

Mandatory Disclosures and Market Reaction: Evidence from Qatar Stock Exchange

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Abstract

Information disclosure, inter alia, has a tremendously increasing impact on the stock market. This study aims to investigate the reaction of stock market to the mandatory disclosures in Qatar Stock Exchange (QSE) for the period 2020-2022. To be precise, the paper investigates the market reaction as indicated by the trading volume and stock price change to disclosure of periodic financial reports (quarterly, semi-annual, and annual) and company news and, subordinately, the relationship between trade volume and stock price change of the 47 (± 1) traded listed companies on the QSE for the period spans from January 2020 to October 2022. Trading volume, all market share index value and stock price change were descriptively analyzed, then investigated using a one-to-one period approach, pre and post disclosure. In consistency with a priori predictions, the result shows significant market reaction as indicated by the volatility of both trade volume and stock price change. Moderate evidence is given to support the market reaction to the periodic disclosure other than annual financial reports. Additionally, findings show a weak positive relationship between trade volume and stock price change. Interestingly, the investigation provides substantial support to the weak form market efficiency, at least for the widely traded stocks. This indicates that insiders are not being better informed about the company's true value than outsiders in the QSE. Finally, results support to the widely held belief, but heretofore undocumented evidence from the region, that permanent disclosures provide information benefits to investors and, hence, greater benefit.

Keywords: Mandatory disclosure, market reaction, QSE, stock price change, trade volume

1. Introduction

Economic development has been set as one of the five pillars of the “Qatar National 2030 vision” (QNV2030) program. To realize sustainable development, multiple financial and non-financial resources are being deployed and strategies that encourage investment and more capital raising and spending are seen as key towards, diversifying its economy. Ultimately, financial markets are the cornerstone for appropriately managed financial investment and capital spending. As a necessity of aligning the financial markets with the relatively rapid economic development, Qatar Financial Market Authority (QFMA) is extensively working on expanding the financial markets to route these investments and provide more capital in the economic system. Consequently, along with the continuous development of capital market regulations and legislation under the governance of the QFMA, the secondary market (QSE) has, recently, launched the QSE Venture Market (QSE VM) as alternative market for small and medium enterprises to seek capital from the public, and to support QSEs efforts aiming at enhancing liquidity and providing a wider set of investment opportunities for both Qatari and foreign investors. As part of the national strategy, the QSE was established in 1995 and officially started its manual operations in 1997 with 17 listed companies, under the name of Doha Securities Market (DSM). Currently, the QSE has a total of 49 listed companies in both markets, among which 47 traded companies spread over 7 sectors namely Banks and Financial Service, Consumer Goods and Services, Industrials, Insurance, Real Estate, Telecoms and Transportation. In efforts to achieve developed-market status, increase trading volumes and transparency, the QFMA requires all listed and traded companies to immediately and periodically disclose, to both QFMA and QSE, any information or event that may affect their stock price. These disclosures are immediately made publicly available on QSE website, while neither QSE nor QFMA hold any responsibility of the accuracy and correctness of the information communicated for disclosure, but all the responsibility shall be taken by the issuer as per article no (69) of the Rulebook for Listing Securities on Financial Market of 2020 (QFMA, 2020).

Immediate disclosure was clearly defined in article no (76) of the Rulebook. Referring to the article, listed traded companies on QSE shall immediately (Note 1), disclose on their website and simultaneously inform both QFMA and QSE through any available mean of communication of any event or development that may affect its stock price. QSE, for its part, shall publish this disclosure on its website as soon as it is received. This disclosure includes any intention of submitting a potential offer for merger or acquisition which must be published and communicated with both regulatory authority and the market, as stated in article no (5) of the Merger and Acquisition Code of 2014 (QFMA, 2014).

Periodic disclosure, on the other hand, includes periodic financial reports on a quarterly, semi-annual, and annual basis. For instance, annual financial report covers the full year with reported comprehensive and comparative analysis and must be audited by an external audit firm licensed by QFMA, while semi-annual financial statements need to, only, be reviewed by the company's accounts auditor without issuing any audit report. First and third quarters periodic financial report disclosures include management accounts as presented in the financial statements. Article no (77) of the Rulebook, related to periodic disclosure, stated that upon authority's approval of listing, all listed and traded companies shall prepare, communicate with both QAFMA and QSE and publish these periodic reports. The annual report shall be prepared and disclosed within 90 days from the end of the financial year, that is 31 December. The semi-annual report shall be disclosed within 45 days from the end of the 6-month period and the remaining first, and third quarters to be disclosed with 30 days from the end of each quarter. As per the same Rulebook, articles no (73) and (74), a company may delay the disclosure for a short period of time if it experiences unexpected and serious event, or it may make an initial announcement based on availability of sufficient relevant details to avoid risk related to inside information leakage. The company shall ensure confidentiality and shall not mislead investors when delaying the disclosure.

To ensure and maintain high level of transparency in the market, Governance Code for Listed Legal Companies on the QSE Main Market stated, in articles no (25), (28) and (33) of disclosure and transparency section, that companies must stay in compliance with disclosure requirements which includes disclosure of stocks owned by company's high management ranks (QFMA, 2016). The Code has clearly defined the insiders of a company and their compliance with disclosure requirements, especially disclosure of trades and transactions of the involve the company's stock. Moreover, the QSE has launched a new website in 2020 as a step forward in providing more useful tools to listed companies and making useful information publicly available to players in the market including investors.

This paper is sketched out with six sections, covering respectively, the introduction in section one, literature review of previous related studies as well as the hypothesis development in the following section two and the study data collection, resources, and its methodology of use in section three. Section four is allocated to discuss the data for the purpose of the study. This section is devised into two parts. First, the examination of the market reaction to periodic financial reports disclosure as indicated by trade volume, market all shares index and stock price change. Market reaction to company news disclosure will be investigated in the second part of the discussion section. Section five is for explaining the study limitations and proposed future research studies with in-depth analysis. Final section six will report the elaborated findings of the investigation to conclude the paper. The conclusion sums up the discussion findings and provides an understanding of the investigation. Broadly, results of this study may be of valuable practical as well as theoretical meaningfulness for either player in the Qatar Financial Markets; a better understanding of disclosure factor affecting the market price for potential new investors and useful information regarding stock reactions that enables existing investors to adapt investment decision. Corporate executives may use the findings for adapting disclosures timing and their informational value to the market's conditions. Findings can also be used by regulators for more control over disclosures, their informativeness and release timing to prevent any sort of market manipulation.

1.1 Literature Review & Hypothesis Development

In the past few decades, a substantial volume of studies has been conducted and documented on the interaction between players in the stock market and, ultimately, market reaction. Authors from different geographical locations studied the interactions from different aspects and used approaches. For instance, Li and Ramesh (2009) used data from the EDGAR era and concluded that the market reacts significantly to periodic SEC report filing, especially when quarterly filing coincides with the first disclosure of the earnings. Lawrence (2013) studied disclosures and individual investors' reactions. He showed that individuals react positively to companies with improved disclosures and, so, they, on average, invest more in these firms. Investors react to firms' disclosures on their performance basis (Emett, 2019). Emmett (2019) concluded in his examination paper that investors believe in firms' management being realistic about future cash flows opportunities and, so, they react by investing more. Patrick and Donald (2016) found from their experiment that the market and investors react

favorably to disclosure of green investment. Kristina (2012) conducted an experiment and found that the market reacts, but with different strength levels, to disclosures. Precisely, Kristina's documented experiment paper concluded that the more readable disclosures are the higher information amount is, the higher amount of information that investors have the stronger market reaction is.

One of the very few related studies in the Gulf Cooperation Council (GCC) region was documented by Alsarrawi (2018). Finding of his investigation document indicated that the market reacts positively to online financial disclosure of listed firms in the region and, ultimately, there is an existing positive relationship between this way of financial disclosure and the overall firm's performance.

In an empirical study about disclosure and investors reactions conducted on a sample of 38 manufacturing companies listed in the Indonesia, Hendra Gunawan (2015) found that mandatory disclosure partially affects the investor reaction which drives the stock prices to change, whereas voluntary disclosure simultaneously affects investor reaction. They used trading volume to measure investor reaction as the dependent variable and five other independent variables namely mandatory and voluntary disclosure, cash flow operating activities, cash flow investing activities, cash flow financing activities. Caramanolis-Çetelli, Gardiol, Gibson, and Tuchschnid (1999) showed, in their paper, that abnormal returns are significantly and positively affected by the informational quality of the annual reports' disclosure of the Swiss firms. Gelb and Zarowin (2002) empirically supported the belief that disclosure provides investors with information benefit. Finding of their examination paper show that greater disclosure is associated with stock prices that are informative about future earnings, after examining the association between voluntary disclosure and the informativeness of stock prices using the AUMR-FAF annual disclosure ratings. Using daily data collected from the Australian Securities Exchange, ASX 200 listed firms, Prasad, Bakry, Estela, and Varua (2020) explained the return volatility by examining the role of information release. They have used, in their study, the Analyst Price Target (PTR) among other private and public information proxies, and they concluded that the PTR has a large effect on the return volatility. Findings indicate that, in their investment decision making, investors in the Australian equity market are heavily relying on information.

Haggard, Martin, and Pereira (2008) predicted that enhanced voluntary disclosure reduces stock price co-movement. In their documented paper, they provided evidence supporting the effectiveness of disclosure policy in increasing the information contained in stock returns. Sletten (2012) concluded that voluntary disclosure affects stock prices and, so, he provided evidence indicating that news, either good or bad, and its release timing is being used by managers to address the changes in stock prices as the exogenous stock price declines can induce its disclosure. Kim, Yeung, and Zhou (2019) looked at firms' disclosures related to internal control weaknesses (ICW) which is pronounced to be associated with firm's financial reporting process. On this basis, they examined the stock price crash for these firms. Their examination concluded that, despite the bad news signal of this disclosure, stock price crash risk reduces significantly after disclosures.

Another evidence from firms in Australia comes from the study conducted by Ritter and Wells (2006) on the impact of ceasing disclosures of intangible assets by Australian firms on the financial reports and stock prices. Result of their study provided evidence of a positive association between disclosure of identifiable intangible assets and stock prices. Eng and Teo (1999) examined the impact of disclosures of annual reports on analysts' forecast. Their study of a sample of listed firms in Singapore showed that greater corporate disclosure can lead to greater analyst interest in the firm. Gigler and Hemmer (2001) developed a theory of conservative accounting and firms' voluntary disclosure. They found news of less conservative accounting firms is more timely reflected in their stock price than firms with more conservative accounting. Schleicher, Hussainey, and Walker (2007) studied the association of disclosures' quality and share price for both firms with profits and losses report. Findings of their study showed an existing but different association for firms with profits reports and firms with losses reports.

In Jordan, Shamki and Abdulrahman (2013) examined financial disclosure influence on three share price proxies for the three-month period that follows the year ending between 2004 and 2009 of 91 Jordanian companies. They found that, while the most reliable indicator of value relevance of accounting information is the annual closing share price, financial disclosure has a significant influence on the value relevance if earnings relative to both closing and average annual share price. Atiase, Bamber, and Tse (1989) discussed disclosures timeliness between small and large firms and market reaction tendency. They, consequently, conducted a study that employs a multivariate approach to investigate the relationship between the timeliness of annual earnings disclosure and the associated price reaction. With some evidence that the relation between disclosure and market reaction may be stronger for earning announcement which convey bad news, their study resulted that longer delays are associated with smaller market reactions, when firm size is held constant. Cox and Weirich (2002) concluded their study

insisting on auditors and regulators vigilance need to properly maintain and monitor financial reporting after examining the impact the fraudulent financial reporting have on stock prices.

Patro and Gupta (2016) used data from 4 Asian markets namely China, Hong Kong, Israel, and the Philippines and found that the adoption of International Financial Reporting Standards (IFRS) reduces the stock prices synchronicity. Results of Li, Xiang, Liu, and Cai (2020) study, conducted on a sample of listed firms in China, showed existing association between disclosures of annual report on stock prices. Precisely, they found that high and low market attention is associated with stock price crash risk and, therefore, firms are observing market attention and tend to shift their disclosure timing accordingly. Moreover, they found that firms are strategically disclosing their annual report of bad news during the period of low market attention.

Finding of Dodd, Dopuch, Holthausen, and Leftwich (1984) study indicated that the opinion of auditor on the announced financial audit report influences the stock price, and many firms experience negative abnormal stock performance prior to the release, while little evidence provided of any effect of stock price when publicly disclosed. They concluded that, for some reason, it is difficult to make a strong test of this effect.

Soltani (2000) questioned the informativeness of the qualifications reported in the auditor's opinion on financial statements and, thus, the auditor's role in the stock market. His study was based on a sample of 543 reports for the period between 1986 and 1995. He empirically studied, in part, the French market as he believes that this market is significantly different, in the level of disclosure of the reporting area as well as the accounting and auditing practice, from both the UK and the US markets, and this difference can play an important role in research field. His study results demonstrate a significant negative abnormal return around the announcement dates of audit opinions.

Robbani and Bhuyan (2010) documented evidence from Toronto stock exchange, Canada, about stock price reactions to disclosure of financial statements' re-statement. The result of their examination paper indicated that stock prices react negatively, in the short term, to this disclosure. Foroghi, Amiri, and Mirzae (2012) investigated the association of opaque financial report disclosure and stock price and concluded with a positive relationship, and that the risk of future stock price rash increases with the increase of the opacity in the financial report.

With the development of the internet technology during the past few decades and strong documented evidence that support the efficient market principle and signaling theory, many companies are disclosing their reports using the internet (IFR) taking the opportunity of different presentation ways that offers. Consequently, multiple authors documented studies that examine the stock price reaction to IFR and provided evidence about the significant impact of IFR on stock prices (Hussein & Nounou, 2021; Lai et al., 2007; Almilial & Budisuetyo, 2009).

Alternatively, (Hung et al., 2018; Wang et al., 2013; Gun-Ho & Lee, 1992; Osundina et al., 2016; Dimitropoulos & Asteriou, 2009; Jahdurahman & Liu, 2021) and many others have analyzed accounting information disclosed in financial reports and examined their relationship with stock prices. Result of these studies, mostly, showed an association with accounting information and stock price with varied level of influence, which consistently support the Ball-Brown (Note 2) effect.

From the aforementioned review, scholars about different markets from different geographical locations have thoroughly studied investors attentiveness as indicated in the stocks prices reactions to disclosures from different shapes and content use. The majority of related research studies, however, were laudably conducted in Anglo-Saxon countries and counties with larger, more developed markets and markets with high complexity. The larger countries-wise evidence that supports studies' outcomes and research suggestions are the stronger results hold. Certainly, providing additional evidence from a market where no, heretofore, similar study has been documented will be of important support. Moreover, in such a market as QSE, with less listings, a low level of transactions and very few, if unheard of, academics, it is deemed necessary to broadly understand the market reactions and investors' attentiveness. Results, then, can be the basis for further profound research.

1.2 Research Hypothesis

One of the widely held theories, signaling theory, suggests that listed firms send signals to the market by disclosing information and, hence, the market reacts toward their predicted direction. This paper investigates QSE reaction, as indicated by trading volume (the number of stocks traded and referred as "*TV*"), stock price change (per company stock price change referred as "*SP%*") and all market index value (Note 3) (unweighted - all listed traded companies' share - index value measured by Qatari Riyal (QAR) (Note 4) and referred as "*Allindx V*"). The investigation period (*P*) spans from January 2020 (Note 5) to October 2022 (present date).

The wisdom of the market says, "Volume is the fuel for stock prices". Trade volume is considered one of the

most important factors that influence the stock price change and hence the market to react. The market reacts to actual announcement of trade statements showing profit with significant price change and trade volume on post-announcement day (Collett, 2004). Kim, Oliver, and Verrecchia (1991) pointed out that there is a proportional market reaction as indicated by both stock price change and trade volume while traders' precisions differ to announcements and, hence, trade volume is proportional to price change as it reflects the differences in traders' reactions. Another study found that there is an increasing function of trade volume reaction magnitude and duration to quarterly unexpected earnings' announcement (Bamber, 1987). Ryan and Taffler (2004) found that a considerable percentage of price and trade volume change explained by publicly available corporate news. In the Gulf Council Countries (GCC) region, Sabri (2008) found that markets integrate both trade volume and stock price change while there is a considerable increase in the volatility of both.

Hypotheses one, two and three are formulated as follows:

H1: Trade volume reacts to disclosure of periodic financial reports.

H2: Stock price reacts to periodic disclosure of the financial report.

H3: Trade volume and stock price react to companies' news disclosure.

Understanding the mechanism underlying the stock market reaction, as indicated by both trade volume and stock price change, lead to study the association between these two indicators. Sabri (2008) found that volume and price movement are correlated in the GCC markets, but the strength of this association differs from market to market. Additional support to the existing relationship between trade volume and stock price comes from the emerging markets. Gündüz and Hatemi (2005) found that there is an association between trade volume and stock price in Czech Republic market and a bidirectional relationship in both Hungary and Poland markets. On the contrary, Weber and Rosenow (2006) argue that stock price fluctuation cannot be explained sufficiently by large trade volume. Instead, they concluded that higher stock price change occurrence prerequisite limit orders with low density that limit orders of low density. The hypothesis of this research is:

H3: Trade volume is correlated with the stock price

1.3 Conceptual Framework

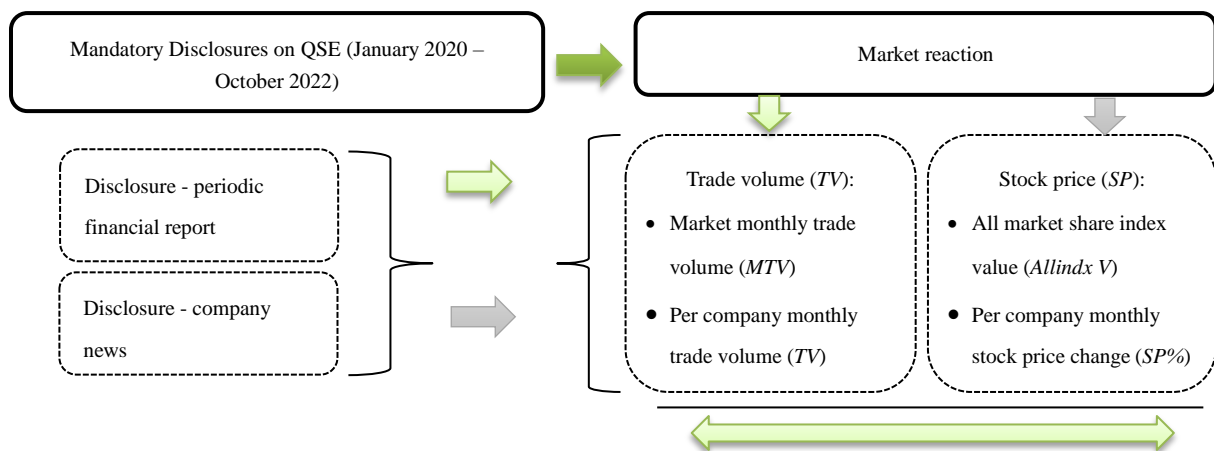


Figure 1. Research conceptual framework design

2. Data Collection and Methodology

Data used in this study was collected from secondary sources. Mostly, the data is collected from QSE website (QSE, Disclosures, n.d.) for the period (P). Data related to the financial reports along with the company news is collected from disclosures option available and timely updated on the QSE website, while data related to the stock prices movements and reactions is collected from the trading reports found in the market reports under the publication option in the QSE website.

Microsoft Office Excel Package – descriptive analysis & correlation - was employed to investigate the data and understand the market reaction to periodic disclosures during the period (P). The standard deviation of the market monthly trade volume (MTV), all market share index ($Allindx$), per company monthly trade volume (TV) and stock price change ($SP\%$) for the period P were analyzed to estimate the volatility of both stock price and trade volume and compare pre and post disclosure based on month-to-month -1 to $+1$ date of periodic financial

report disclosure approach. Correlation coefficient was calculated to determine the relationship between the main variables *TV*, *Allindx* and *SP%*.

Independent variables in this paper are disclosures whereas dependent variable is market reaction as indicated by stock price change and trade volume:

2.1 Independent Variables

disclosures of periodic financial report of traded listed companies on QSE website. This includes:

- Periodic financial reports of traded listed companies for the period from January 2020 to October 2022.
- Company news related to the traded listed companies on QSE website for the period from January 2020 to October 2022.

2.2 Dependent Variables

the market reaction for the pre and post disclosure on month-to-month -1 to $+1$ date of periodic financial report disclosure basis and week-to-week -1 to $+1$ date of company news disclosure. That is:

- Trade volume of the traded listed companies that indicates the market reaction for -1 month of the date of periodic financial report disclosure, that is months of February and March combined (annual report disclosing period and for 1st quarter disclosure), June (semi-annual reporting) and September (3rd quarter report).
- Trade volume for $+1$ month of periodic financial report disclosure, that is March, April, July, and October.
- Stock price change of the traded listed companies on QSE for -1 month of the date of periodic financial report disclosure, that is months of February and March combined (annual report disclosing period and for 1st quarter disclosure), June (semi-annual reporting) and September (3rd quarter report).
- Stock price reaction for $+1$ month of periodic financial report disclosure, that is March, April, July, and October.
- Trade volume and stock price change for week-to-week -1 to $+1$ date of company news disclosure. The “event” investigation approach is adapted for the examination of the market reaction to this type of disclosure. Events occurrence flagged are cases where change in stock price is higher than 60% and lower than -20% ($-20 \geq SP\% \geq 60\%$) and trade volume equal or higher than 1.010bln ($TV \geq 1.010$).

3. Discussion

The discussion part of this paper will mainly be centered around market reaction to periodic disclosure of financial reports and company news disclosure. Firstly, I analyze the market reaction as indicated by market monthly trade volume (*Market TV*) and market all share index value (*Allindx V*), then per company monthly trade volume (*TV*) and stock price change (*SP%*). Results of the analysis are then presented and discussed using the pre and post periodic disclosure approach. Secondly, I analyze investigated on event occurrence approach and presented accordingly.

3.1 Market Reaction to Disclosure of Periodic Financial Report

A descriptive analysis was conducted to find the market volatility as measured by the standard deviation of monthly trade volumes and stock prices over the period (*P*).

Table 1. Descriptive analysis of monthly all market share index and trade volume of the listed traded companies on QSE (January 2020 - October 2022)

Variables	N	Min	Max	Mean	Standard Deviation
<i>MTV (in Bln)</i>	34	1.56	8.13	4.23	1.51
<i>Allindx V</i>	34	2 545.91	4 364.75	3 471.44	518.36

Findings presented in *table 01* show a big trading volume interval between the minimum monthly trade volume of 1.56bln up to a maximum monthly trade volume of 8.13bln, which has produced a standard deviation of 1.51bln from the mean of 4.23bln. This large standard deviation reveals that observations were widely scattered about the mean and could be interpreted as high volatility in trades volume during the period under investigation. Similarly, the market has witnessed a large standard deviation (518.36) from the mean (3 471.44) of stock price as measured by all share index values, which means that there was a high stock price volatility during the period *P*.

Table 2. Descriptive analysis of monthly per company stock price change (unweighted index) and per company trade volume of the listed traded companies in QSE (January 2020 – October 2022)

Variables	N	Min	Max	Mean	Standard Deviation
<i>SP% per company (unweighted index)</i>	1 607	-45.31%	130.00%	1.26%	10.88%
<i>TV per company</i>	1 607	2 850.00	1.71bln	89.06mln	159.96mln

Finding from the analysis in *table 02* shows stock price change at 10.88% Standard deviation from the mean (1.26%) with a very high interval between the minimum decrease of stock price at -45.31% and a maximum increase up to 130%. A very high and wide volatility of the market as measured by the stock price changes. Correspondingly, the monthly trade volume per company has seen a high standard deviation at 159.96 million of stocks from its mean at 89.06 million stocks, while there was a huge interval between minimum trade volume of 2 850 stock only and a maximum surpassing a billion of stocks traded.

Consistently, analysis of trade volume, all index value and stock price change show that there was a significant market reaction for the period (2020-2022). The following investigation is about whether this market reaction is explained as a response to periodic financial report disclosure. A comparative descriptive analysis was conducted for month-to-month -1 to +1 date of periodic financial report disclosure (DFS) periods – March vs. April for both annual (DFR An) and Quarter 1 (DFR Q1) disclosures, June vs. July for semi-annual disclosure (DFR Sem) and September vs. October for Quarter 3 disclosure (DFR Q3). Where results of the analysis of pre-disclosure (February, March, June, and September) are respectively compared with descriptive results of post-disclosure (March, April, July and October).

Table 1. Descriptive analysis of comparative per company monthly trade volume for the one-to-one month period (January 2020 – October 2022)

Measures	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mean	65.5	63.5	109.5	105.6	77.8	89.1	76.8	107.4	105.3	96.7	91.5	75.7
SD	86.3	108.5	215.2	212.5	133.3	136.8	128.6	179.4	213.7	156.0	148.1	110.1

Note. The amounts are in million Qatari Riyal (QAR). The number of observations N in the above analysis *table 3* is respectively 142 for months from January to September, 95 for October, 94 for November, and 93 for December. SD = Standard Deviation.

Results of the analysis summarized in *table 03* show a decreasing order of standard deviation starting from March, which means that the market has seen a decreasing volatility of the volume of stocks traded from March of each year of the *P*. Furthermore, the highest standard deviation measuring the volatility of trade volume is found in the period covering the months of March and April, which is the annual report disclosure period. This could be interpreted as a market reaction as indicated by trade volume of stocks to disclosure of annual financial report. However, since the highest market volatility as indicated by trade volume falls within, specifically, the annual financial report disclosure which can be both -1 and +1 month of the date of such compulsory disclosure, it is not possible to assume that the market has reacted either prior to this disclosure and, therefore, the market has reacted based on insiders' information, or after such disclosure and, hence, the market has reacted based on publicly available information.

Table 2. Comparative reactions of monthly per company stock price change (unweighted) for the one-to-one month period (January 2020 – October 2022)

Measures	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mean (%)	2.88	-2.68	-2.61	6.84	0.78	0.96	4.10	4.61	-1.24	-1.24	1.41	1.36
SD (%)	11.19	10.55	12.28	16.33	6.98	13.15	10.86	8.17	8.63	7.39	6.25	7.49

Note. The number of observations N in the above analysis *table 4* is respectively 142 for months from January to September, 95 for October, 94 for November, and 93 for December. SD = Standard Deviation.

Figures presented in *table 04* show that the market's highest volatile month as indicated by stock price change was the month of April with over 16% standard deviation. Since the market reacted within the annual financial report disclosure period (+1 month), this reaction could be interpreted as a market response to the annual financial report disclosure. Ultimately, the market reaction falls within the period of publicly available information and, therefore, there is no evidence of insiders being better informed than investors in the market. Apart from the significant market reaction in April, the level of market volatility as indicated by stock price

change for the remaining periodic financial report disclosure stood at almost the same level with slight increase in June at 13.15% standard deviation compared to 10.86% standard deviation in July. However, this is still can be interpreted as a significant market reaction if compared with the previous stock price change of only 6.98% standard deviation and, ultimately, sends signals of insiders being better informed than investors in the market unless this is denied by findings of the market reaction investigation on event occurrence approach that shall follow in this study.

Table 3. Correlation analysis of monthly per company trade volume and stock price change for the period P (January 2020 – October 2022)

Variables	TV	SP%
Trade Volume (TV)	1	
Stock Price Change (SP%)	0.27	1

The correlation analysis *table 5* shows a positive but weak correlation between trade volume and stock price change at Pearson's $P=0.27$, which could be interpreted as the change in $SP\%$ is somehow associated with the change in the volume of stocks traded.

Additional evidence from QSE to support (Stickel & Verrecchia, 1994) who found that strong volume tends to be followed by price increase the next day. Results from monthly descriptive analysis of trade volume and stock price change per company shows that the highest standard deviation for stock price change was in April (16.33%) which could be interpreted as a response to the previous month high volume of traded stocks, that is the highest standard deviation of per company monthly trade volume of the month of March (215.27 million). The result doesn't stand strong for the following month of market reactions and, thus, this is concluded with weak evidence from the QSE.

3.2 Market Reaction to Disclosure of Company News (Event Occurrence Approach)

Event occurrence is considered for companies with monthly price change $-20 \geq SP\% \geq 60\%$ (lower than the average minimum monthly stock price change and higher than the average of maximum monthly stock price change) linked directly to company news disclosure and companies with monthly trade volumes higher than the mean of the monthly trade volume for the sample one-to-one month (March, April, June, July, September and October) of the period (P), that is: Company monthly $TV \geq 1,010$ (the average of maximum per company trade volume). Market reaction will be indicated in both stock price changes as well as trade volume trend related to each event.

3.2.1 Doha Bank [March 2020 (-23%)]:

The company witnessed a continuous decline in stock price from January and reached the highest negative price change in March 2020 with -23% which couldn't be linked to any significant company news disclosure, while Doha Bank managers haven't reacted with any disclosure since the decline started until the AGM & EGM meeting date in end of March 2020. The meeting minute was disclosed on March 17, 2020, on QSE along with a press release document. The press release contained "The EGM has unanimously approved the issuance of Additional Tier 1 (AT1) and/ or Tier II Capital Instruments amounting up to USD (1) one Billion either directly or through a Special Purpose Vehicle (SPV) - Issuance can be through a public issue and or a private placement, in local and / or international markets". The second disclosure was on March 23, 2020, to announce the company's intent to disclose Q1 financial report on April 22, 2020.

3.2.2 National leasing (Alijarah Holding) [March 2020 (-23%)]:

National Leasing has seen a continuous increase in the stock price starting from the end of March 2020 (March 29th) from QAR. 0.597 to reach QAR 1.319 which is the highest rate in all the period (P) on October 4, 2020.

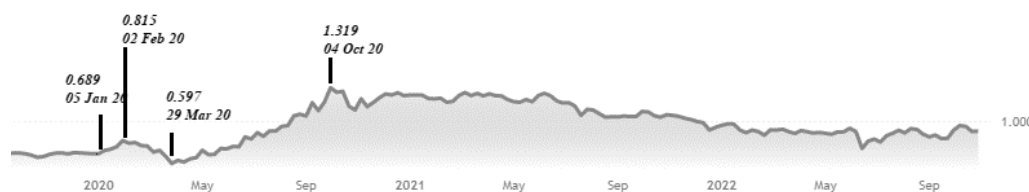


Figure 1. Graphic presentation of National Leasing stock price change over the period P

Source: Adapted from (QSE, Listed Company - Company Information, n. d.) and modified in accordance with the investigation carried out.

AGM held on March 25, 2020, disclosed on QSE website on the following day. The meeting didn't include any noticeable announcement that could affect the stock price and, hence, there was no immediate reaction which could be linked to this disclosure while the stock price kept declining to reach the lowest rate of the period P at QAR 0.597.

3.2.3 Dlala Brokerage & Investment Holding [April 2020 (53%), June 2020 (94%), July 2020 (33%)]:

The stock price of the company has been increasing from April 2020 to June and July of the same year with 53%, 94%, and 33% respectively. This continuous increase could be interpreted as a reaction to the period disclosure of the financial report announced on April 23, 2020.

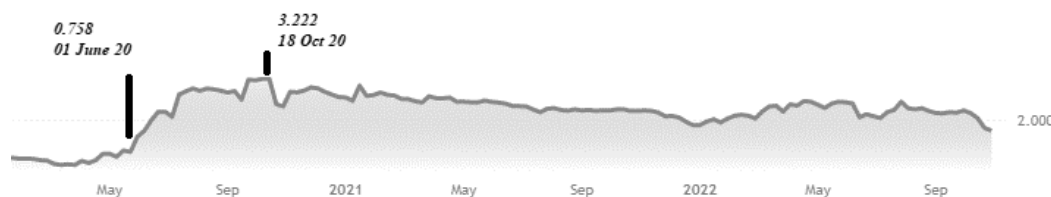


Figure 2. Graphic presentation of Dlala Brokerage & Investment Holding price changes over the period P.

Source: Adapted from (QSE, Listed Company - Company Information, n. d.) and modified in accordance with the investigation carried out.

Table 6 shows the positive reaction on the market as indicated by trade volume and stock price change to the disclosure of both company news and periodic financial report starting from April 9, 2020, the date of the announcement of company's intention to disclose the financial report on April 23, 2020, until this last effectively is held on its announced date where there was a big response on the trade volume at over 100% increase in the week that follows disclosure.

Table 6. Dlala Brokerage & Investment Holding comparative weekly market reaction in April 2020

Period in April 2020	Volume	Change %	Open price	Closing price	Change %
3 rd week [12 – 16]	9 249 225	73.8	0.500	0.476	-7.7
5 th week [26 – 30]	24 897 899	100.7	0.550	0.655	23.8

3.2.4 Qatar Oman for Investment [March 2020 (-23%), April 2020 (53%)]:

The company's stock price has been losing its market value since the beginning of 2020. The managers of the company have reacted to try to stop this loss by disclosing the annual financial report (financial statements) on 08 March and by holding the AGM on March 24, 2020, where the Board has approved a distribution of a 2% cash dividend. This negative figure, however, kept increasing to reach - 23% during the month of March. The company disclosed its first quarter financial statements on April 30, 2020. On July 23, 2020, the company announced its intent to disclose its semi-annual report on August 12, 2020. There was no observed significant market reaction that could be directly linked to the previously mentioned disclosures.

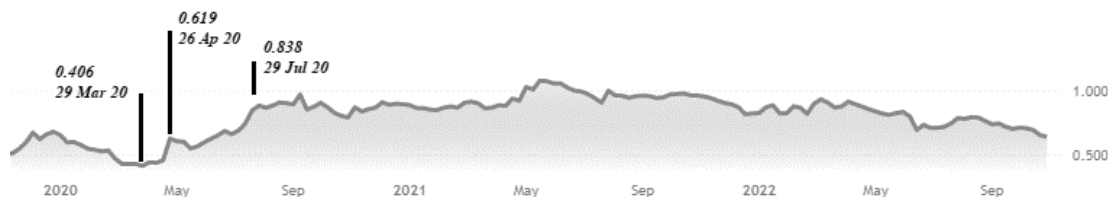


Figure 4. Graphic presentation of Qatar Oman for Investment stock price changes over the period P

Source: Adapted from (QSE, Listed Company - Company Information, n.d.) and modified in accordance with the investigation carried out.

3.2.5 Inma Holding (INMA) (former Islamic Holding Group, changed in March 2020) [March 2020 (-23%), April 2020 (42%), June 2020 (42%), December 2020 (45%)]:

Inma Holding has observed an unprecedented soar in its stock price during the year 2020. Starting from mid-March where its stock was traded at QAR 1.285, the lowest rate of the period P. The price increased by 42% in April and 42% in June to reach a price of QAR 4.120 with over 220% just within 3 months of trade. Inma's stock was traded at QAR 5.250 by the end of 2020.

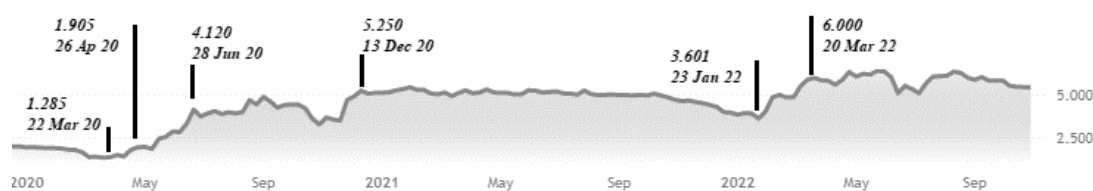


Figure 5. Graphic presentation of Inma Holding stock price changes over the period P

Source: Adapted from (QSE, Listed Company - Company Information, n.d.) and modified in accordance with the investigation carried out.

INMA EGM was held on March 18, 2020 and has disclosed the meeting minutes and press release on succeeding day. Among the resolutions there was the approval of the new company name (changed from Islamic Holding Group to Inma Holding). On April 19, 2020, the company disclosed its first quarter of 2020 financial report and held investors' conference call for disclosure discussion. Reported figures showed a considerable increase in both net profit and profit per share compared with the same period of the previous year. This disclosure could explain the spike in the company's stock price afterwards.

IMNA announced and disclosed on February 24, 2022, its intention to disclose on March 6, 2022, its annual financial report during the first week of March 2022 and have hold the investors' conference one week afterwards. This disclosure could be understood as a strategic announcement to fuel the current positive curve. The market has significantly reacted to this disclosure. Investors might have reacted to available historical data about the company, otherwise, the reaction would have been considered based on insiders being better informed about future disclosure.

3.2.6 Qatari German for Medical Devices (QGMD) [March 2020 (-28%), April 2020 (130%), July 2020 (87%), October 2020 (-26%)]

QGMD is a manufacturer of medical devices in Qatar. Like mostly all leading companies in the healthcare industry, QGMD has seen its stock price ballooning during the few first months of the global pandemic COVID-19. As shown in figure 06, QGMD stocks were traded at QAR. 1.285 by the end of March 2020, after a monthly decrease of about 28%, to reach QAR 5.250 by Mid-December of the same year with over 400% stock price gain.

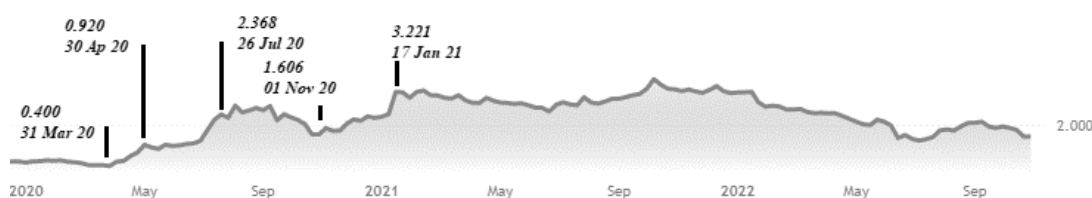


Figure 6. Graphic presentation of QGMD stock price changes over the period P

Source: Adapted from (QSE, Listed Company - Company Information, n.d.) and modified in accordance with the investigation carried out.

Despite the negative curve since the binning of March 2020, QGMD management announced on March 9, 2020, to postpone the disclosure of annual financial report dates previously announced on March 8, 2020, to March 22, 2020, then March 29, 2020. Which could be translated in the market as a bad signal and, hence, the stock price kept declining to accumulate a loss of 28% by the end of March. Since then, the company's management has been very active in order to catch up with the global performance curve of the healthcare industry.

Table 7. Qatari German for Medical Devices comparative weekly market reaction in April 2020

Period in April 2020	Volume	Change %	Open price	Closing price	Change %
3 rd week [12 – 16]	30 009 792	3.5	0.568	0.598	5.3
4 th week [19 – 23]	63 965 098	113.1	0.633	0.786	31.4

A series of announcements have been disclosed by QGMD during April 2020 which could explain the spike of its stock price to reach 130% in the same month. Weekly market reaction as presented in table 08. On April 13, 2020, QGMD disclosed an announcement related to the resignation and replacement of the company's chairman and Qatar Development Bank (QDB) representative in QGMD Board of Directors. Then, on April 19, 2020,

QGMD announced the intention of first quarter financial report by the 22nd of the same month. Subsequently, QGMD has launched a new slogan "The safety of individuals and society in the State of Qatar, is our top priority" on April 16, 2020, and disclosed the following statement on QSE "as part of its social responsibility activities and in coordination with the ministry of Commerce & Industry to show its full support to the crisis management committee in limiting the spread of the COVID-19 virus by providing medical masks and other medical needs of the market. Regardless of unchanged negative reported figures in the first quarter of financial report disclosure on April 22, 2020, the market kept a strong confidence in the company and QGMD stock price kept on going up on the same fast path to reach QAR 0.920 at the end of April 2020 which represents over 400% gains.

3.2.7 Salam International (Salam) [February 2020 (-29%), March 2020 (-46%), April 2021 (1,421bln), March 2022 (1,250bln)]

Salam has seen its stock price shrink by a 29% loss in February 2020, as shown in *table 08*, followed by 46% loss in March 2020. This market reaction could be seen as a negative market response to negative figures disclosed on February 13, 2020, in its annual financial report. The statements disclosed showed a net loss for the previous year and higher than the loss accumulated during 2018. Based on this result, the BoD decided that there will be no dividend for distribution.

Table 8. Salam International comparative weekly market reaction in February 2020

Period in February 2020	Volume	Change %	Open price	Closing price	Change %
2 nd week [09 – 13]	2 836 609	72.2	0.515	0.500	-2.7
3 rd week [16 – 20]	8 184 623	188.5	0.450	0.440	-12.0

Salam disclosed the first quarter financial report on April 26, 2021. The related press release presented a net profit compared to the loss reported in the same period of the previous year. This disclosure would explain the market reaction as indicated by the trade volume, as shown in *table 9*, during this month.

Table 4. Salam International comparative weekly market reaction in April 2021

Period in April 2021	Volume	Change %	Open price	Closing price	Change %
3 rd week [11 – 15]	211 889 226	0.0	0.748	0.741	-0.9
4 th week [18 – 22]	519 864 305	145.3	0.749	0.857	15.6

Besides the disclosure related to the ordinary meeting resolutions on 23 March 2022, there was no other disclosure during the month to justify the spike in trade volume.

3.2.8 Medicare Group [February 2020 (-21%)]

The company has only disclosed the annual financial report and held the investors' conference call to discuss the results of the previous. The decline in net profit reported could be reflected in the decline of the stock price during this month and, hence, the market reaction as indicated by the stock price decline is explained as a response to this disclosure.

3.2.9 Mannai Corporation (Mannai) [March 2021 (38%), January 2022 (96%), August 2022 (31%), September 2022 (-40%)]

Mannai disclosed annual financial report on 27 February 2021 which could have driven the market to react positively with significant increase in stock price.

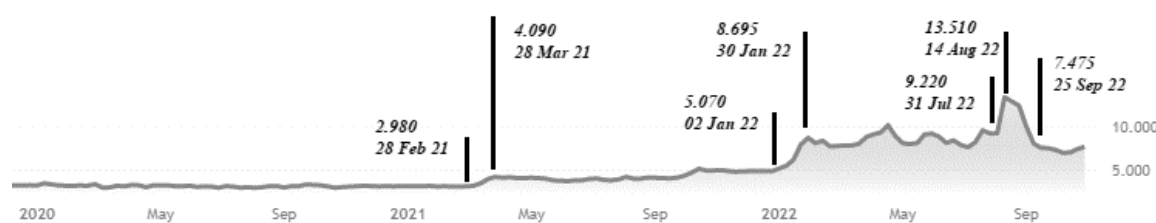


Figure 3. Graphic presentation of Mannai Corporation stock price changes over the period P

Source: Adapted from (QSE, Listed Company - Company Information, n.d.) and modified in accordance with the investigation carried out.

On 19 January 2022, Mannai announced the results of its BoD's meeting held on the previous day. The Board has approved the potential sale of its full ownership of Inetum SA company. By the following day, Mannai has disclosed its effective and exclusive negotiations with investors for the disposal of its shares in Inetum SA. These disclosures would have driven the market in its favor as the seen has seen its stock price spiking by 96% by end of January 2022. *Table 10* shows the increase in stock price and trade volume following the announcement of BoD meeting results. By this time, and in accordance with QFMA and QSE regulations and compliance with principles of transparency and disclosure, the has requested Mannai to explain the unusual increase in trade volume of its stock during this period. Mannai management themselves has responded by referring to the previous disclosures related to the sale transaction as possible reason for such market reaction. This correspondence was disclosed on QSE on 25 January 2022.

Table 5. Mannai Corp. comparative weekly market reaction to the periodic financial report and company news disclosures January 2022

Period in January 2022	Volume	Change %	Open price	Closing price	Change %
3 rd week [16 – 20]	2 984 238	205.9	5.398	6.127	13.8
4 th week [23 – 27]	9 458 548	216.9	6.599	7.900	28.9

Mannai has seen its stocks prices soaring by almost 50% starting from August 14, 2022 and reached the pick two days later. It is mostly justified by the information given to the market, which coincides with the periodic financial report disclosure time. The report dated on August 14, 2022, disclosed on the QSE website on the same date stated the following “Subsequent to the period ended June 30, 2022, the Group completed the disposal of its investment in Inetum S.A. (formerly known as GFI informatique) after the satisfactory completion of mandatory legal and regulatory approvals. Consequently, the Group deconsolidated its investment in Tnetum S.A. and received the cash proceeds from the disposal amounting to EUR 1.052 billion on July 21, 2022”. The report also mentions “The Board of Directors of Mannai Corporation QPSC decided to call an Ordinary General Assembly (OGA) of the Company to meet on September 7, 2022, at 6.30 pm Doha time to propose an interim dividend from part the remaining net cash proceeds following the sale of Inetum S.A. The volume of Mannai transactions, the value and prices has increased dramatically during the month of August 2022, respectively by 264%, 405% and prices jumped up by about 12%. Within the self-month, the volume of transactions has seen a huge jump up by about 416% compared to the previous week, while value and prices have increased respectively by 588% and 46%. The movement of the market at that specific time is clearly a reaction to the information given. Investors and traders in the market reacted depending on according to their own way of processing the information and their translation of the reported information and signals. The reaction in the market started from the first day of the news announcement, August 14, 2022, after a few hours from trades opened in most of the market platforms. The reaction shown above and below respectively in *figure 07* and *tables 11 and 12*.

Table 11. Mannai Corp. comparative monthly market reaction to the periodic financial report and company new disclosures in 2022 (July and August)

Period in 2022	Volume	Change %	Open price	Closing price	Change %
July	4 309 638	-	8.121	9.399	12.0
August	15 692 054	264.1	9.398	12.300	30.8

Table 12. Mannai Corp. comparative weekly market reaction to the periodic financial report and company new disclosures in August 2022

Period in August 2022	Volume	Change %	Open price	Closing price	Change %
2 nd week [07 – 11]	878 924	-	9.000	9.247	0.3
3 rd week [14 – 18]	4 535 975	416.0	9.400	13.51	46.1

Mannai Ordinary General Meeting was, effectively, held on its scheduled date (September 7, 2022). Among the resolutions as reported in the minute of this meeting “the shareholders approved the distribution an Interim cash dividend payment of QAR 3.15 per share, being 315% of the nominal share value, amounting to QAR 1.437 million on total to be distributed to shareholders, funded entirely from the surplus cash realized from the sale of this subsidiary, after settling the related bank financing” (QSE, Disclosures, n.d.). Additionally, it was mentioned in the meeting minute that Mannai Corp. Vice Chairman stated that “dividends are an important part of

delivering value to our shareholders and investors” (QSE, Disclosures, n.d.). On the following day, September 8, 2022, the minute of the meeting was communicated and disclosed on the same day on the QSE’s website. By the end of this trading day, MCCS stock dropped by more than 10% in its price. In fact, the drop of MCCS stock prices effectively started two days before the disclosure. On September 5, 2022, a share was worth more than QAR 13 at the end of the trading day. By the end of the succeeding day, the price dropped down to just above QAR 10 a share. The volume of transactions and trades value *per se* increased respectively by 110% and 102% during the 2nd week of September. The table below shows the market response to the periodic disclosures in August and September 2022.

3.2.10 Gulf International Services [March 2020 (-25%), April 2020 (34%)]

There was no major disclosure that could have been a reason for such a negative market reaction. The only disclosure during these couple of months is related to the periodic financial report, annual and first quarter.

3.2.11 MESAIEED Petrochemical Holding Co. [February 2020 (-20%)]

The market could have responded to the disclosure of the annual report which was published on 20 February 2020.

3.2.12 Estithmar Holding (former Investment Holding Group) [March 2020 (-25%), September 2020 (1.571bln), March 2021 (1.711bln), April 2021 (1.026bln), February 2022 (61%)]

There was no disclosure in company news that could have affected the market during March 2020. Nevertheless, keeping quiet during the annual financial report disclosure period would have been interpreted as a negative sign being sent to the market, and the company was holding bad news at the appropriate time. Neither the company has disclosed any information that could have been considered as a reason for the high trade volume in September 2020. Such a noticeable increase within this period could have been investigated, especially within the -1 month of third quarter disclosure of the financial report. Estithmar management have strategically decided to disclose the periodic report by the end of the disclosing month considering the value relevance of the figures therein which would affect the current market curve.

On April 7, 2021, the company disclosed an announcement of a potential investment opportunity. Estithmar BoD has approved the proposal of acquiring Elegancia Group Holding, a company with multiple subsidiaries in healthcare and high standard hospital development, general services, and industrial sectors in Qatar. The market has reacted positively to this disclosure with a 40% gain in the company stock price and higher trade volume (980mln) by the end of April 2021. The high trade volume and less trades in the previous month to this disclosure, however, needed to be investigated.

Estithmar announced the resignation of its CEO on February 15, 2022, a disclosure which wouldn’t be the only reason driving the stock price to spike by 61% by the end of March. Annual report was disclosed on June 6, 2022. Table 13 shows the considerable increase in stock price and trade volume in February 2022.

Table 6. Estithmar Holding comparative monthly market reaction to the periodic financial report and company news disclosures in 2022 (January and February)

Period in 2022	Volume	Trades	Open price	Closing price	Change %
January	196 410 145	5 312	1.223	1.290	4.9
February	594 964 777	11 846	1.285	2.072	60.6

3.2.13 Qatar Aluminum Manufacturing ((QAMCO) [February 2020 (-22%), April 2021 (1,045bln)]

QAMCO disclosed its annual financial report of February 12, 2020, which could explain the market negative reaction as indicated by stock price decline by end of February 2020. The company disclosed its first quarter financial report for the year 20 on April 2021. The financial statement showed a huge increase of over 1000% in net profit compared with the period of the previous, the result which would have caused the market to react as indicated by the spike of both trade volume (1.045bln) and stock price (33%) by the end of April 2021.

3.2.14 Qatar Insurance [March 2020 (-23%)]

No disclosure happened in March 2020, but the company has disclosed the annual financial report and held its annual meeting in February.

3.2.15 Qatar General Insurance & Reinsurance (QGIR) [February 2020 (-21%)]

The market negative reaction as indicated by the decline of its stock price in February 2020, presented in table

14, could be explained as a response to the disclosure that the company made on February 3, 2020. A disclosure of a judgement of the Court of Appeal in Qatar that annulled a decision taken by QGIR General Assembly meeting back in 2018. This judgment came following a commercial civil action from one of the company's shareholders. QGIR has postponed the disclosure of the annual financial report and its investors conference in lieu of giving further explanation to investors in the market about the overall impact of this judgement and what is being done in order to address this matter which could have at least paused the decrease in its stock price.

Table 14. Qatar General Insurance and Reinsurance comparative weekly market reaction in February 2020

Period in February 2020	Volume	Change %	Open price	Closing price	Change %
1 st week [02 – 06]	613 465	-	2.590	2.280	-11.9
2 nd week [09 – 13]	69 426	-	2.160	2.290	0.4

3.2.16 Alkhaleej Takaful Insurance [March 2020 (-26%)]

The company has only disclosed its annual financial report on March 3, 2020.

3.2.17 United Development Company (UDC) [February 2020 (-21%), September 2020 (50%), September 2020 (1.444bln), October 2020 (-21%)]

The negative market reaction in February 2020 as indicated by the decline in stock price could have been interpreted as a market response to the annual financial report disclosure on February 5, 2020.

On September 15, 2020, UDC disclosed an announcement about its intention of a potential purchase the shares of two companies namely National Central Cooling Company and Tabreed Energy Investment Company in Qatar District Cooling Company (Qatar Cool). *Table 15* presents the market reaction to this disclosure which would have driven a positive response as indicated by both the stock price and trade volume increase during the month. Just two days prior to this disclosure, UDC has disclosed an announcement related to its agreement with the Commercial Bank of Qatar for a renewal of its credit facility of QAR 730 million paid over 10 years. The company stated that this credit is to finance its project in the Pearl, Qatar.

Table 15. United Development comparative weekly market reaction in September 2020

Period in September 2020	Volume	Change %	Open price	Closing price	Change %
2 nd week [06 – 10]	191 966 627	15.3	1.257	1.345	6.7
3 rd week [13 – 17]	415 275 803	116.3	1.365	1.583	17.7

UDC has strategically held the disclosure of the third quarter financial report until October 28, 2020. The report showed a huge decline of about 70% in net profit compared with the same period of the previous year. The company's stock price started declining more than a week earlier.

3.2.18 Ezdan Holding Group (Ezdan) [April 2020 (42%), April 2020 (1.182bln), June 2020 (47%), June 2020 (1.027bln), August 2022 (29%)]

Apart from disclosures of the periodic financial reports (annual financial report on March 30, 2020, then first quarter on April 20, 2020, and semi-annual report on August 11, 2022), there wasn't any disclosure that could have affected the market and, therefore, the stock price change and higher trade volume during these specific months could be explained as a response to the periodic disclosures.

Finding from the event occurrence investigation approach provides stronger evidence of the market reaction to disclosures. Moreover, finding provides more support for the market being more reactive to the annual financial report disclosure. The investigation showed that the market hasn't reacted to specific sector, but mostly companies from different sectors have seen high fluctuation in their stock prices as well as in trade volume with less movement and more stock price stability in banking sector and more fluctuation in industrial.

4. Limitations and Future Research

The investigation was conducted on the listed traded companies on QSE. The QSE includes two markets: the main market which is designed for large corporations and groups with extensive listing requirements. The venture market, on the other hand, was recently launched in 2020 to target SMEs with easier listing process requirements. Both markets list 47 (± 1) traded companies. Further studies may be conducted on regional (Gulf Council Countries) stock markets with a large number of listed traded companies which will provide stronger

evidence.

The research focused precisely on the period from January 2020 to October 2022. This may lead to irrelevant results in other financial markets than the QSE. Markets stability is very much related to the overall country's economic, political, and social level of stability. This period was, in either state, as normal and stable as any other period in Qatar during the past decade at least, which might not be the case in other countries. Therefore, further, and deeper studies may investigate markets events for many years.

The paper takes only available information disclosed on QSE website. Further throughout studies may empirically investigate other available disclosures made on the listed traded companies' website. Results from this investigation will be of wider significance for regulators, while it provides an overload of publicly available information which requires further analysis of its value relevance from investors in the market.

Finally, future studies may seek further information from secondary or primary paid data resources and other financial analysis and data service providers. Moreover, in-depth studies may include the impact of accounting items in financial reports such as the Gross revenues, EBIT, Net Profit/Loss to Revenues, etc.

5. Conclusion

Information disclosure can either have an impact or not on the stock market. Overall, QSE seems to react significantly to both company news and periodic financial report disclosure with higher response to annual report as indicated by higher positive stock price change in April and higher trade volume in March. The banking sector showed more stability in both stock price and trade volume compared with other sectors, while the year 2020 has been the most volatile period. Overall, the investigation showed more market attentiveness during the annual financial report disclosing period.

Some corporate managers showed more strategic disclosing timing. They strategically withhold unfavorable disclosure until the last days in the disclosing period to not interrupt favorable market curve. More interestingly, unfavorable announcements are disclosed on the last trading day of the week, or any other market inattentive day as defined by the managers. In the other hand, unfavorable market reaction doesn't seem to prompt corporate managers to voluntarily disclose favorable announcement or further explanations of unfavorable information being spread in the market. In general, the market reacts to company news and periodic disclosure, but corporate managers do not seem to promptly react to an unfavorable market curve with value-relevant announcements in order to address the market. Despite the clearly communicated rules for listed companies and the very few observed numbers of company news of market value relevance disclosure recurrence, deeper investigations on trades (transactions) against trade volume approach of red flagged transactions is suggested for maintaining the current status of high level of transparency in the market and fine-tune surveillance discipline.

Additionally, market response timing suggests strong support of the market strong form efficiency. In most cases, disclosed information is fully incorporated in the related company's current stock price.

Moreover, financial analysts and stockbrokers are using different methods of valuing stocks. In fact, some of them look for undervalued market opportunities and advise their clients or investors to invest accordingly. While others evaluate a stock based on its growth potential, and so they advise their clients. Therefore, instant reactions to periodic financial report disclosures other than the annual report may not be of relevance to these advisors.

From these findings, it is understood that the players in the QSE, without regard to the modest number, are mostly investors rather than traders. These investors usually look for long-time returns and are not interested in short-term events in the market, whereas traders are known as daily speculators in the market. In many cases, investors invest through professional stockbrokers who have the necessary data and analytical skills to process the information and rightly orient their investments for long term benefit.

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Notes

Note 1. This disclosure shall be made within 24 hours from the date of receiving the information.

Note 2. Ball and Brown empirical evaluation study that shaped the global accounting and challenged the usefulness of the accounting income numbers. The study was published in 1968 and its result was that accounting earnings and stock returns were correlated.

Note 3. The QSE 'all share' index covers all listed stocks with share volatility greater than 1%.

Note 4. The Qatari Riyal is the official currency of Qatar.

Note 5. QSE launched its newly improved website in 2020 with availability of more useful information which wasn't available in the previous version. This is seen as a step forward in the context of enhancing financial investments while making the market more attractive.

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