Journal of Mathematics and Modeling in Finance (JMMF)
Vol. 3, No. 2, Summer & Autumn 2023
Research paper

Disclosure of material information and dividend

Shohre Hadidifard[1], **Mona Parsaei**[2], **Nafiseh Shahmoradi**[3]

[1] Department of Accounting, Faculty of Social Sciences and Economics, Alzahra University, Tehran, Iran

sh.hadidifard@gmail.com

[2] Department of Accounting, Faculty of Social Sciences and Economics, Alzahra University, Tehran, Iran.

m.parsaei@alzahra.ac.ir

[3] Department of Financial Management, Faculty of Social Sciences and Economics, Alzahra University, Tehran, Iran.

n.shahmoradi@student.alzahra.ac.ir

Abstract:
The substitution hypothesis postulates that various corporate governance forms and dividend disbursements serve as alternatives. Given that transparent information disclosure mitigates agency issues by lessening information asymmetry and fortifying corporate governance, this study aims to explore the influence of Material Information Disclosure which includes Groups A, B and Other Cases–characterized by their promptitude and significance–on dividends. Examining the period from 2018 to 2021 and encompassing a sample of 173 listed firms from the Tehran Stock Exchange, the findings affirm the substitution hypothesis. Moreover, Board independence is identified as a moderator in the relationship between Material Information Disclosures and dividend. Furthermore, the findings indicate that during the COVID-19 period, Group A and Other Cases were more potent factors for dividend reduction than Group B disclosure.

Keywords: Dividend, Disclosure, Information Asymmetry, Corporate Governance.
Classification: G14, G34.

1 Introduction

Investors often equate dividend received to the "a bird in the hand" proverb [14]. Dividends serve a pivotal function regarding agency conflicts between company insiders and investors. By distributing dividends, insiders return corporate profits to investors, thereby relinquishing their ability to exploit these earnings for personal gain [19]. Shareholders, being the residual beneficiaries of the income produced by companies, have income rights that are less strictly defined than those of debt

[2]Corresponding author
Received: 20/10/2023 Accepted: 03/02/2024
https://doi.org/10.22054/JMMF.2024.76286.1109

holders. As a result, they are more susceptible to managerial opportunistic actions, whether through resource misallocation or decisions that do not optimize value [21]. Corporate governance employs a suite of control mechanisms designed specifically to oversee and validate managerial actions, ensuring a corporation operates efficiently for its stakeholders [11]. Information, which reveals the true liquidation value of a risky asset, albeit with some noise, is a signal. Managers decide whether to disclose or suppress this signal based on its potential impact on the asset's market price [29]. Disclosure enhances the future liquidity of a firm's securities, thereby reducing the firm's capital cost [10]. Consequently, in the absence of disclosure (a means of mitigating agency cost), dividends may assume heightened importance to counterbalance its absence.

Information disclosure bifurcates into two subsets: mandatory and voluntary [5]. According to the Article 13 of *the Executive Instruction for Information Disclosure of Firms Registered with Iran Securities and Exchange Organization 2007*, material corporate events, such as entering a significant contract, must be disclosed promptly via Material Information Disclosure Form of Group A and Material Information Disclosure Form of Group B (the full list of Material Information has been rendered in Appendix A). An intriguing aspect of the list is the "Other Cases" section, which, as its name implies, does not encompass pre-determined items. Therefore, managers can disclose other material events under this heading. Consequently, the "Other Cases" section can partially reflect disclosures voluntarily made by managers, while other sections are explicitly defined in the instructions. The Material Information Disclosure, an implement of corporate governance, might impact dividend disbursements.

The COVID-19 pandemic has reshaped reporting and disclosure conditions since business activity suspensions may influence the estimates and measurement mechanisms of various financial statement elements. Additionally, this adverse impact can cloud the status of various agreements and contracts previously established by business organizations [28]. Investors are averse to uncertainty, and the rampant spread of an enigmatic disease renders the investment environment uncertain due to unclear associated risks [2]. Economies have witnessed a significant downturn in total output and a substantial consumption reduction. The ensuing revenue shock has precipitated stock market crashes, significant real GDP reductions, and escalating unemployment [23]. In 2020, during the COVID period, publicly traded entities experienced significantly higher dividend reduction rates, with industrial firms seeing substantially higher dividend omission rates [18]. Given that firms disclosure and dividend payment conditions have been impacted by COVID-19, this may influence the relationship between disclosure and dividends.
Unlike financial statements, which are disclosed periodically, Material Information Disclosure occurs on an ad-hoc and immediate basis. Thus, disclosing this information type can significantly impact stakeholders decisions, including investors, and increasing this disclosure type can lead to reducing information asymmetry

and subsequently lowering the capital cost. This research seeks to scrutinize the effect of Material Information Disclosure on cash dividends. Additionally, we investigate the moderating impact of board independence, as one of effective factors for monitoring functions [12], on the relation of Material Information Disclosure and dividend. Furthermore, since COVID-19 has affected all economies, specially the listed companies operations [17], which might influence dividend payment decisions and disclosure, this relationship is explored specifically for the COVID-19 pandemic period. This study provides at least two significant contributions to the existing literature. Firstly, it explores the effect of Material Information Disclosure on Dividends, shedding light on the implications of this particular information type in terms of promptitude and significance on investor cash inflows. Secondly, it augments the burgeoning literature examining the impact of COVID-19 on financial sector outcomes. As far as we know, in the literature, there is no study regarding this kind of disclosure and dividend, for the exceptional period of COVID-19. The remainder of this article is structured as follows: section 2 develops the hypotheses, section 3 delineates the research design, including sample, models, and variables. Section 4 outlines the results and section 5 concludes the paper.

2 Hypotheses Development

Regulations stringently dictate the mandatory disclosure of information for publicly listed companies, encompassing fundamental accounting, financial, and operational data. Some legal frameworks might also compel the revelation of non-financial information, including Corporate Governance practices [5]. An 8-K report might contain both obligatory and discretionary disclosures [7]. The SEC mandates that firms submit Form 8-K to promptly reveal material corporate events, like initiating a major contract or unveiling a new product [13]. In addition, *the Executive Instruction for Information Disclosure of Firms Registered with Iran Securities and Exchange Organization 2007*, stipulates that material corporate events must be disclosed via Material Information Disclosure Forms of Groups A and B, which include "Other Cases".

Transparent disclosure mitigates information asymmetry amongst investors and between managers and investors [9]. The substitution hypothesis posits that dividend payouts can replace other governance forms [20]. The expected return may be affected by changes in risk factors over time [26]. Moreover, environments that lack transparent disclosure led to elevated payouts as managers desire to validate their reputation for fair treatment [3]. [3] showed that the company's disclosure environment plays an important role in distributing dividends due to its effect on agency costs. [24] found that the mandatory disclosure of corporate social responsibility resulted in a significant reduction in dividends paid by firms.

Given the theoretical and empirical backdrop, it is plausible that disclosure may exhibit a negative relationship with dividend payment, as both are mechanisms to

curb agency problems and can be utilized interchangeably. Consequently, managers of less transparent firms might be more inclined to disburse dividends to bolster their reputation. Hence, the ensuing hypotheses are proposed:
Hypothesis (1): Material Information Disclosure of Group A is inversely related to dividend.
Hypothesis (2): Material Information Disclosure of Group B is inversely related to dividend.
Among the 8-K categories, while predominantly well-defined, there is an exception: the category of "other events". It mirrors the companies' discretion concerning what is deemed vital. It indicates the disclosure policy of the companies [30]. Enhanced voluntary disclosure amplifies company transparency, reducing information asymmetry and potentially bolstering management accountability while diminishing investors' monitoring costs. Despite not being mandatory, this disclosure type is often advocated as a best practice, allowing management to decide the information content to disclose [5]. [8] divided the cash component into: (1) the cash balance changes, (2) issuances or distributions to debt, and (3) issuances or distributions to equity. According to the free cash flow hypothesis, managers may be afraid to pay dividends or do debt financing which limit free cash flow in their hands. This makes it possible to stem the agency problem caused by excessive free cash flow in the hands of managers [16]. It is also expected that a firm which has always provided the market with good quality information will have an excellent reputation for honesty and transparency. With this approach, investors may gain more confidence in managers' decisions and expect lower managerial expropriation [22]. [22] have shown that the long-term payment of dividends is affected by disclosures made voluntarily. Given these perspectives, an additional hypothesis is formulated:
Hypothesis (3): Disclosure of Other Cases is inversely related to dividend.

The board of directors, a pivotal governance mechanism, can influence the extent of agency conflicts through its structure [15]. Active and independent directors, less susceptible to executive influence, offer independent judgment and expertise [12].

Involving independent directors reduces the potential for conflicts of interests in decision making and makes board work more efficient [12]. [4] have shown that the level of voluntary reporting is positively related to the appointment of an Independent Chairman. [1] have shown that the dividend policy is influenced by company governance factors.
As the literature of the research indicated, the board independence is probably a factor which affects both Dividend and Disclosure. Consequently, the following hypotheses are suggested to explore the moderating role of board independence:
Hypothesis (4): Board independence moderates the relationship between Group A and dividend.
Hypothesis (5): Board independence moderates the relationship between Group B and dividend.

Hypothesis (6): Board independence moderates the relationship between Other Cases and dividend.

3 Research design

3.1 Sample and Data

The data of 173 firms listed on the Tehran Stock Exchange, spanning four years from 2018 to 2021, were extracted from the Rahavard Novin and Codal systems (two data centers for Iranian listed firms). In order to determine the investigated firms, we considered several criteria. First, the firms were listed to the Tehran Stock Exchange before 2018 and were not delisted until the end of 2021. Second, the firms' data was available in the period under investigation. Third, the firms did not belong to the financial industry.

3.2 Models and Variables

The disclosure of Material Information, as per *the Executive Instruction for Information Disclosure of Firms Registered with Iran Securities and Exchange Organization 2007*, involves some main factors: Material Information Group A, Material Information Group B, and Other Cases.
It is hard to provide a measure of the quantity of information. The use of numbers of news stories from various sources as a proxy for the volume of information is an approach used in empirical literature, but its greatest challenge has been to separate original data from repeated reports [30]. Securities and Exchange Organization of Iran regulates the disclosure of corporates' material information using Material Information Disclosure Forms of Groups A and B and has made these reports publicly available through its Codal system (a comprehensive data center for Iranian listed firms). Hence, in order to measure the information disclosure in this research (GroupA, GroupB and OtherCases), we applied the number of Material Information Disclosure Forms of Groups A, B and Other Cases. Besides, we used Dividend to Earnings ratio (DivTE) which is measured by Dividing the dividends paid by the company, into its overall earnings [27] as a proxy for dependent variable. The control variables are return on assets (ROA) defined as net income which is scaled by the assets book value [3], Market to Book ratio (MtoB) which is market value of equity divided to book value of equity [25], leverage (DebtR) is calculated as total liabilities to assets [25], and Current ratio (CurrentR) is the ratio of total current assets to total current liabilities [6]. In order to test the hypotheses, the following models were applied for the data from 2018 to 2021.

$$\begin{aligned} DivTE_{it} = \beta_0 + \beta_1 GroupA_{it} + \beta_2 ROA_{it} + \beta_3 MtoB_{it} \\ + \beta_4 DebtR_{it} + \beta_5 CurrentR_{it} + \epsilon_{it} \end{aligned} \tag{1}$$

$$DivTE_{it} = \beta_0 + \beta_1 GroupB_{it} + \beta_2 ROA_{it} + \beta_3 MtoB_{it} + \beta_4 DebtR_{it} + \beta_5 CurrentR_{it} + \epsilon_{it} \tag{2}$$

$$DivTE_{it} = \beta_0 + \beta_1 OtherCases_{it} + \beta_2 ROA_{it} + \beta_3 MtoB_{it} + \beta_4 DebtR_{it} + \beta_5 CurrentR_{it} + \epsilon_{it} \tag{3}$$

Moreover, according to the Note 3, Article 1 and Note 1, Article 4 of *the Corporate Governance Instruction for Issuers Registered with the Securities and Exchange Organization of Iran 2022*, the majority of the board members must not be employed by the firm. Hence, firms were bifurcated into two clusters based on the percentage of independent board members (above and below 50 percent) to scrutinize the moderating effect of independent board members.

4 Results

4.1 Primary Outcomes

Table 1 delineates the descriptive statistics pertinent to the research variables, which are normalized with a 5 percent error margin. The DivTE mean is established at 0.503, implying that companies typically distribute about 50 percent of their profits. Furthermore, the annual average disclosures are 1.386 for Group A, 0.551 for Group B, and 0.874 for Other Cases. Also, the average of profitability is 20.3 percent and the average of market to book ratio is 7.756, the leverage indicates that debt comprises 49.5 percent of a company's assets on average. The current assets are 1.864 times the current liabilities, and on average 66 percent of the board of directors exhibit independence (Indep).

Table 1: Descriptive statistics of research variables

Variable	Mean	Median	Maximum	Minimum	Standard Deviation
DivTE	0.503	0.507	0.997	0.000	0.356
Group A	1.386	1.000	7.000	0.000	1.636
Group B	0.551	0.000	8.000	0.000	1.334
Other Cases	0.874	0.000	7.000	0.000	1.340
ROA	0.203	0.185	0.513	-0.002	0.152
MtoB	7.756	5.291	27.634	1.506	6.835
Debt R	0.495	0.500	0.840	0.160	0.197
Current R	1.864	1.560	4.740	0.760	1.001
Indep	0.660	0.600	1.000	0.000	0.179

Prior to evaluating research models and grounded in the substitution hypothesis, which considers dividend and disclosure as substitutable, the Granger causality procedure was utilized to ascertain whether Dividend either precedes or follows Disclosure. Generally, the findings denote that Material Information Disclosures can be precursor for dividend distribution, thus forming the basis for testing research models. Table 2 details the research model estimations, determining the impacts of Material Information Disclosure on the dividend between 2018 and 2021. We applied ordinary least squares (OLS) regression analysis with robust standard errors. Furthermore, we controlled for industry and year effects in our regression models. Notably, all regressions in Table 2 are significant, with an explanatory power of approximately 36 percent, as per the coefficient of determination. Upon scrutinizing Group A disclosure's effect, it is observed that its coefficient is -0.017, significant at a 95 percent confidence level, indicating that an enhancement in Group A disclosure correlates with a reduction in DivTE. Further analyses of the second and third models reveal that disclosures of Group B and Other Cases, with coefficients of -0.013 and -0.016 respectively, significantly impact DivTE at a 90 percent confidence level of negative effect. Generally, Material Information Disclosures seemingly induce a decrease in DivTE, thereby confirming the first to third hypotheses and aligning with the substitution hypothesis.

Table 2: The test results of the hypotheses 1 to 3

Variable	Coefficient	t statistic	Coefficient	t statistic	Coefficient	t statistic
Group A	-0.017**	-2.550				
Group B			-0.013*	-1.660		
Other Cases					-0.016*	-1.810
ROA	1.000**	8.680	0.962**	8.160	0.994**	8.630
MtoB	-0.003	-1.120	-0.002	-0.950	-0.002	-1.050
Debt R	0.119	1.130	0.120	1.120	0.115	1.070
Current R	-0.022	-1.120	-0.018	-0.920	-0.020	-1.040
Constant	0.327**	3.340	0.325**	3.310	0.334**	3.330
Year and Industry	Controlled		Controlled		Controlled	
F statistic	29.920		30.130		30.690	
F statistic probability	0.000		0.000		0.000	
coefficient of determination	0.365		0.362		0.362	

** and * respectively, significant at the 95 percent and 90 percent probability levels.

Tables 3 and 4 elucidate that disclosures of Group A, B, and Other Cases (respectively with -0.021, -0.016 and -0.024 coefficient) negatively impact DivTE in firms with a highly independent board of directors, these negative impacts are significant at the 95 percent (for Group A and Other Cases) and 90 percent (for Group B) confidence levels. Conversely, in companies with sub-50 percent board independence, all three disclosure types remain ineffectual in influencing DivTE. Thus, as anticipated, Board independence moderates the relationship between the various disclosures and DivTE, confirming all hypotheses from the fourth to the sixth. This indicates that firms with less independent board members potentially do not consider Dividend and Material Information Disclosure as alternatives or probably their investors do not have inclination to sacrifice dividend to disclosure and expect both of them because the weak corporate governance structure may have diminished their trust to these firms.

Table 3: The moderating effect of board independence

High independent board members						
Variable	Coefficient	t statistic	Coefficient	t statistic	Coefficient	t statistic
Group A	-0.021**	-2.940				
Group B			-0.016*	-1.810		
Other Cases					-0.024**	-2.600
ROA	1.066**	8.560	1.013**	7.850	1.059**	8.500
MtoB	-0.003	-1.070	-0.003	-0.860	-0.003	-1.030
Debt R	0.198	1.620	0.191	1.550	0.180	1.460
Current R	-0.011	-0.550	-0.007	-0.350	-0.012	-0.560
Constant	0.276**	2.470	0.279**	2.490	0.301**	2.630
Year and Industry	Controlled		Controlled		Controlled	
F statistic	21.860		21.510		23.130	
F statistic probability	0.000		0.000		0.000	
coefficient of determination	0.342		0.337		0.341	

** and * respectively, significant at the 95 percent and 90 percent probability levels.

Table 4: The moderating effect of board independence- continued

Low independent board members						
Variable	Coefficient	t statistic	Coefficient	t statistic	Coefficient	t statistic
Group A	0.008	0.400				
Group B			0.010	0.450		
Other Cases					0.028	1.000
ROA	0.864**	2.430	0.860**	2.420	0.824**	2.310
MtoB	-0.002	-0.450	-0.002	-0.400	-0.002	-0.520
Debt R	-0.379*	-1.720	-0.378*	-1.720	-0.363*	-1.660
Current R	-0.123*	-1.790	-0.123*	-1.790	-0.119*	-1.750
Constant	0.628**	3.300	0.624**	3.280	0.608**	3.170
Year and Industry	Controlled		Controlled		Controlled	
F statistic	14.330		13.840		14.810	
F statistic probability	0.000		0.000		0.000	
coefficient of determination	0.501		0.501		0.508	

** and * respectively, significant at the 95 percent and 90 percent probability levels.

4.2 Supplementary Test Outcomes

To refine the results, the models were reassessed to scrutinize the first to third hypotheses, exclusively considering observations related to the COVID-19 period (2020-2021), as presented in Table 5. The findings from Table 5 denote that during the COVID-19 period, Group A (coefficient -0.015) and Other Cases disclosures (coefficient -0.021) negatively and significantly influenced the dividend at 90 percent and 95 percent confidence levels, respectively, whereas Group B disclosure remained ineffectual. This indicates that during the pandemic, Group A and Other Cases disclosures were more potent catalysts for dividend reduction. Probably, the hard condition caused by COVID-19 pushed the investors to sacrifice dividend to only the most important contents disclosed.

Table 5: Material Information Disclosures and Dividend during COVID-19

Variable	Coefficient	t statistic	Coefficient	t statistic	Coefficient	t statistic
Group A	-0.015*	-1.770				
Group B			-0.016	-1.480		
Other Cases					-0.021**	-1.960
ROA	0.970**	6.530	0.957**	6.360	0.992**	6.700
MtoB	-0.003	-0.950	-0.002	-0.770	-0.003	-0.960
Debt R	0.072	0.520	0.065	0.470	0.072	0.520
Current R	-0.050**	-2.090	-0.050**	-2.040	-0.052**	-2.120
Constant	0.464**	3.460	0.466**	3.480	0.494**	3.710
Year and Industry	Controlled		Controlled		Controlled	
F statistic	22.700		22.850		24.070	
F statistic probability	0.000		0.000		0.000	
coefficient of determination	0.416		0.415		0.418	

** and * respectively, significant at the 95 percent and 90 percent probability levels.

To navigate potential endogeneity issues, the research models were retested after controlling for endogeneity. According to the Table 6 Group A disclosure (coefficient -0.022) significantly reduced the dividend ratio at a 95 percent confidence level, Group B (coefficient -0.009) did so at a 90 percent confidence level, while Other Cases disclosure wielded a mild negative impact on the dividend ratio, thereby highlighting the paramount importance of Group A disclosure in dividend distribution.

5 Conclusion

This study endeavors to investigate the effect of Material Information Disclosure on dividend. The findings unveil a negative relationship between dividend and various types of Material Information Disclosures (Groups A, B, and Other Cases), implying that increasing such disclosures is accompanied with diminished dividends. This aligns with the substitution hypothesis. Moreover, Board independence was identified as a moderator in the relationship between Material Information Disclosures (Groups A, B, and Other Cases) and dividends. Additionally, since COVID-19 has affected economies, especially the operations of listed companies which may have consequences on the dividend payment decisions and disclosure, this study

Table 6: Test results of the PSM method

Variable	Coefficient	t statistic	Coefficient	t statistic	Coefficient	t statistic
Group A	-0.022**	-5.050				
Group B			-0.009*	-1.820		
Other Cases					-0.005	-0.840
ROA	0.942**	9.590	0.668**	4.450	1.177**	11.470
MtoB	-0.001	-0.860	-0.001	-0.280	0.000	-0.200
Debt R	0.126*	1.810	-0.150	-1.160	0.247**	2.560
Current R	-0.021	-1.340	-0.047**	-2.250	-0.027	-1.530
Constant	0.223**	2.710	0.477**	3.900	0.119	1.290
Year and Industry	Controlled		Controlled		Controlled	
F statistic	68.380		42.400		43.200	
F statistic probability	0.000		0.000		0.000	
coefficient of determination	0.425		0.415		0.358	

** and * respectively, significant at the 95 percent and 90 percent probability levels.

investigates the mentioned relation for the COVID-19 pandemic period. The findings indicated that during the COVID-19 period, Group A and Other Cases were more potent factors for dividend reduction than Group B disclosure. This research renders two pivotal contributions: firstly, it illuminates the impact of Material Information Disclosure, as a special type of disclosure in terms of promptitude and significance, on dividend. Secondly, the consequences of the pandemics on financial market may face the firms with different restrictions which may result in changes to the risk and rewards expected by their investors. Therefore, investigation of pandemics effects on financial market could provide the firms and investors with points which hint them to protect themselves against the potential pandemics dire consequences and our research enriches the burgeoning literature exploring the financial sector repercussions of COVID-19. Future research could comparatively explore the effect of two main classifications of the disclosures including prompt (material events disclosure) and periodic information (financial statements) on dividend payment to investigate the effect of different kinds of disclosures on the reward expectations of investors.

Bibliography

[1] B. Al Shabibi, G. Ramesh, *An empirical study on the determinants of dividend policy in the UK*, International Research Journal of Finance and Economics, (2011).

[2] C. Bell , M. Lewis, *The Economic implications of epidemics old and new*, (2005).

[3] P. Brockman , E. Unlu, *Earned/contributed capital, dividend policy, and disclosure quality: An international study*, Journal of Banking and Finance, 35(2011), 1610-1625.

[4] G. Chau, S.J., Gray, *Family ownership, board independence and voluntary disclosure: Evidence from Hong Kong*, Journal of International Accounting, Auditing and Taxation, 19(2010), 93-109.

[5] Y.L. Cheung , P. Jiang , W. Tan, *A transparency disclosure index measuring disclosures: Chinese listed companies*, Journal of Accounting and Public Policy, 29 (2010), 259-280.

[6] J. Consler , G.M. Lepak , S.F. Havranek, *Earnings per share versus cash flow per share as predictor of dividends per share*, Managerial Finance, 37(2011), 482-488.

[7] H. Cho , R. Kim, *Asymmetric effects of voluntary disclosure on stock liquidity: evidence from 8K filings*, (November, 2019).

[8] P.M. Dechow , S.A. Richardson, R.G. Sloan, *The persistence and pricing of the cash component of earnings*, Journal of accounting research, 46(2008), 537-566.

[9] D. Dhaliwal , O.Z. Li, A. Tsang, Y.G. Yang, *Corporate social responsibility disclosure and the cost of equity capital: The roles of stakeholder orientation and financial transparency*, Journal of accounting and public policy, (2014).

[10] D.W. Diamond , R.E. Verrecchia, *Disclosure, liquidity, and the cost of capital*, The journal of Finance, 46 (1991), 1325-1359.

[11] R. Donnelly , M. Mulcahy, *Board structure, ownership, and voluntary disclosure in Ireland*, Corporate Governance: An International Review, 16 (2008), 416-429.

[12] N.O.D. Ellili, *Impact of environmental, social and governance disclosure on dividend policy: What is the role of corporate governance? Evidence from an emerging market*, Corporate Social Responsibility and Environmental Management, (2022).

[13] C. Gleason , Z. Ling, R. Zhao, *Selective disclosure and the role of Form 8-K in the post-Reg FD era*, J Bus Fin Acc, (2019), 132.

[14] I. Iskandar , S. Tan, T.A. Lubis , A. Machpudin, *Firm value model from the perspective of firm profitability and dividend-paying behavior with dividend payout as a mediator*, Jurnal Perspektif Pembiayaan dan Pembangunan Daerah, 10 (2022), 199-212.

[15] P. Jiraporn , Y. Ning, *Dividend policy, shareholder rights, and corporate governance*, (2006).

[16] E. Kadiolu , E.A. Yilmaz, *Is the Free Cash Flow Hypothesis Valid in Turkey?*, Borsa istanbul Review, (2017).

[17] S.F. Khatib , A. Nour, *The impact of corporate governance on firm performance during the COVID-19 pandemic: Evidence from Malaysia*, Journal of Asian Finance, Economics and Business, 8 (2021), 0943-0952.

[18] K. Krieger , N. Mauck , S.W. Pruitt, *The impact of the COVID-19 pandemic on dividends*, Finance Research Letters, 42 (2021).

[19] R. La Porta , F. LopezdeSilanes , A. Shleifer , R.W. Vishny, *Agency problems and dividend policies around the world*, The journal of finance, 55 (2000), 1-33.

[20] D. Lin , H.C. Kuo, L.H Wang, *Can Disclosure Quality Explain Dividend Payouts?*, International Business Research, 7(2014).

[21] D. Lombardo , M. Pagano, *Law and equity markets: A simple model*, (1999).

[22] M.M. Luo , M. Plumlee, *Voluntary disclosure and dividend policy*, (2008).

[23] M. Mazur , M. Dang, T.T.A. Vo, *Dividend policy and the COVID-19 crisis*, (2021).

[24] X. Ni , H. Zhang, *Mandatory corporate social responsibility disclosure and dividend payouts: evidence from a quasinatural experiment*, Accounting and Finance, (2019).

[25] A. Saeed , F. Zamir, *How does CSR disclosure affect dividend payments in emerging markets?*, Emerging Markets Review, 46(2021).

[26] F. Samadi , H. Eslami Mofid Abadi, *The Effect of Volatility Temporal Changes on the Predictability and Return of Optimal Portfolio Using the DMA Model*, Journal of Mathematics and Modeling in Finance, 1(2021), 1-14.

[27] S.P. Sharif , M. Ming Lai, *The effects of corporate disclosure practices on firm performance, risk and dividend policy*, International Journal of Disclosure and Governance, (2015).

[28] R. Sultana , R. Ghosh , K.K. Sen, *Impact of COVID-19 pandemic on financial reporting and disclosure practices: empirical evidence from Bangladesh*, Asian Journal of Economics and Banking, 6 (2022), 122-139.

[29] R.E. Verrecchia, *Discretionary disclosure*, Journal of accounting and economics, 5 (1983), 179-194.

[30] X. Zhao, *Does Information Intensity Matter for Stock Returns? Evidence from Form 8-K Filings*, Management Science, (2016).

1 Material Information List

Group A: Suspending or stopping all or part of the firm's activity; Resumption of suspended or stopped activity; Deployment of new plans and projects; Declaring insolvency or bankruptcy of the firm; The results of holding a tender or auction; The results of participating in the tender or auction; Creating, termination or fundamental changes in material contracts; Discovery of significant resources or reserves; Any combination, detachment, merger and acquisition; Transactions related to the fixed assets of the firm; Acquisition of another firm's shares (in any of the following cases: 1- the purchase amount is more than 5 percent of the firm's assets in the previous year's financial statements; 2- the issuer buys more than 5 percent of another firm's shares (listed with Tehran stock exchange or Iran Farabourse)); Disposition of another firm's shares (in any of the following cases: 1- the disposition amount is more than 5 percent of the firm's assets in the previous year's financial statements; 2- the issuer disposes more than 5 percent of the firm's shares (listed with Tehran stock exchange or Iran farabourse)); Significant changes in the performance of the controlled companies; Change of major shareholder; Announcing the occurrence of extraordinary events; Annual adjustments; Request for delisting; Purchase, disposition, obtaining, revocation and changes of activity permission, business license or trademarks; Important effects caused by currency changes (currency price); Receiving or paying cash or non-cash contributions of more than 5 percent of the firm's capital; Listing or trading of securities in international markets; Returning of more than 5 percent of the firm's products based on the sales amount of the last financial year; Obtaining permission to change selling price of products or purchasing raw materials more than 10 percent and Changes in accounting estimates.
Group B: Holding a tender or auction; Participation in tenders or auctions; Disclosure of the transactions related to the Article 129 of the Trade Law or transactions with affiliates; Creation of a new obligation or completion of previous obligations; Important lawsuits for or against the firm; Changes in the mix of production or sales; Change in the status of the firm's main customers or suppliers; Any plan for bond issuance; Dividend payment proposal or changes in dividend payment policy; Mortgaging or redemption of the assets; Creation or elimination of contingent liability; Change of auditor; The decision of the board of directors to repurchase stocks or sell treasury shares; Mortgaging, blocking, redemption of the issuer's shares belonging to the major shareholder who is a member of the board of directors; and **Other Cases**.

How to Cite: Shohre Hadidifard[1], Mona Parsaei[2], Nafiseh Shahmoradi[3], *Disclosure of material information and dividend*, Journal of Mathematics and Modeling in Finance (JMMF), Vol. 3, No. 2, Pages:149–160, (2023).