve market efficiency by broadening the set of investors processing firm disclosures and related information, or do the same technologies introduce noise through attention-driven trading, herding, and salience-based interpretation that diverges from fundamentals? Whether technology-enabled retail participation strengthens or weakens the link between firm information and prices remains a central open question.

The objective of this seminar paper is to synthesize the academic literature on retail investor processing of firm information in the commission-free trading era. Following a general introduction to the institutional and technological context of zero-commission platforms, the seminar paper should focus on the empirical approaches used in this literature, in particular, how researchers measure retail investors' attention to and acquisition of firm information, and how they identify its consequences for capital market outcomes.

Introductory Literature

- Barber, B. M., Huang, X., Odean, T., & Schwarz, C. (2022). Attention-induced trading and returns: Evidence from Robinhood users. *Journal of Finance*, 77(6), 3141–3190.
- Blankespoor, E., deHaan, E., Wertz, J., & Zhu, C. (2019). Why do individual investors disregard accounting information? The roles of information awareness and acquisition costs. *Journal of Accounting Research*, 57(1), 53–84.
- Lawrence, A. (2013). Individual investors and financial disclosure. *Journal of Accounting and Economics*, 56(1), 130–147.
- Welch, I. (2022). The wisdom of the Robinhood crowd. *Journal of Finance*, 77(3), 1489–1527.

Topic 19: Democratizing Sophistication? AI Tools and the Interpretation of Financial Information

Supervisor: Ilias Nasri, M.Sc.

Topic Description

The interpretation of accounting and capital-market information has long been segmented by sophistication: institutional investors and trained analysts processed complex disclosures, while less sophisticated retail investors relied on simpler signals. Two technological developments are now reshaping this division. First, large language models and AI-augmented analyst tools allow professionals, and increasingly retail investors, to extract analytical content from financial statements, narrative disclosures, and news at near-zero marginal cost. Second, robo-advisors and zero-commission trading platforms have changed which investors participate and how they decide. Recent evidence suggests AI can complement professional analysts ("man + machine") and that LLMs can forecast market reactions to news, but also that AI-generated beliefs may become correlated across users. This raises a central question: Does AI-enabled interpretation democratize sophistication and improve price discovery, or does it homogenize beliefs and concentrate model risk?

The aim of this seminar thesis is to investigate how AI and related technologies affect how investors interpret accounting and capital-market information, and the resulting effects on market outcomes. The central research question is: How do AI-enabled tools change investor interpretation of financial information, and what are the consequences for price discovery, disagreement, and market efficiency? The thesis conducts a structured literature review covering the evidence on LLMs and machine learning in analyst forecasting and stock prediction; differential adoption across investor types and its effects on the distribution of analytical skill; and the role of robo-advisors and trading platforms in shaping retail interpretation and behavior. The review should engage the democratization-versus-homogenization tension and conclude with implications for market efficiency and investor protection.

Introductory Literature

- Cao, S., Jiang, W., Wang, J., & Yang, B. (2024). From man vs. machine to man + machine: The art and AI of stock analyses. *Journal of Financial Economics*, 160, 103910.
- Lopez-Lira, A., & Tang, Y. (2026). Can ChatGPT forecast stock price movements? Return predictability and large language models. *Journal of Financial Economics*, forthcoming.
- D'Acunto, F., Prabhala, N., & Rossi, A. G. (2019). The promises and pitfalls of robo-advising. *The Review of Financial Studies*, 32(5), 1983–2020.
- Eaton, G. W., Green, T. C., Roseman, B. S., & Wu, Y. (2022). Retail trader sophistication and stock market quality: Evidence from brokerage outages. *Journal of Financial Economics*, 146(2), 502–528.

Topic 20: AI and the Democratization of Financial Analysis: Efficiency Gains or Information Distortion?

Supervisor: *Luca Di Leo, M.Sc.*

Topic Description

The emergence of Large Language Models (LLMs) marks a potential turning point in information democratization. Historically, sophisticated textual analysis and sentiment extraction were the domain of institutional investors equipped with vast computing power. Today, generative AI allows a broader class of investors to summarize complex corporate reports instantly. While this should theoretically level the playing field and improve market efficiency, it introduces new capital market risks. AI models can "hallucinate", misinterpret nuanced accounting data, or create a herding effect where many market participants act on the same (potentially flawed) AI-generated signal. This topic examines the tension between technology-driven information democratization and the risk of market distortion. The objective of this seminar paper is to review the emerging literature on how generative AI and specific Large Language Models (LLMs) change how investors interpret information. The student should critically examine the empirical approaches used to measure LLMs' "value-add" in price discovery and return predictability, and discuss whether these specific algorithms ultimately reduce information asymmetry or introduce new tech-driven forms of noise (e.g., algorithmic herding and hallucinations).

Introductory Literature

- Blankespoor, E., Miller, G. S., & White, H. D. (2014). The Role of Dissemination in Market Liquidity: Evidence from Firms' Use of Twitter. *The Accounting Review*, 89(1), 79–112.
- Blankespoor, E., deHaan, E., & Zhu, C. (2018). Capital market effects of media synthesis and dissemination: evidence from robo-journalism. *Review of Accounting Studies*, 23(1), 1–36.
- Siano, F. (2025). The News in Earnings Announcement Disclosures: Capturing Word Context Using LLM Methods. *Management Science*, 71(11), 9831–9855.
- Lopez-Lira, A., & Tang, Y. (2026). Can ChatGPT Forecast Stock Price Movements? Return Predictability and Large Language Models. *Journal of Financial Economics*, forthcoming.
- Korinek, A. (2023). Generative AI for Economic Research: Use Cases and Implications for Economists. *Journal of Economic Literature*, 61(4), 1281–1317.

III. Administration and General Information

1. Supervision

Shortly after the topic allocation, you should contact your assigned supervisor to discuss the general direction of your topic and the principles of writing an academic seminar paper. We expect you to present and discuss the structure and content of your term paper at one or two additional meetings with your supervisor.

2. Formal Guidelines

Please check the "Guidelines for Academic Writing" ("Richtlinien für die Anfertigung wissenschaftlicher Arbeiten"), which are available for download on the respective chairs' websites. Seminar papers must be written in English. In general, seminar papers consist of 14 to 16 text pages, excluding indices, bibliographies, and appendices.

3. Submission of Seminar Papers and Presentations

A digital version of your paper (in both PDF and Word formats) must be submitted via the designated assignment folder on ILIAS by noon (12:00 pm) on the deadline date of your respective writing period. The digital upload shall also include all relevant supplementary content of your thesis (e.g., literature PDFs, MS Excel files).

Extensions of the submission deadline are only possible according to the examination regulations (e.g., presenting a medical certificate). In addition to the written thesis, you must prepare a presentation. Details on the content, structure, and submission deadlines for the presentation slides will be provided by your supervisors after the submission of your written papers.

4. Grading

Grading is based on the written paper (60%) and the presentation and active seminar participation (40%). Attendance at all seminar sessions is mandatory, and all participants are expected to contribute actively to the seminar discussions. To facilitate productive engagement, each participant will be randomly assigned to another student's presentation. The assigned student will then be required to ask the first question during the Q&A session. Allocations will be announced two days in advance via ILIAS.