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Fixed income conference calls[☆]

Gus De Franco^a, Thomas Shohfi^{b, *}, Da Xu^a, Zhiwei (Vivi) Zhu^a

^a A.B. Freeman School of Business, Tulane University, USA

^b Lally School of Management, Rensselaer Polytechnic Institute, USA



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ABSTRACT

We study the determinants and the informational role of firms' fixed income conference calls, a unique form of voluntary disclosure that deviates from the traditional multi-purpose firm disclosures intended for all stakeholders. We find that fixed income calls are more likely to be held by firms that have more debt, lack credit ratings or have publicly traded equity, are foreign, or are experiencing losses. In a content analysis using a sample of public firms, we find that these calls discuss debt-equity conflict events, such as share repurchases, to a greater degree relative to a matched sample of earnings conference calls. Finally, we document that credit markets react to these calls, consistent with the calls providing investors new information. Overall, these results are consistent with fixed income calls meeting the differential informational demands of debt versus equity investors.

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1. Introduction

Corporate debt is critically important. In 2020, U.S. firms issued \$2.28 trillion of debt—an amount that is nearly six times greater than the \$388 billion in U.S. equity issuance (SIFMA, 2021). Given debt's economic importance, it is not surprising that a large literature examines debt in a myriad of ways. Examples include the decision to issue debt (Jung et al., 1996; Badoer and James, 2016), debt contract structures (Barclay and Smith, 1995; Hackbarth et al., 2007; Vig, 2013), the pricing of debt (Datta et al., 1999; Fortin and Pittman, 2007), the actions of debt investors (Green, 2004), as well as more contemporary topics such

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* Corresponding author.

E-mail addresses: gdefranc@tulane.edu (G. De Franco), tshohfi@gmail.com (T. Shohfi), dxu5@tulane.edu (D. Xu), zzhu4@tulane.edu (Z.(V. Zhu).

as the role of sell-side debt analysts (Johnston et al., 2009; De Franco et al., 2009, 2014; Gurun et al., 2015) and debt specialization (Colla et al., 2013). Even though debt investors' importance is well established, firms' mandatory and voluntary disclosures typically serve multiple purposes and do not intentionally delineate between different stakeholders such as debt and equity investors.

More recently, some firms have started conducting fixed income conference calls (FI calls, hereafter), which augment and in some cases substitute for the long-established tradition of multi-purpose earnings conference calls. In this study, we examine FI calls' determinants and their informational role. We expect the information needs of debt investors to be sufficiently different from the information provided by other types of firm disclosure, such as earnings conference calls, and that providing this information is potentially important enough to justify the additional management effort and other costs associated with conducting FI calls.

Debt investors' informational needs differ from those of equity investors in three fundamental ways. First, debt investors have a greater demand for fixed income-specific information, particularly for firm decisions that could lead to a wealth transfer from debt to equity investors. Examples of wealth-transfer events include mergers (Billett et al., 2004), share repurchases (Maxwell and Stephens, 2003), spinoffs (Maxwell and Rao, 2003), and buyouts (Asquith and Wizman, 1990). The buy-side fixed income analysts that we interviewed expressed a demand for information about specific credit issuances, firm debt capacity, and liquidity.¹ These types of topics are rarely discussed in equity-focused disclosures, such as earnings calls and 10-Ks. Second, debt investors may differ from equity investors in the type of information used to help monitor, understand, and value existing and newly issued debt contracts. For instance, the covenants included in debt contracts may require firms to meet certain financial ratios and can allow firms to pay an interest rate that is conditional on firm performance. In addition, covenants that limit corporate actions, such as dividends or share repurchases, can be a function of firms' financial position. Third, debt investors, with their fixed claims against the business, have a greater demand for information when the information is negative because of these investors' asymmetric payoff function. Debt investors experience limited upside when firms perform well but they are more likely to suffer losses when firms perform poorly. While we expect firms in general to try to satisfy the informational demands of debt investors through traditional forms of disclosure (e.g., SEC filings, press releases, and earnings conference calls), we examine situations in which debt investors' informational demands are more prominent, and are hence more likely to result in a targeted conference call, which allows management to address debt investors' questions more directly.

We first describe the firms that conduct FI calls. We identify 1612 FI calls held by 424 unique firms over the period from 2001 to 2020. These firms are headquartered in over 40 countries, with those in the United States, the United Kingdom, and Canada holding the majority of such calls. On average, firms hold FI calls twice a year. While we observe some clustering around earnings announcements, a large proportion of FI calls are outside of the three-day earnings announcement window, and hence are distinct events. We also document that FI calls often occur near, and specifically before, the issuance of debt securities, consistent with a greater demand for and supply of debt information around these capital raising events.

Next, we estimate a firm-year logit model that predicts which firms are more likely to hold an FI call. First, firms with more debt and more types of debt are more likely to host such calls, suggesting that debt investors have a greater inherent demand for information that allows them to monitor and evaluate the firm in these situations. Second, consistent with a weaker information environment driving expanded voluntary disclosure, firms that are not rated by credit rating agencies and that are foreign are more likely to host an FI call. Similarly, we find that compared to firms that have publicly traded equity (public firms, hereafter), firms without publicly traded equity (private firms, hereafter) are more likely to hold FI calls. An FI call allows private firms to address both debt-specific as well as more traditional investor questions. Last, firms with losses in the prior year are more likely to host an FI call, consistent with debtholders' greater demand for information when performance is poor.

Our second analysis investigates FI calls' content. Our focus is on a sample of public firms with FI calls and a matched set of earnings conference calls. Based on the number of words, both the presentation and Q&A parts of the FI calls are shorter than those of earnings calls, which lends support to the idea that FI calls play an incremental role to earnings calls. As part of this analysis, we develop a dictionary of fixed income words. As expected, FI calls use more debt-related words than do earnings calls. In particular, consistent with debt investors' interest in management's actions that could transfer wealth between debt and equity investors, FI calls are more likely to discuss these debt-equity conflict events to a greater degree. We find that FI calls are more likely to include discussion of financial and quantitative information, consistent with the important role this type of information plays in debt contracts. FI calls also focus less on short-horizon information than earnings calls do, in keeping with the notion that debt investors adopt a longer-term perspective that is consistent with holding bonds until they mature, sometimes for many years. The tone of the discussion is more negative for FI calls, reinforcing the idea that debt investors demand more information when news is bad.

¹ This comment, which expresses the views of practitioners, is an example of the insight we obtained from our interviews with industry representatives who hold (i.e., debt issuing public firms) or attend (i.e., fixed income buy-side institutions) FI calls. We met with investor relations representatives from three large corporations that issue billions of dollars in corporate debt securities. We also spoke with representatives from buy-side institutions, including a fixed income research analyst who works for an asset manager with over \$70B in high-yield debt investments under management and another research analyst from a smaller asset manager (managing about \$6B in fixed income). We integrate what we learned from these practitioner interviews throughout the manuscript.

Our content analysis also shows that the senior managers hosting an FI call differ from those present on an earnings call. CFOs and, particularly, CEOs are less likely to participate in an FI call, while Chief Accounting Officers (CAOs) and Treasurers are more likely to do so, consistent with FI call audiences' greater demand for debt-specific, financial, and quantitative information. Buy-side analysts are five times more likely to ask a question and hence appear on FI calls relative to earnings calls. In particular, buy-side analysts from insurance companies, who almost exclusively invest in debt, appear much more frequently. As sell-side debt analyst coverage is scarce relative to equity coverage, buy-side fixed income analysts have more opportunity to ask questions during an FI call and they may have more incentives to ask questions because they, unlike equity buy-side investors, cannot rely on receiving sell-side commentary on the call. The media also participates to a lesser degree on FI calls relative to earnings calls. We conjecture that the highly specific debt information in an FI call appeals less to the wider audience that the media typically serves.

In our last analysis, we seek to determine whether FI calls are informative to investors. To that end, we test whether FI calls evoke market reactions. Our evidence indicates that bond and credit default swap (CDS) markets react significantly to these FI calls. About 0.04% more of the total value of the company's outstanding bonds are traded daily during the event window compared to the non-event window, which represents a 21% increase and approximately \$10 million per day in incremental bond trading. Similarly, the number of bond trades is 15% higher during the event window. We also find that the CDS absolute change in daily spread is higher in the event than in the non-event window (2.45% versus 0.37%). Our findings that credit markets react to FI calls suggest that such calls convey material information to fixed income investors.

To the best of our knowledge, our study is the first to examine FI calls. In doing so, we contribute to the literature in several ways. First, while specific information in firm disclosures may be more important to one type of stakeholder relative to another (e.g., debt versus equity investors), firms typically disclose all information widely. Hence, FI calls, which directly target debt investors—an economically important type of stakeholder—are quite novel. By documenting factors associated with firms' decisions to hold FI calls, the calls' content, and the market reaction to them, our study helps explain why firms deviate from multi-purpose disclosures.

Second, we contribute to how debt investors react to corporate disclosures. [Krinsky and Lee \(1996\)](#), [Shivakumar et al. \(2011\)](#), and [Kerr and Bugra Ozel \(2015\)](#) examine the impact of earnings announcements and management forecasts on corporate debt and show that credit markets react to such announcements. We expand this literature by documenting that FI calls, a different and important type of voluntary disclosure, are incrementally informative for debt investors. Furthermore, our fixed income dictionary may be applied to other, more general disclosures (e.g., 10-Ks) to evaluate how much managers emphasize the needs of fixed income investors.

Third, in the context of earnings conference calls, the literature establishes that calls impact equity trading ([Bushee et al., 2004](#)), reduce post-earnings announcement drift ([Kimbrough, 2005](#)), reveal managerial discrimination against some analysts ([Mayew, 2008](#)), identify instances in which management deliberately withholds relevant information ([Hollander et al., 2010](#)), and demonstrate the value of analysts in questioning management ([Matsumoto et al., 2011](#)). Our study complements this literature. In particular, our study is in the spirit of [Kimbrough and Louis \(2011\)](#), in the sense that both papers study a specific type of conference call. [Kimbrough and Louis \(2011\)](#) examine conference calls held by bidders in M&A transactions and we examine fixed income conference calls. Our study also supports a broader idea in the disclosure literature—our result that FI calls are more likely when the firm's information environment is weak suggests a natural and intuitive substitution effect of disclosure.

2. Data

2.1. Sample and descriptive statistics

We identify 1612 FI calls issued by 424 unique firms across the S&P Capital IQ, Refinitiv Eikon, Thomson One, and Bloomberg databases. Our sample starts in June 2001, which represents the first FI call with data that is available to us; it ends in December 2020. The bulk of FI call observations (90%) come directly from S&P Capital IQ, which is the only data provider to explicitly categorize FI calls. We identify FI calls in Eikon, Thomson One, and Bloomberg by searching for keywords in the call titles and then manually verifying each one.² This global sample covers firms that are headquartered in over 40 countries across the world. Panel A of [Table 1](#) summarizes the FI calls' geographic distribution. Firms headquartered in the United States, the United Kingdom, and Canada comprise the bulk of our sample and hold approximately 80% of the calls. Because firms often hold multiple FI calls per year, FI call events translate to 878 firm-year observations. On average, firms hold 1.8 FI calls each year (1612 FI calls/878 firm years).

Panel B of [Table 1](#) shows that the sample of FI calls leans more towards private rather than public firms. For example, the number of private firms' FI calls is 1039 while for public firms it is 573. The mean frequency of FI calls per year is higher for private firms (1.9 = 1039 FI calls/539 firm years) than it is for public firms (1.7 = 573 FI calls/339 firm years). Given that public firms usually also have earnings calls, which provide corporate information that can substitute, in part, for the FI call, the higher frequency of FI calls and FI calls per year for private firms is perhaps not surprising.

² We search the keywords *fixed income*, *bondholder*, *debtholder*, *lender*, etc. The opening remarks of each matched call are read manually to make sure that the calls specifically target a firm's debtholders.

Panel C of Table 1 shows that the firms in our sample represent a large, diverse set of industries. Business services hold the greatest number of calls. Non-depository credit institutions and holding and other investment offices industries hold the next highest number of calls. The financial sector (2-digit SIC codes beginning with “6”) represents nearly 29% of the FI calls in our sample.

We note two caveats about our sample. First, our FI call sample is aggregated from the four sources mentioned above, which collect their data from publicly available sources. However, not all FI calls are publicized and unpublicized calls are not

Table 1

Descriptive Statistics. This table provides summary descriptive statistics for the full (i.e., global) sample of 1612 fixed income conference calls. This sample is not restricted by data availability for our test variables. Panel A reports the country distribution of the headquarters locations of the firms conducting each FI call. Panel B partitions the FI calls by private and public firms. Panel C describes the industry distribution with each industry defined by its 2-digit SIC code.

	FI Calls	Firm Years	Unique Firms
Panel A. Country of Headquarters Locations			
United States	817	380	149
United Kingdom	415	229	84
Canada	52	28	16
Germany	51	29	16
Norway	36	33	30
Sweden	23	13	6
India	17	11	9
Switzerland	17	10	6
Israel	15	8	2
Netherlands	15	12	9
Luxembourg	12	12	10
Ireland	10	8	6
Poland	10	3	1
Australia	9	5	3
Cayman Islands	9	5	2
China	9	7	7
Bermuda	8	7	6
Morocco	7	4	1
Greece	6	3	3
Jersey	6	5	4
Singapore	6	6	5
South Africa	6	6	6
Cyprus	5	5	2
France	5	5	4
Other	46	44	37
Total	1612	878	424
Panel B. Ownership Structure			
Private	1039	539	263
Public	573	339	161
Total	1612	878	424
Panel C. SIC2 Industry			
73 Business Services	154	77	31
61 Non-depository Credit Institutions	121	63	29
67 Holding and Other Investment Offices	117	58	28
60 Depository Institutions	116	59	23
28 Chemicals and Allied Products	93	36	17
37 Transportation Equipment	75	34	6
44 Water Transportation	58	40	26
59 Miscellaneous Retail	57	20	6
49 Electric, Gas, and Sanitary Services	51	36	23
20 Food and Kindred Products	49	23	8
87 Engineering, Accounting, Research, and Management Services	45	21	10
13 Oil and Gas Extraction	41	22	14
53 General Merchandise Stores	38	22	4
54 Food Stores	34	18	8
62 Security & Commodity Brokers, Dealers, Exchanges & Services	33	25	8
60 Rubber and Miscellaneous Plastic Products	30	20	7
63 Insurance Carriers	29	17	8
65 Real Estate	27	19	14
29 Petroleum Refining and Related Industries	26	11	3
79 Amusement and Recreation Services	25	13	2
34 Fabricated Metal Products	25	11	4
27 Printing, Publishing, and Allied Industries	21	8	3
Other	254	158	96
Unknown	93	67	46
Total	1612	878	424

included in our sample. One buy-side analyst we spoke with confirmed the existence of such calls and provided examples of calls that are not in our sample. Unpublicized calls are typically held by private firms, which often only issue bank loans. These firms are not strictly required to hold public FI calls because bank loans are not technically securities (i.e., they do not have CUSIP identifiers). Second, while we attempt to maximize the size of our test samples, these samples are smaller and, due to data requirements, mostly include U.S. firms. These restrictions are unique to each test and we discuss them in their respective sections. While we have no obvious reason to conclude that inferences from our tests do not apply to the FI call population, we realize that there could be unknown differences between the population and the test samples of FI calls that may limit the generalizability of our inferences.

2.2. Time series of FI calls

Fig. 1 shows the time series distribution of FI calls using our larger, global sample of firms. We begin in 2009, which also marks the beginning of S&P Capital IQ's coverage. The number of FI calls per year increased before peaking in 2014. The increasing frequency is consistent with the analyses discussed above, in which FI calls satisfy debt investors' informational needs. As investor relations officers from two large banks told us, one motivation for holding more FI calls grew out of the 2008–2009 financial crisis and the failure of Lehman Brothers. Banks and other financial institutions wanted to give their creditors more information and they decided to communicate with a broader base of creditors through a single FI call event. Since that peak, the number of FI calls has decreased before increasing again in 2020. As a general comment, Fig. 1 also shows that the aggregate FI call occurrence is positively correlated (0.64) with the total aggregate debt issuance, which is consistent with the issuance of debt being one potential determinant of firms' decisions to hold an FI call.

3. The timing of FI calls around other news

In this section, we provide descriptive evidence on the timing of FI calls around three types of events: earnings announcements, earnings conference calls, and debt offerings. We start by examining the timing of FI calls relative to the earnings announcement day for the sample of 1053 public and private firm FI calls that can be matched to an earnings announcement day in S&P Capital IQ that occurs within a 91-day window centered on the FI call date. Table 2 presents this analysis. We first divide the sample into three groups: (1) earnings announcements that occur around the firm's FI calls, specifically within a $[-15, +15]$ day window in which day 0 is the FI call date; (2) earnings announcements that occur within a $[-45, -16]$ day window; and (3) those that occur within a $[+16, +45]$ day window. The majority of earnings announcements (903 or 86% of the total) belong to the first group and occur during the 31-day FI call window. Of these, 523 occur on the same day as the FI call. For firms that likely already decided to host an FI call, conducting it on the same day as an earnings announcement has the advantage of providing timely information to debt investors, who would be in the process of updating

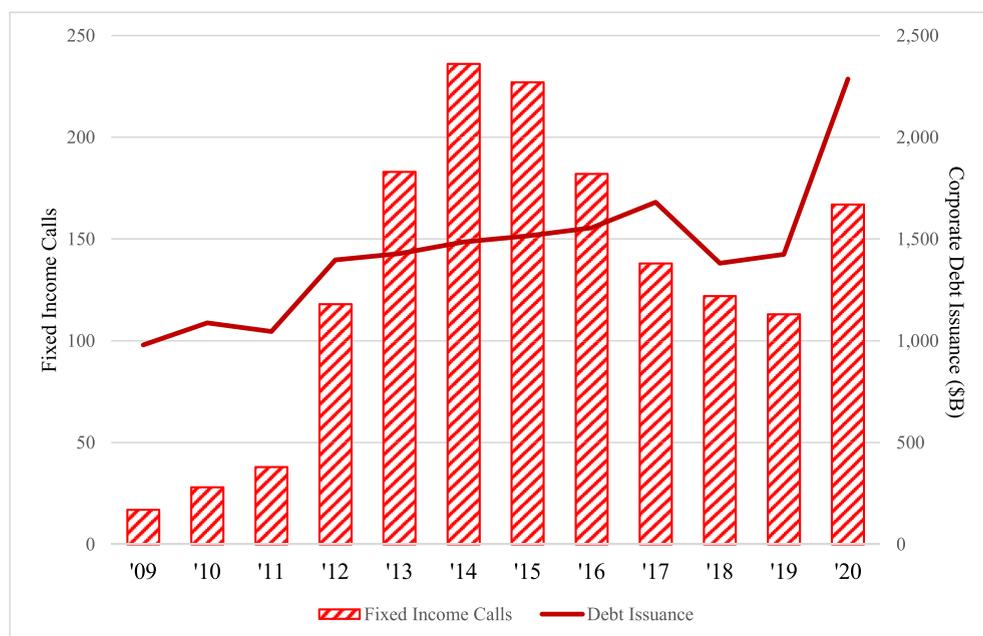


Fig. 1. Fixed Income Calls and Debt Issuance. This figure presents the number of fixed income conference calls per year and the total amount of corporate debt issuance from 2009 to 2020 according to SIFMA (2021). The left (right) vertical axis represents the annual FI call frequency (aggregate corporate debt issuance value), while the horizontal axis represents the year.

Table 2

Timing of Other News Relative to Fixed Income Calls. This table shows the timing of earnings announcements, earnings calls, and debt offerings relative to fixed income conference calls. Column 1 reports the days relative to the fixed income call day (Day 0). Columns 2, 4, and 6 respectively report the number of earnings announcements, earnings calls, and debt offering announcements. The respective percentages are reported in columns 3, 5, and 7.

Days after the Fixed Income Call	Earnings Announcements (Public and Private Firms)		Earnings Calls (Public Firms Only)		Debt Offerings (Public and Private Firms)	
	Number	Percentage	Number	Percentage	Number	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
-15	12	1.1%	9	2.0%	4	1.4%
-14	17	1.6%	11	2.4%	1	0.4%
-13	12	1.1%	5	1.1%	0	0.0%
-12	4	0.4%	4	0.9%	0	0.0%
-11	9	0.9%	3	0.7%	1	0.4%
-10	5	0.5%	4	0.9%	1	0.4%
-9	10	0.9%	5	1.1%	1	0.4%
-8	20	1.9%	15	3.3%	3	1.1%
-7	24	2.3%	14	3.1%	3	1.1%
-6	32	3.0%	15	3.3%	1	0.4%
-5	21	2.0%	12	2.6%	3	1.1%
-4	25	2.4%	8	1.7%	1	0.4%
-3	23	2.2%	9	2.0%	8	2.9%
-2	24	2.3%	11	2.4%	5	1.8%
-1	115	10.9%	14	3.1%	12	4.3%
0	523	49.7%	234	51.0%	51	18.3%
1	5	0.5%	2	0.4%	23	8.2%
2	1	0.1%	0	0.0%	13	4.7%
3	0	0.0%	0	0.0%	10	3.6%
4	2	0.2%	0	0.0%	5	1.8%
5	1	0.1%	0	0.0%	16	5.7%
6	4	0.4%	0	0.0%	9	3.2%
7	3	0.3%	0	0.0%	10	3.6%
8	2	0.2%	0	0.0%	5	1.8%
9	3	0.3%	0	0.0%	1	0.4%
10	1	0.1%	0	0.0%	2	0.7%
11	0	0.0%	0	0.0%	5	1.8%
12	1	0.1%	0	0.0%	2	0.7%
13	2	0.2%	1	0.2%	2	0.7%
14	1	0.1%	0	0.0%	1	0.4%
15	1	0.1%	1	0.2%	4	1.4%
In [-15, +15]	903	85.8%	377	82.1%	203	72.8%
In [-45, -16]	83	7.9%	49	10.7%	35	12.5%
In [+16, +45]	67	6.4%	33	7.2%	41	14.7%
Total	1,053	100.0%	459	100.0%	279	100.0%

their models, expectations, and valuations using the firms' accounting information. When FI calls occur on the same day as an earnings announcement and we can determine the time of day for both, we observe that 94% of the time, the earnings announcement is simultaneous with or occurs before the FI call.³ A small number (i.e., 27) of earnings announcements occur during the 15-day period after the FI call (i.e., [+1, +15]), while the remaining 353 announcements occur within the 15-day period before the FI call (i.e., [-15, -1]). Hence, when an FI call occurs around an earnings announcement, the call is more likely to follow, rather than to lead, the announcement. A comparison of a longer window, 45 days before to 45 days after the FI call day, displays the same pattern. In untabulated analyses, we find that clustering around earnings announcements is greater for public than for private firms, consistent with earnings announcements playing a more important role for public firms. While a substantial number of earnings announcements cluster around FI calls, a large portion of calls do not occur on the same day as the firm's earnings announcement, and hence are distinct events.

In columns (4) and (5), we examine the timing of earnings conference calls relative to FI calls. For the most part, we observe the same patterns as in columns (2) and (3) for earnings announcements, which is not surprising given that earnings calls, by definition, almost always occur on the same day as or one day after an earnings announcement.

In our last timing analysis, we examine debt offerings' timing around FI calls. An increase in disclosure around the time of a security offering can reduce information asymmetry between managers and investors. Studies, such as Frankel et al. (1995) and Lang and Lundholm (2000), establish a positive relation between a firms' security offerings and higher levels of voluntary

³ For the 523 earnings announcements on the same day as an FI call, we have data for 367 instances on the exact time of the earnings announcement and of the FI call. In 345 cases, earnings are announced at the same time as or before the fixed income call.

disclosure. This idea motivates our investigation of the degree to which firms are more likely to hold an FI call around the time of a new debt issuance.

We collect data from S&P Capital IQ for private and public firms on their debt offerings, which includes the issuance of debentures, bonds, and notes. After matching each FI call with the closest debt offering that occurs within 45 days of the call, we are left with 279 FI calls. Columns 6 and 7 of Table 2 show that debt offerings are more likely to be held either concurrently with or after FI calls. Hence, FI calls are more likely to lead rather than follow debt offerings. This pattern is consistent with firms using such calls to better communicate with debt investors prior to issuing new debt, which is when firms can more directly benefit from a reduction in information asymmetry.⁴

4. The determinants of fixed income calls

In many cases, debtholders and equity investors have similar information needs because, for example, they perform similar tasks, such as forecasting financial results or valuing the firm's assets. In such cases, the traditional set of firms' mandatory and voluntary disclosures should be sufficient for both types of investors. However, debtholders, which can have different payoffs and write detailed debt contracts with the firm, can have dissimilar information demands than equity investors along some dimensions. We expect these differential information needs can help explain which firms hold FI calls. In this section, we study the relation between factors that proxy for these differential information needs and firms' decisions to hold an FI call.

4.1. Tests and expectations

We use the following model, estimated at the firm-year level, to empirically predict whether a firm holds an FI call:

$$\begin{aligned}
 FI\ Call_{it} = & \beta_0 + \beta_1 Debt\ to\ Assets_{it-1} + \beta_2 Number\ Debt\ Type_{it-1} + \beta_3 Average\ Maturity_{it-1} \\
 & + \beta_4 Rated_{it-1} + \beta_5 Foreign_{it-1} + \beta_6 Private_{it-1} + \beta_7 Loss_{it-1} + \beta_8 Size_{it-1} \\
 & + \beta_9 Intangible_{it-1} + \beta_{10} Sales\ Growth_{it-1} + \beta_{11} Hitech_{it-1} + \beta_{12} Financial_{it-1} \\
 & + \beta_{13} Regulated_{it-1} + YearFE_t + \varepsilon_{it}
 \end{aligned} \tag{1}$$

FI Call is an indicator that equals one if firm *i* holds one or more FI calls in year *t*, zero otherwise. In our tests, we treat the occurrence of an FI call as a voluntary disclosure decision. While some debt contracts formally include covenants that mandate conference calls for debtholders, these specific types of covenants do not occur frequently.⁵

It is likely that debtholders will demand more information through an FI call when debt is a relatively more important source of firm financing, and hence management is more likely to cater to debtholders' specific needs. Firms with more debt have more varied debt contracts and are closer to financial distress. Also, firms with more complex debt structures make this monitoring more challenging, which further increases the demand for debt-specific information. We use two proxies for debtholder information demand—the debt-to-asset ratio and the number of debt types.

Unlike equity securities, which are often valued based on long time horizons and which never expire, debt securities have fixed durations that vary with the type of debt—from bonds that can mature in decades to commercial paper, which is issued for less than a year or even just a few days. On the one hand, firms with longer maturity debt have longer horizons. We expect investors to demand more information about firms' longer-term debt service ability, specifically softer and more private information, which should increase demand for FI calls. On the other hand, firms with shorter maturity debt will more likely be in a position to issue new debt or to roll over existing debt (e.g., replacing expiring loans or bonds with newer issues). Such new debt issuance could also drive demand for FI calls. Given these opposing effects, we have no clear expectation about the relation between this variable and FI call occurrence.

Information asymmetry between the firm and its creditors is likely to be higher when third-party information about the firm's debt is less available. In particular, rating agencies have in-depth access to firm management and related private information, which culminates in a public rating as well as other rating agency disclosures. This rating agency information should decrease information asymmetry between debt investors and management and hence reduce debt investor demand

⁴ In untabulated analyses, we test whether the clustering around earnings announcements and debt offerings is related to whether the firm holds one or multiple FI calls per year. We find that earnings announcements are more important for firms that hold multiple FI calls per year relative to firms that hold only one. In contrast, debt offerings play a relatively greater role for firms that hold only one FI call per year compared with those that hold multiple such calls in a year. This pattern supports the notion that firms that seek to communicate with debt investors around earnings announcements, which can occur up to four times per year, will have more FI calls per year than firms with the objective of communicating with debt investors around debt offerings, which occur far less frequently than do earnings announcements.

⁵ To better understand the extent of covenant-mandated FI calls, we examine the bond covenants for a random sample of 100 firms. We find that 10% of firms have bonds with covenants that explicitly mention an FI conference call requirement. Of these firms, all but one are private. This result is consistent with FI calls' importance to private firms, given that such firms' information environment is weaker than that for public firms. We do not exclude firms with a covenant that requires an FI call from our determinants tests for two reasons. First, from a practical standpoint it is very difficult to systematically identify these firms. Second, our determinants test is more focused on determining which firms have FI calls, regardless of whether they simply decide to do so or because the firm decides to write a covenant in which it agrees to hold such a call.

for firm disclosures. Furthermore, as [Kimbrough and Louis \(2011\)](#) point out, foreign companies may have weaker information environments and hence greater information asymmetry between managers and investors.

In comparison with public firms, we expect private firms—those with no public equity investors—to be more likely to hold an FI call. By definition, private firms have less public information available to investors. For instance, these firms do not have a publicly traded stock price, which can aggregate and externally verify firm information ([Grossman and Stiglitz, 1976](#); [Verrecchia, 1982](#)). Furthermore, sell-side analysts and the media provide less coverage of private firms ([Badertscher et al., 2013](#)). This opaque information environment should lead to greater information asymmetry between the managers of private firms and their debtholders and consequently a greater demand for firm disclosures, which an FI call could satisfy. Following [Katz \(2009\)](#) and [Badertscher et al. \(2019\)](#), we define *Private* as an indicator variable that equals 1 if the firm has no available stock price at the fiscal year-end in Compustat, zero otherwise.⁶

An important difference between debt and equity investors relates to the role of bad news. Debtholders' demand for information is greater when news is negative because of debtholders' asymmetric payoff function. In addition, debt covenants are more likely to be violated in the presence of bad news, which generates more demand for debtholder monitoring. We expect that firms are more likely to hold an FI call when they suffer a loss, which proxies for the occurrence of bad news.

We control for general firm characteristics, such as size, intangible assets, and sales growth. The limited sample size precludes the use of a full set of industry fixed effects as controls. Following [Kimbrough and Louis \(2011\)](#), we include *Hitech*, *Financial*, and *Regulated* as industry indicators. Financial and regulated firms may be subject to stricter disclosure mandates, which may be further satisfied by FI calls. We include year fixed effects to control for temporal shocks such as the 2008 financial crisis. All continuous variables are winsorized at the 1% and 99% levels.

For this test, we create our sample of 430 firm-year observations for the period from 2001 to 2020 with FI calls as follows. As mentioned above, our global sample consists of 878 firm years. We then merge the firm-year observations with Compustat and, to maximize our sample size, supplement our sample with accounting information retrieved from S&P Capital IQ. We lose 241 firm-year observations because some firms are located outside of the U.S. Last, we require all firm-year observations to have non-missing debt type information from S&P Capital IQ. In consequence, we lose an additional 207 firm-year observations.

The control sample, which includes firm-year observations with no FI calls, consists of firms with debt and has similar non-missing data restrictions as the FI call treatment firms. We estimate the model with three different no-FI call samples (while continuing to use the same FI call treatment sample). The first no-FI call sample consists of all firms with available data during our sample period that do not have an FI call. The second no-FI call sample is further restricted to firms in the same two-digit SIC industry and years as the FI call sample. The third no-FI call sample adds a further restriction: each FI call firm is matched with a no-FI call firm that is in the same industry, same year, and that is closest in size, so that the FI call and no-FI call observations are equal in number.

4.2. Results

In Panel A of [Table 3](#) we present the mean values of the independent variables partitioned by the FI call and no-FI call samples. In comparing columns 1 and 2, we find that FI call firms tend to issue more debt than do no-FI call firms. FI call firms tend to issue more types of debt and have a shorter average debt maturity, and a higher percentage of them are privately held and larger, with lower sales growth relative to no-FI firms. FI call firms are also more likely to be in financial services and less likely to be high tech firms or in regulated industries. When we compare FI call firms and the column 3, same-industry and -year, no-FI call firms, the results are generally similar. When comparing FI call firms to the firms in column 4, which are further matched by size, we note that the statistical significance decreases for industry indicators and size. In this case, FI-call firms are less likely to be rated and are more likely to be foreign or to experience a loss. Overall, across all three of the no-FI call samples, the significant differences are generally consistent with our expectations.

Panel B of [Table 3](#) provides the results of estimating equation (1) using a logit model.⁷ The column 1 results show that FI calls are more likely to be held when the firm has a higher debt-to-assets ratio and more distinct debt types, consistent with the idea that firms with more debt have debtholders that are more likely to demand fixed income information. Firms with longer average debt maturities are more likely to hold FI calls, consistent with such calls satisfying the demand for firms' longer-term growth prospects. Our results support the general notion that FI calls are more likely when a firm's information environment is weak. A negative coefficient on *Rated* shows that FI call firms are less likely to have credit ratings from Standard & Poor's, consistent with the idea that, in the absence of third-party information providers, FI calls meet debt investors' greater demand for information. The positive coefficients on *Foreign* and *Private* are consistent with the idea that foreign and private firms, with their greater information asymmetry between managers and debtholders, are more likely to use FI calls to resolve such problems. These three results also suggest that in weaker information environments, disclosure has a natural and intuitive substitution effect. *Loss* is positive and statistically significant, implying that firms with negative news

⁶ Note that for the tests in this section, our private firms have public debt and, under Sections 13 and 15(d) of the Securities Exchange Act of 1934, are subject to the same financial reporting regulations as firms with public equity ([Katz, 2009](#)), which is why Compustat financial statement data is available for them. Unfortunately, a lack of data precludes us from studying the full population of private firms.

⁷ The results and inferences are similar if we use OLS or, for the matched samples in columns 2 and 3, a conditional logit.

Table 3

Determinants of Fixed Income Calls. This table investigates the determinants of holding fixed income conference calls at the firm-year level. Panel A shows summary statistics for the FI call treatment sample and for each of the three no-FI call control samples. Panel B shows the results of three logit models that predict whether a firm has an FI call. Each model uses a different no-FI call control sample but always has the same FI call treatment sample. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Firm Characteristics				
	FI Call Sample (N = 430)	No-FI Call Sample =		
		All (N = 101,320)	Same Industry and Year (N = 35,939)	Same Industry and Year, Closest Size (N = 430)
	(1)	(2)	(3)	(4)
<i>Debt to Assets</i>	0.42	0.36**	0.36**	0.35***
<i>Number Debt Type</i>	3.55	2.72***	2.79***	3.32***
<i>Average Maturity</i>	10.18	11.88***	9.21***	8.11***
<i>Rated</i>	0.29	0.27	0.24***	0.44***
<i>Foreign</i>	0.74	0.75	0.75	0.61***
<i>Private</i>	0.24	0.08***	0.10***	0.10***
<i>Loss</i>	0.28	0.33**	0.31	0.19***
<i>Size</i>	9.47	6.44***	6.80***	9.44
<i>Intangible</i>	0.14	0.14	0.15	0.13
<i>Sales Growth</i>	5.58%	21.53%***	20.45%***	11.46%**
<i>Hitech</i>	0.17	0.27***	0.35***	0.17
<i>Financial</i>	0.33	0.24***	0.33	0.33
<i>Regulated</i>	0.06	0.09**	0.11***	0.06
Panel B. Logit Models				
	No-FI Call Sample =			
	All	Same Industry and Year		Same Industry and Year, Closest Size
	(1)	(2)	(3)	(3)
<i>Debt to Assets</i>	1.07*** (10.22)	0.98*** (8.76)	1.34*** (3.58)	
<i>Number Debt Type</i>	0.22*** (4.48)	0.21*** (4.25)	0.22*** (2.97)	
<i>Average Maturity</i>	0.11*** (10.11)	0.12*** (10.18)	0.17*** (7.40)	
<i>Rated</i>	-1.04*** (-7.65)	-1.14*** (-8.05)	-0.87*** (-4.06)	
<i>Foreign</i>	1.44*** (12.93)	1.38*** (12.12)	1.24*** (7.19)	
<i>Private</i>	1.74*** (13.83)	1.59*** (12.18)	1.36*** (5.64)	
<i>Loss</i>	0.52*** (4.26)	0.47*** (3.80)	0.54*** (2.73)	
<i>Size</i>	0.51*** (17.29)	0.50*** (16.41)	-0.01 (-0.20)	
<i>Intangible</i>	0.19 (0.70)	0.42 (1.50)	0.51 (1.19)	
<i>Sales Growth</i>	-0.31** (-2.28)	-0.26** (-2.00)	-0.34* (-1.88)	
<i>Hitech</i>	-0.17 (-1.13)	-0.92*** (-6.05)	-0.03 (-0.10)	
<i>Financial</i>	-0.18 (-1.33)	-0.98*** (-7.13)	0.20 (0.92)	
<i>Regulated</i>	-1.81*** (-8.12)	-2.46*** (-10.58)	-0.39 (-1.05)	
Year Fixed Effects	Yes	Yes	Yes	
Pseudo R ² (%)	27.02	24.99	19.00	
Observations	101,750	36,369	860	

are more likely to hold an FI call, in an effort to meet debtholders' asymmetric demand for information when performance is poor.

In terms of the control variables, the positive *Size* coefficient is consistent with two possible explanations. Larger firms can more easily bear the fixed costs of additional corporate communications and are thus more likely to hold FI calls. Further, as larger firms have more institutional investors, holding an FI call is also consistent with a greater savings in terms of executive

time because bringing institutional investors together on a call requires far less time than meeting with each of them independently.⁸ *Sales Growth* is negatively related to FI calls, which is the opposite of what we would expect. Generally, the literature, such as Tasker (1998) and Frankel et al. (1999), shows that high-growth firms tend to have more voluntary disclosure when there is greater information asymmetry between managers and investors about the firm's longer-term prospects. One potential explanation for our negative result is that to the extent that less mature, higher growth firms issue less debt (Myers, 1977; Barclay et al., 2006; Billett et al., 2007), and to the extent that our *Debt to Assets* variable does not perfectly capture this effect, then sales growth could be negatively related to FI calls. Last, regulated firms are less likely to hold FI calls. The results are generally the same for the remaining tests in columns 2 and 3, although the column 3 test, which contains a much smaller number of observations, shows coefficients with lower statistical significance.

We conduct three additional, untabulated analyses. First, using sell-side debt analyst data from Gillette (2016), we find that sell-side debt analyst coverage is correlated with FI calls.⁹ Second, using these same data we observe that sell-side debt analysts' reports cluster around and discuss FI calls for a small subsample of the reports that we can obtain, consistent with FI calls' importance in information production. Third, we find that firms that are greater in size are more likely to have multiple calls per year, which augments Table 3 results that show that larger firms are more likely to have FI calls in the first place.

4.3. FI versus earning calls

We extend the investigation of the FI call determinants presented above by using the same equation (1) model to predict an earnings call (instead of an FI call); we then compare the results with the model that predicts an FI call. Our purpose is to highlight that the factors that determine FI calls are not necessarily the same as those that determine earnings calls. Moreover, even if the same factor explains both types of calls, the factor's relative importance can differ. Conducting this analysis puts us in a better position to understand why firms might hold an FI call in addition to an earnings call.

In these tests, we use the full set of no-FI call firms. To facilitate comparison, the analysis is restricted to firms with publicly traded equity (the *Private* variable is hence excluded). We now include as independent variables a public firm's equity book-to-market ratio, which serves as an additional inverse proxy for firm growth, and the percentage of institutional equity investors, which is an important determinant of voluntary disclosures (Boone and White, 2015; Bird and Karolyi, 2016).

In Table 4, Panel A, we first provide mean values of the independent variables used in the FI call and earnings call prediction models. The differences between the FI and no-FI call variables in the first two columns generally show the same patterns, including similar levels of statistical significance, as the variables in the first two columns of Table 3, Panel A. Columns 4 and 5 show that firms with earnings calls versus no-earnings calls significantly differ along all of the dimensions that we measure.

Panel B of Table 4 provides the logit results. Column 1 shows that the public firm FI call prediction model provides very similar results to those in column 1 of Table 3, Panel B. The newly added *Institutional Ownership* variable is positively related to FI call occurrence. Column 2 of Panel B provides the results of estimating the earnings call prediction model. These results are generally consistent with other studies that model the occurrence of earnings calls. For example, Tasker (1998) argues that firm size and more growth opportunities (i.e., lower *BM*, higher *Sales Growth*, and more *Intangibles*) are positively associated with holding earnings calls. Bushee et al. (2003) find that high-tech firms are more likely to host calls.

In the last column of the panel, we show chi-squared test statistics of the differences in the coefficients for columns 1 and 2. Most of the differences are statistically significant and suggest that the factors determining FI calls are different than those for earnings calls. As a specific example, FI calls are increasing in the debt-to-assets ratio and the number of debt types, while earnings calls have the opposite relation, consistent with debt investors having a greater demand for fixed income information than equity investors. As another example, rated firms are less likely to have an FI call but more likely to have an earnings call, consistent with rating information being more important to debt investors and firms hence being more likely to hold an FI call to offset the information deficit. In the case of losses, which are more likely to lead to both FI and earnings calls, the larger magnitude of the *Loss* coefficient in the FI call specification indicates that debt investors have a greater demand for information about bad news relative to equity investors.

⁸ Institutional investors hold the vast majority of corporate debt (over 90%, according to SIFMA (2021)) and they dominate trading in fixed income secondary markets (Bessembinder et al., 2020). These large investors typically have the option of meeting privately with managers or investor relations personnel (whether in person, on the phone, or via email exchanges) (Brown et al., 2019). One of the firms we interviewed specifically mentioned that one benefit of having the FI call is to give their debt investors better access to firm management. To the extent that FI calls substitute for private meetings and the demand for (and the cost of conducting) private meetings is increasing in firm size because larger firms have more institutional investors, then these firms have greater incentives to hold such calls.

⁹ Using a matched sample of firm-year observations with and without FI calls, we find that firms that hold FI calls are more likely to have sell-side debt analysts that issue reports. This result is consistent with two explanations: i) sell-side debt analysts are more likely to cover firms that provide increased voluntary disclosure, such as FI calls; and ii) firms are more likely to host FI calls as a result of sell-side debt analyst demand for increased voluntary disclosure. A caveat of this analysis is that the number of observations we are able to include in it is small ($N = 112$) because of limited overlap between the sell-side debt analyst data and our sample and the low overall levels of sell-side debt analyst coverage, particularly for private firms.

Table 4

Fixed Income Calls versus Earnings Calls for Public Firms. This table compares the determinants of holding fixed income conference calls with those for earnings conference calls. Our sample is restricted to public firm years for which we can identify the incidence of a fixed income and an earnings call. Panel A reports summary statistics and comparisons between firm years with and without calls. Panel B shows the results of logit models that predict whether a firm has an FI Call (column 1) or an Earnings Call (column 2). Z-statistics for these two columns are reported in parentheses. Column 3 reports the difference in coefficients. In this column, χ^2 -statistics are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Firm Characteristics						
	FI Call			Earnings Call		
	With (N = 326)	Without (N = 93,559)	Difference	With (N = 61,270)	Without (N = 32,615)	Difference
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Debt to Assets</i>	0.37	0.35	0.02	0.29	0.46	-0.17***
<i>Number Debt Type</i>	3.70	2.73	0.97***	2.85	2.50	0.35***
<i>Average Maturity</i>	10.63	11.81	-1.18***	10.89	13.52	-2.63***
<i>Rated</i>	0.26	0.25	0.22	0.33	0.09	0.24***
<i>Foreign</i>	0.76	0.74	0.02	0.75	0.73	0.02***
<i>Loss</i>	0.26	0.34	-0.08***	0.28	0.43	-0.15***
<i>Size</i>	9.74	6.37	3.37***	7.26	4.74	2.52***
<i>Intangible</i>	0.13	0.14	-0.01	0.17	0.09	0.08***
<i>Sales Growth</i>	6.40%	21.39%	14.99%***	21.00%	21.97%	-0.97%
<i>Hitech</i>	0.15	0.27	-0.12***	0.29	0.24	0.05***
<i>Financial</i>	0.37	0.24	0.13***	0.19	0.33	-0.14***
<i>Regulated</i>	0.06	0.07	-0.01	0.08	0.05	0.03***
<i>BM</i>	0.83	0.70	0.13***	0.64	0.81	-0.17***
<i>Institutional Ownership</i>	38.32%	27.47%	10.85%***	36.93%	9.80%	27.13%***
Panel B. Logit Models						
	FI Call	Earnings Call		Coefficient Differences		
	(1)	(2)	(3)	(3)		
<i>Debt to Assets</i>	1.35*** (10.18)	-0.23*** (-9.91)	1.58*** (307.69)			
<i>Number Debt Type</i>	0.35*** (6.00)	-0.07*** (-7.52)	0.42*** (34.21)			
<i>Average Maturity</i>	0.13*** (10.41)	-0.05*** (-17.15)	0.18*** (121.52)			
<i>Rated</i>	-1.34*** (-8.37)	0.41*** (11.99)	-1.75*** (134.49)			
<i>Foreign</i>	2.60*** (15.92)	-0.26*** (-11.64)	2.86*** (168.62)			
<i>Loss</i>	0.68*** (4.69)	0.26*** (11.91)	0.42*** (9.69)			
<i>Size</i>	0.53*** (14.61)	0.52*** (85.06)	0.01*** (11.37)			
<i>Intangible</i>	-0.25 (-0.72)	1.46*** (25.98)	-1.71*** (14.96)			
<i>Sales Growth</i>	-0.24 (-1.56)	0.04*** (3.48)	-0.28* (3.19)			
<i>Hitech</i>	-0.09 (-0.54)	0.61*** (24.21)	-0.70*** (17.78)			
<i>Financial</i>	0.12 (0.81)	-1.69*** (-64.48)	1.81*** (115.54)			
<i>Regulated</i>	-1.50*** (-5.50)	-0.29*** (-6.68)	-1.21*** (14.95)			
<i>BM</i>	0.04 (0.43)	-0.29*** (-23.18)	0.33*** (22.93)			
<i>Institutional Ownership</i>	2.20*** (11.16)	2.11*** (51.27)	0.09** (5.98)			
Year Fixed Effects	Yes	Yes				
Pseudo R ² (%)	30.12	40.47				
Observations	93,885	93,885				

In sum, the results of these logit model analyses support our expectation that FI calls occur to meet the differential informational demands of debt versus equity investors. These differences include demand for more fixed income-specific information as well as more information when performance is poor. FI calls are also more likely to occur when less information about the firm's debt is available from third parties.

Table 5

Fixed Income Call Content Analysis. This table provides a content analysis of fixed income conference call transcripts. Columns 1 and 2 present the mean and median results for fixed income calls held by public firms. Columns 3 and 4 present the mean and median results for matched earnings conference calls, which are earnings calls held within a year of an FI call held by the same sample of firms used in columns 1 and 2. Columns 7 and 8 present the mean and median results for fixed income calls held by private firms. Differences, along with *t*-statistics in parentheses, are also presented. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Public FI Calls (N = 360)		Matched Earnings Calls (N = 792)		Mean Difference (1) – (3)	Median Difference (2) – (4)	Private FI Calls (N = 121)		Mean Difference (1) – (7)	Median Difference (2) – (8)
	Mean	Median	Mean	Median			Mean	Median		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel A. Length										
Presentation Total Words	2,747	2,431	4,245	4,044	–1498*** (–10.09)	–1613*** (–13.43)	2,558	2,239	189 (0.74)	192 (0.64)
Q&A Total Words	3,092	2,921	6,328	6,421	–3236*** (–19.31)	–500*** (–18.14)	3,765	3,051	–673** (–2.33)	–130* (–1.83)
Panel B. Debt Discussion										
Presentation Fixed Income %	1.28%	1.26%	0.77%	0.69%	0.51%*** (15.36)	0.57%*** (12.79)	0.95%	0.76%	0.33%*** (4.71)	0.50%*** (4.83)
Q&A Fixed Income %	0.73%	0.67%	0.48%	0.46%	0.25%*** (10.64)	0.21%*** (8.64)	0.43%	0.27%	0.30%*** (5.88)	0.40%*** (6.60)
Presentation Conflict %	0.21%	0.13%	0.13%	0.09%	0.08%*** (7.14)	0.04%*** (5.05)	0.07%	0.05%	0.14%*** (5.75)	0.08%*** (6.82)
Q&A Conflict %	0.12%	0.05%	0.09%	0.06%	0.03%*** (3.27)	–0.01%* (–1.81)	0.06%	0.03%	0.06%*** (2.75)	0.02% (1.46)
Panel C. Context Discussion										
Presentation Financial %	2.76%	2.74%	2.20%	2.24%	0.56%*** (9.26)	0.50%*** (9.43)	2.22%	2.21%	0.54%*** (5.44)	0.53%*** (5.70)
Q&A Financial %	1.24%	1.25%	1.17%	1.17%	0.07%*** (2.16)	0.08%*** (2.42)	0.92%	0.81%	0.32%*** (4.68)	0.44%*** (5.62)
Presentation Quantitative %	1.13%	0.96%	0.92%	0.73%	0.21%*** (4.78)	0.23%*** (4.71)	0.63%	0.59%	0.50%*** (6.99)	0.37%*** (6.74)
Q&A Quantitative %	0.41%	0.33%	0.39%	0.32%	0.02% (0.87)	0.01% (1.13)	0.25%	0.17%	0.16%*** (4.07)	0.16%*** (4.55)
Presentation Short-Term %	0.65%	0.36%	0.92%	0.90%	–0.27%*** (–6.39)	–0.54%*** (–7.23)	1.07%	1.12%	–0.42%*** (–6.08)	–0.76%*** (–6.72)
Q&A Short-Term %	0.22%	0.16%	0.33%	0.28%	–0.11%*** (–6.58)	–0.12%*** (–8.38)	0.36%	0.26%	–0.14%*** (–4.77)	–0.10%*** (–5.04)
Panel D. Discussion Tone										
Presentation Positive %	1.70%	1.59%	2.00%	2.00%	–0.30%*** (–7.60)	–0.41%*** (–8.42)	1.48%	1.35%	0.22%*** (3.06)	0.24%*** (3.01)
Q&A Positive %	0.80%	0.75%	1.09%	1.09%	–0.29%*** (–11.06)	–0.34%*** (–11.54)	1.01%	0.97%	–0.21%*** (–3.93)	–0.22%*** (–4.30)
Presentation Negative %	0.95%	0.93%	1.02%	0.91%	–0.07%** (–2.06)	0.02% (0.46)	0.89%	0.79%	0.06% (1.52)	0.14%** (1.98)
Q&A Negative %	1.19%	1.13%	1.07%	1.01%	0.12%*** (4.39)	0.12%*** (5.16)	1.03%	1.02%	0.16%*** (3.86)	0.11%*** (3.42)
Presentation Net Tone %	0.74%	0.68%	0.98%	1.05%	–0.24%*** (–4.12)	–0.37%*** (–5.41)	0.60%	0.54%	0.14% (1.58)	0.14% (1.15)
Q&A Net Tone %	–0.38%	–0.38%	0.02%	0.07%	–0.40%*** (–9.97)	–0.45%*** (–10.21)	–0.02%	0.00%	–0.36%*** (–4.67)	–0.38%*** (–5.61)

5. The contents and participants of fixed income calls

Because conference calls are interactive, the topics and issues discussed reflect the interests of both managers and other participants. In this section, we analyze the sample of FI calls that have available transcripts along two dimensions: content and participants.

5.1. Sample of FI call transcripts

We collect 481 FI conference call transcripts from S&P Capital IQ, Refinitiv Eikon, Thomson One, and Bloomberg, which jointly represent a sample of FI call transcripts that 74 firms made publicly available. Of these calls, 360 are held by firms with publicly traded equity and 121 by private firms or by public firms' untraded subsidiaries (e.g., Ford Motor Credit Company is a subsidiary of Ford Motors). FI call transcripts represent 29.8% of the 1612 FI call event dates provided across our four data sources. For the sample of firms with publicly traded equity, we are able to access transcripts for 62.8% of the 573 FI call events.¹⁰ For comparison purposes, we use a matched sample of 792 transcripts of these same firms' earnings calls, with the earnings calls occurring within one calendar year of each FI call event date. The number of earnings calls is larger than the number of FI calls because earnings calls occur more frequently and their transcripts are rarely missing across our four data sources.

5.2. FI call content analysis

We first parse the conference call text into two parts—the presentation and the Q&A (question and answer) sections. We then investigate four dimensions of content: a) the call's length; b) debt discussion; c) context discussion; and d) the discussion tone. The results for each dimension are respectively presented in Table 5, Panels A to D. Each panel details the mean and median results for each of the three samples: i) FI calls held by publicly traded firms; ii) matched earnings calls; and iii) FI calls held by private firms. We also provide tests of differences. Our discussion focuses mainly on the comparison of the matched sample of FI and earnings calls for publicly traded firms in columns 1 to 6.

5.2.1. Length

We determine the length of each section by counting the total number of words. Panel A of Table 5 shows that FI calls are significantly shorter than earnings calls in both the presentation and Q&A sections.

5.2.2. Debt discussion

We test whether FI calls are more likely than earnings calls to discuss FI specific debt topics, such as interest rates, rating agencies, and liquidity. In particular, we expect FI calls to contain more discussion of debt-equity conflict events that could lead to a wealth transfer from debt to equity investors, such as share repurchases, capital expenditures, and asset sales.

We develop a fixed income dictionary that includes words such as *bond*, *borrow*, *libor*, *principal*, *rating*, *term*, and *yield*. These words were chosen based on publicly available fixed income dictionaries. The list is also based in part on the debt-equity conflict-related words of De Franco et al. (2014), such as *asset sale*, *dividend*, *m&a*, *repurchase*, and *spinoff*. These types of words indicate events that potentially generate asset substitution or wealth expropriation by equity holders. Panel A of Appendix B provides the complete list of fixed income words.

From the first two rows of Table 5, Panel B we observe that FI calls contain more fixed income content than do earnings calls. A mean 1.28% of FI calls' presentation section is comprised of fixed income words, compared with 0.77% for earnings calls. The difference of 0.51% is both statistically and economically significant at 14 additional words per transcript. The results for the Q&A sessions are similar but of reduced magnitude. We note that the percentage levels of these words are consistent with the percentage levels for word dictionaries used to measure other constructs, such as tone, uncertainty, litigiousness, and praise.¹¹

¹⁰ Given this limited availability, we contacted several public and private firms to ask them about their decision to disclose transcripts of their FI calls and to request transcripts of those calls that are not available from data providers. However, we were unable to obtain any FI call transcripts directly from firms. Investor relations representatives from firms in both our private and public samples suggested that unlike the earnings conference calls of public firms, FI calls are not intended for the general public and are only for existing and prospective institutional fixed income investors. The lack of general availability raises potential questions about the application of Regulation FD to the publicly traded corporate debt market. We informally discussed this matter with U. S. Securities and Exchange Commission representatives but have not received a definitive response. We note that the language of Regulation FD refers to "securities," not specifically equity or debt instruments. Specifically, item (a) of 243.100 *General rule regarding selective disclosure* states that "whenever an issuer, or any person acting on its behalf, discloses any material nonpublic information regarding that issuer or its securities ..., the issuer shall make public disclosure of that information."

¹¹ For example, based on descriptive statistics from Loughran and McDonald (2011, 2013), we provide the mean values for their word lists. The former (latter) study shows that their sample of 10-K filings (initial IPO filings) contains 1.39% (1.41%) negative words, 0.75% (0.97%) positive words, 1.20% (1.31%) uncertainty words, 1.10% (0.75%) litigious words, 0.26% (0.53%) strong modal words, and 0.43% (0.64%) weak modal words. As an additional example, Milian and Smith (2017) develop a short, customized dictionary of "analysts' praise of management" and find that praise words comprise 0.09% of the words analysts spoke during earnings calls.

We further refine these analyses by examining only the debt-equity conflict-specific words in the last two rows of Panel B. FI call presentation and Q&A sections contain significantly more debt-equity conflict words than do earnings conference calls. As a benchmark, and with the caveat that they may have different word lengths, De Franco et al. (2014) report that each sell-side debt analysts' report mentions a mean 3.5 debt-equity conflict-event words, while in our sample, for each fixed income call (both the presentation and Q&A portions), these conflict-event words are mentioned a mean 7.1 times.¹² Overall, the results in Panel B confirm the idea that FI calls address topics that are important for creditors, which may have interests that are not aligned with those of shareholders.¹³

5.2.3. Context discussion

We consider three aspects of the context of conference call discussions. First, because financial information, particularly accounting information, plays an important role in debt contracting, we expect FI calls to discuss financial information more often than do earnings calls. For example, debtholders use recently announced financial statements to determine whether the firm has met its debt covenants. Further, current financial performance is critical to assessing the ability to pay future interest and principal, which assists in both the valuation of current debt investments and the decision to lend firms more money. Second, as a complementary idea, we expect FI call discussions to include more quantitative information because this information is mostly a result of specific periodic reporting. Examples include the disclosure of financial accounting numbers, operating performance numbers, and the percentage change between realized numbers compared with benchmarks, such as last year's results.

Third, we consider the time horizon. Unlike equity securities that are often valued based on long time horizons and which never expire, debt securities have shorter durations. Relative to earnings calls, FI calls in this scenario would discuss topics that are more oriented toward the short term, such as current performance, firm liquidity, and the impact of currency exchange rates. However, debt investors often hold securities until they mature, which can translate to longer holding periods than those of a typical equity investor. For example, according to the *Investment Company Factbook (2020)*, equity investors turn over 55% of their portfolio assets annually. In this case, debt investors would demand longer-term information to evaluate covenant compliance over the maturity of the debt or to anticipate future liquidity issues. This view is consistent with those expressed by one firm that we interviewed—they stated that debt investors have a longer-term orientation than do equity investors.

To measure financially related words, we follow Matsumoto et al. (2011) and use their dictionary (see Appendix B, Panel B). Example words include *accounting, financial, dollar, assets, liquidity, and reserve*. We follow Campbell et al. (2021) to determine how many numbers and numeric words (e.g., *ten, twenty*, etc.) are mentioned. A number is included when it is preceded by a space or a dollar sign and it is not within the range of 1950–2040, to exclude any mention of years. We then convert the quantity of numbers and numeric phrases into a percentage by dividing it by the total count of words and numbers. Last, to measure the time horizon, we use the short-term dictionary from Brochet et al. (2015). Examples of short-term dictionary words include *day, weeks, month, and short-run* (see Appendix B, Panel C).

Panel C of Table 5 provides the results for these three aspects. The first two rows lend support to the notion that managers present information that includes more financial terms, such as accounting-related items, in FI calls than in earnings calls. For example, the mean number of financial words in the FI call presentation is 2.76%, while it is 2.20% for earnings calls.¹⁴ The mean difference of 0.56% represents a higher level of financial words used by managers in FI call presentations by approximately 26% relative to those in earnings calls.¹⁵ The middle two rows indicate that managers provide more quantitative information, such as the results of the periodic reporting of accounting and operating numbers, to FI call attendees in the call presentation. The last two rows lend support to FI calls having a longer-term focus. The presentation and Q&A parts of FI calls include short-term words to a lesser degree than earnings calls, consistent with the idea that FI call participants exhibit less short-termism. Overall, we find evidence that compared to earnings calls, FI calls contain information that is more financially oriented, more quantitative, and less short-term orientated.

¹² As an additional comparison, using data from Gillette (2016), we estimate that the mean number of words in debt analysts' reports is 3,490, resulting in a similar conflict words percentage (0.10%) as in our data.

¹³ The greater discussion of debt content in FI calls relative to earnings calls also rules out the idea that the content of FI calls is similar to that of earnings calls and that FI calls are simply a venue for debt analysts and fixed income portfolio investors to ask questions similar to those asked by equity analysts and equity portfolio managers on earnings calls.

¹⁴ As our financial term dictionary follows Matsumoto et al. (2011), we compare our percentage of financial term word usage to that in their analysis (see their footnote #33). Our results are generally in line with theirs. A caveat to this comparison is that our sample of calls is limited to firms with an FI call, which, as we know from the analysis in Table 4, have different firm characteristics (e.g., FI call firms are larger and are more likely to report a loss) than do firms holding earnings calls. In contrast, Matsumoto et al.'s (2011) sample represents the broader population of public firms and predates ours.

¹⁵ We note that these financial words are not mutually exclusive with our fixed income words. In an untabulated test, we delete from the Matsumoto et al. (2011) financial dictionary any words that occur in our fixed income dictionary and rerun our comparisons of FI calls with earnings calls. We find that the positive difference in the financial words that we document in Table 5 is no longer significant for the presentation section and that the difference is no longer positive for the Q&A sections. This test shows that fixed income words are more important than financial words in the context of FI calls and particularly in the context of analysts' questions.

5.2.4. Discussion tone

As debtholders have a greater demand for news when it is bad than equity holders do, we anticipate that FI calls are more likely to emphasize the negative aspects of a topic or to discuss topics for which there is a greater possibility of negative news. As such, FI calls should be more likely to include content with negative sentiment. We use the [Loughran and McDonald \(2011\)](#) dictionary to count the words with a positive or negative tone, and the net tone (i.e., positive minus negative).

Panel D of [Table 5](#) shows that for both the presentation and Q&A portions of the call, FI calls have a less positive tone than earnings calls do. FI calls also have more negative tone words for the Q&A portion, although the tone is mixed in the presentation section. We focus on net tone for our inferences. The net tone during the presentation portion of FI calls is significantly less positive relative to earnings calls, while the Q&A is significantly more negative. Because these tone measures are more established in the literature, we can gauge the economic significance of our results by comparing the magnitude of the differences we find in net tone to other studies that use these same measures. For example, [Rogers et al. \(2011\)](#) find a 0.2% difference in net tone between the earnings conference calls of firms subject to a shareholder lawsuit and those of a matched sample. In another example, [Levy et al. \(2018\)](#) find net tone differences that range from 0.1% to 0.4% in earnings calls for the change in CFOs and CEOs' language before and after a change in corporate officers' litigation risk. Our difference in the presentation (Q&A) net tone of 0.2% (0.4%) is of comparable magnitude to what these studies find, leading us to argue that our economic significance is also similar. In sum, these tone results lend support to the idea that the asymmetry of returns faced by debt investors leads them to demand information about negative news to a greater degree. It also corroborates the determinants analysis in the previous section, which shows that firms with losses are more likely to hold an FI call.

Columns 7 to 10 display the content analysis results for private and subsidiary firms. These firms typically do not have earnings calls, so an FI call has the multipurpose role of providing general firm information, such as earnings, as well as debt-related information. We observe that the length of these private calls is more similar to public firms' FI calls and shorter than public firms' earnings calls. Private FI call presentations also discuss fixed income subjects to a greater degree than do public firms' earnings calls. Not surprisingly, given the absence of publicly traded equity for these private firms, there is little discussion of equity-debt conflicts. Compared to the FI and earnings calls of public firms, private firm FI calls tend to use more short-term and fewer quantitative words. Private firm FI calls' presentation portion also have an average net tone level that is similar to that of public firm FI calls, although we do not observe the more negative tone in the Q&A that we do for publicly traded firms' FI calls.¹⁶

5.3. FI call participant analysis

For the last part of our transcript analysis, we examine three types of FI call participants: managers, analysts, and the media. We identify participants by their titles and affiliation. We further categorize analysts by type (e.g., buy-side and buy-side subtypes) using the identification methodology in [Call et al. \(2021\)](#).

5.3.1. Managers

We know from previous studies that earnings call participants representing the firm typically include the CEO and CFO ([Tasker, 1998](#)), but may also include other senior management, such as CAOs ([Mitsuda, 2020](#)), COOs, CMOs, and IROs ([Brochet et al., 2018](#)). In contrast, the Treasurer and CAO are more likely to participate in FI calls so that they may better address the expected demand for specific and technical fixed income information (e.g., balance sheet funding, liquidity, etc.). One fixed income analyst who we spoke with revealed that firms' Treasurers are often a preferred participant on the call because of their superior knowledge of the covenants and risk profile for the various types of debt that the firm issues. As the expert on the firm's financial reporting, the CAO can play an important role when discussing questions about financial accounting numbers that may affect debt contracts, such as financial covenants—in particular, if there are specific accounting issues, such as the accounting of M&A transactions or new accounting regulations. The same fixed income analyst noted that the CAO and Treasurer work together to implement the desired debt structure of the firm and are therefore useful to have on the call together.

It is unclear how often CEOs or CFOs may join FI calls. If the call is important enough to happen, we would expect the CEO to attend. However, if other executives, such as the CFO, Treasurer, and CAO, are on the call, then there could be less need for the CEO or CFO to attend.¹⁷ Anecdotal evidence from our discussions with practitioners suggests that the CFO is more important to FI calls than to earnings calls. One analyst we interviewed specifically highlighted that the primary purpose of an FI call is to give debt investors more extensive access to the firm's CFO and Treasurer. He highlighted that CFOs provide leadership by assuming the role of the CEO on a fixed income conference call and addressing higher level questions (e.g., capital targets, competitive advantages).

¹⁶ We also take advantage of this content analysis setting to investigate whether firms that do not hold FI calls incorporate the type of information that such calls typically contain into their earnings calls. Such incorporation may satisfy debt investors' informational needs without incurring the costs of a separate FI call. An untabulated analysis, however, does not support this conjecture.

¹⁷ While the CFO could also serve as the CAO or Treasurer, we have no reason to believe that a CFO in multiple roles should be systematically different for FI calls than for earnings calls. In general, as the propensity of CFOs to play multiple roles increases, the power of our tests decreases and we are less able to distinguish whether the propensity of a CAO or Treasurer's participation differs between FI calls and earnings calls.

Table 6

Fixed Income Call Participants. This table describes fixed income conference call participants as listed on transcripts. Column 1 presents the results for fixed income calls held by public firms. Column 2 presents the results for matched earnings calls, which are earnings calls held within a year of an FI call held by the same sample of firms used in column 1. Column 4 presents the results for fixed income calls held by private firms. Panels A to C respectively provide the frequencies with which different managers, analysts, and media participants appear on the call. Differences, along with *t*-statistics in parentheses, are also presented. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Public FI Calls (<i>N</i> = 360)	Matched Earnings Calls (<i>N</i> = 792)	Mean Difference (1) – (2)	Private FI Calls (<i>N</i> = 121)	Mean Difference (1) – (4)
	Mean	Mean		Mean	
	(1)	(2)	(3)	(4)	(5)
Panel A. Managers					
Total	2.64	3.06	–0.42*** (–5.33)	2.88	–0.24** (–2.05)
CEO Appears	0.20	0.77	–0.57*** (–21.46)	0.40	–0.20** (–4.66)
CFO Appears	0.65	0.74	–0.09*** (–3.23)	0.96	–0.31*** (–6.96)
Treasurer Appears	0.61	0.07	0.54*** (24.29)	0.45	0.16*** (3.08)
CAO Appears	0.13	0.02	0.11*** (7.67)	0.38	–0.25*** (–6.14)
Panel B. Analysts					
Total	4.11	9.19	–5.08*** (–20.27)	4.89	–0.78** (–2.17)
Buy-Side Analysts	1.03	0.21	0.82*** (14.82)	1.09	–0.06 (–0.43)
Hedge Fund Analysts	0.13	0.08	0.05*** (2.72)	0.31	–0.18*** (–3.57)
Mutual Fund Analysts	0.47	0.04	0.43*** (14.33)	0.37	0.10 (1.20)
Insurance Analysts	0.32	0.02	0.30*** (14.11)	0.18	0.14** (2.34)
Panel C. Media					
Media Participants	0.10	0.34	–0.24*** (–3.21)	0.07	0.03 (0.87)

From Table 6, Panel A, we observe that on average, 0.42 more managers participate in earnings calls than FI calls. CEOs and CFOs join FI calls less frequently.¹⁸ This difference is particularly dramatic for CEOs, who appear on 77% of earnings calls but only 20% of FI calls. Treasurers and CAOs, which include the principal accounting officers and controllers, participate more frequently on FI calls, respectively joining 61% and 13% of FI calls but only 7% and 2% of earnings calls. Treasurers support the CFO function by focusing specifically on areas such as liquidity and financial risk management (Polak et al., 2011). CAOs are more deeply involved in day-to-day accounting issues and the firm's financial reporting (Mitsuda, 2020). These results suggest that FI call participants value corporate liquidity information and granular accounting information more than the participants of earnings calls do, which explains the higher levels of quantitative and financial information that we find in FI calls. In the latter two columns, we observe the breakdown of manager participants for private firms' FI calls. These calls are most often led by CFOs who participate in practically every call (96% of calls). CEOs appear on 40% of calls, which is a frequency similar to that of Treasurers and CAOs (45% and 38%, respectively).

5.3.2. Analysts

For typical earnings conference calls, it is common for sell-side analysts to participate by asking questions (Mayew, 2008), and to ask predominantly more questions than do buy-side analysts (Jung et al., 2018; Call et al., 2021). However, as a practical matter, sell-side debt analysts are far less common than equity analysts. Johnston et al. (2009) show (in their Table 3) that the number of covering debt analysts is approximately 80% lower relative to equity analysts. The lack of sell-side debt analysts likely leads to more buy-side analyst participation on FI calls for two reasons. First, given the limited number of questions that participants can ask, buy-side fixed income investors—portfolio managers and analysts from institutions such as insurance companies, hedge funds, and mutual funds—have more opportunity to ask questions. Second, as they cannot rely as much on the reports and communications of sell-side analysts, in equilibrium, buy-side analysts should make more of an effort to collect and process information from management, which would lead them to ask more questions during the call. Our practitioner discussions reinforce these points. One buy-side analyst we spoke with confirmed that he relies on FI calls

¹⁸ CEOs and CFOs may choose not to appear on FI calls because of reduced media coverage rather than the different nature of these calls. An untabulated analysis provides mixed support for this idea. We find evidence of a negative (positive) relation between a CEO (CFO) presence on the FI call and media coverage.

extensively, especially when third-party sources of information, such as sell-side analysts, are not available. Two of the firms that we spoke with mentioned that they consider their FI call target audience to be long-term debt investors; one specifically mentioned that the target is not sell-side analysts.¹⁹ Another reason for more buy-side analysts' participation in an FI call relative to in an earnings call is that insurance companies—which are large and nearly exclusively fixed income investors—are far more likely to join the former than the latter.

Panel B of Table 6 shows that for publicly traded firms, fewer than half the number of total analysts participate on FI calls relative to earnings calls. This smaller number is likely driven by the much larger population of equity sell-side analysts relative to debt sell-side analysts. Buy-side analysts are more than five times more likely to appear on FI calls than on earnings calls, which supports the idea that a lack of sell-side analysts creates demand and gives buy-side analysts more opportunities to ask questions. This result confirms earlier anecdotal evidence that FI calls are aimed specifically at fixed income investors. Unlike the earnings call findings of Call et al. (2021), we do not find that hedge funds make up the majority of buy-side appearances on FI calls. A possible explanation for this outcome is that our sample is limited to firms with an FI call, which, as we know from the determinants analysis, are larger and have fewer growth options; therefore they may be less attractive to hedge funds. Alternatively, hedge funds, in contrast to other types of institutional investors, are likely to be less involved in fixed income investing relative to equities.²⁰

On FI calls, we find that insurance and mutual fund analysts represent the majority of buy-side analyst appearances, consistent with corporate bond holdings data from Huang et al. (2021). Insurance company analysts rarely appear on earnings conference calls but do so with significantly greater frequency on FI calls, likely because their firms almost exclusively invest in fixed income instruments. For private firms in column 4, we observe that more analysts participate in private FI calls than they do in public FI calls, consistent with these calls' importance for private firms. Part of this reason is that hedge funds appear more frequently on private firms' FI calls compared with the calls of public firms. We also do not see the same level of insurance analyst participation that we do for public FI calls, possibly because the debt securities of private firms are less attractive or not suitable for insurance firms.²¹

5.3.3. Media

We expect the media to be less interested in FI calls than in earnings calls because of the highly specific debt-related information detailed in an FI call, as Table 6, Panel C shows. This result is consistent with FI calls catering to a more narrow audience of debt investors and hence being of less interest to the wider audience that the media typically serves. In an untabulated robustness test corroborating this result, we find that the number of news articles is higher in the short window (i.e., days 0 and +1) around earnings calls than for FI calls.

Overall, the differences between the participants of FI and earnings calls that we observe in Table 6, along with the differences in fixed income discussions documented in Table 5, are consistent with the idea that FI investors differ from equity investors and that management's decision to host an FI call is motivated by the desire to serve these investors' different needs.

6. Market reactions

To determine whether FI calls provide information to investors, we test whether the calls evoke short-window reactions in the bond and credit default swap markets.

6.1. Bond trading

We first test whether the bond trading volume and the number of trades differ around FI calls. Volume-based metrics not only capture the common movement of opinion but also information that leads to divergent opinions (Harris and Raviv, 1993; Karpoff, 1987; Kim and Verrecchia, 1991). Measuring the reaction in this way has the additional advantage of not needing to know ex ante whether the information in the call is expected to be positive or negative for investors. We use the three days centered on the FI call date as the event window, while our non-event window is the -30 to +30 days surrounding the FI call date excluding the event window. Following De Franco et al. (2014), we define bond volume as the aggregate total trading volume for all of the company's traded bonds, divided by the sum of the face value of all the firm's outstanding bonds. We also investigate the number of bond trades in a similar way.

¹⁹ Similarly, credit rating agency analysts are not a target audience of FI calls. Our sample includes just two credit rating analyst FI call appearances (both from Standard & Poor's). Jorion et al. (2005) note that credit rating agencies are not subject to Regulation FD and have legal access to material non-public information directly from debt issuing firms, which likely makes FI calls less useful to them.

²⁰ For example, BarclayHedge (<https://www.barclayhedge.com/solutions/assets-under-management/hedge-fund-assets-under-management/fixed-income/>) shows that hedge funds have \$701 billion in fixed income assets under management, whereas mutual funds manage more than \$4.1 trillion (see <https://lipperalpha.refinitiv.com/wp-content/uploads/2020/04/Mutual-Funds-and-ETF-Snapshot-Q1-2020.pdf>).

²¹ The National Association of Insurance Commissioners (NAIC), which regulates insurance companies, assigns each security a NAIC designation, which is a measure of credit quality. These designations are used to set risk-based capital requirements. Because securities from private firms are generally riskier, investing in them will potentially increase insurance companies' capital requirement. In addition, the pricing for these private firm securities may need to be specially priced by NAIC. In contrast, the prices for publicly traded bonds are updated monthly (See, for example, https://www.naic.org/documents/svo_AVs_user_guide.pdf).

Table 7

Fixed Income Call Event Study. This table examines the information role of fixed income conference calls in debt markets. In Panel A, we present the bond market daily volume and the number of trades across event days (i.e., the $[-1, +1]$ window surrounding FI calls) and non-event (i.e., the $[-30, -1]$ and $[+1, +30]$ windows combined) days. In Panel B, we report the absolute value of the 5-year credit default swap (CDS) daily change in spreads. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Event Window Daily Average	Non-event Window Daily Average	Mean Difference	T-statistic
	(1)	(2)	(3)	(4)
Panel A. Bond Event Study				
All FI Calls (N = 304)				
Bond volume	0.23%	0.19%	0.04%***	4.09
Bond number of trades	35.04	30.48	4.56***	4.26
Public FI Calls (N = 175)				
Bond volume	0.13%	0.12%	0.01%**	1.98
Bond number of trades	57.07	49.87	7.20***	3.95
Private FI Calls (N = 129)				
Bond volume	0.38%	0.29%	0.09%***	3.74
Bond number of trades	5.15	4.19	0.96***	3.36
Panel B. CDS Event Study				
All FI Calls (N = 365)				
CDS absolute spread change	2.45%	0.37%	2.08%***	12.35
Public FI Calls (N = 267)				
CDS absolute spread change	2.60%	0.40%	2.20%***	11.78
Private FI Calls (N = 98)				
CDS absolute spread change	2.02%	0.28%	1.74%***	4.77

To mitigate the effects of confounding events, we search for firm-specific news in S&P Capital IQ that occurs on a day that falls within the -30 to $+30$ days surrounding the FI call date. Examples of news events include the earnings announcements, earnings calls, and debt offerings that we studied in our [Table 2](#) timing analysis as well as other news, such as credit rating changes, expanding operations, new partnership announcements, and the release of filings such as 10-Ks, 10-Qs, and 8-Ks. We remove from our sample trading observations with confounding events in the three-day window surrounding FI calls before we calculate the average daily trading measures for the event and non-event periods. Our sample for the bond tests includes 304 FI call events.²²

The first two rows of Panel A of [Table 7](#) report the results of our bond event-study tests. Bond investors trade more during the three-day event window than they do in the non-event window. About 0.04% more of the total value of the company's outstanding bonds are traded daily during the event window. Given that the average total trade value is 0.19% per day for the non-event window, this difference represents a 21% increase. With an average total debt outstanding of about \$25 billion for firms in the full sample, this difference translates to approximately \$10 million more debt traded during the event window. About 4.56 more trades are exchanged daily (a 15% increase) during the event window than in the non-event window.²³ The remaining rows in Panel A show that our main inferences are similar when we examine the FI calls of public and private firms separately—higher bond market trading reactions occur in event than in non-event periods. Based on the results in this panel, we conclude that FI calls are informative to bond investors.

6.2. Credit defaults swaps

Credit default swaps (CDS) offer a more accurate tool for measuring aggregate changes in a firm's cost of debt capital around FI calls. [Blanco et al. \(2005\)](#) describe the role of single name CDS in aggregating the changes in yields across a firm's multiple bonds. Recent studies show that CDS also reflect information about firms' bank loans ([Shan et al., 2019](#); [Clark et al., 2020](#)). Hence, CDS more accurately capture credit risk information across these various fixed income types within a firm's debt capital structure ([Longstaff et al., 2005](#)). In addition, [Longstaff et al. \(2005\)](#) and others note that because CDS contracts are in zero net supply and are generally more liquid than bonds, they more accurately reflect an entity's credit risk. Our samples for these CDS tests, presented in Panel B, are slightly larger than those for the bond trading tests in Panel A because CDS are more liquid and they exist for firms that issue debt types other than bonds.

We use the absolute value of the CDS spread changes to measure the variation in the cost of debt capital. Similar to [Callen et al. \(2009\)](#), the CDS spread change is calculated as the daily 5-year CDS spread from Markit divided by the spread on the

²² This sample is smaller than our global sample of 1612 FI calls for the following reasons. In 1083 cases, we are unable to match the FI call firms to TRACE. For 218 events, we have insufficient data to calculate our bond measures for both the event and non-event windows. For example, following [Bessembinder et al. \(2009\)](#), we require each FI call event to have non-problematic bond transaction information from TRACE (e.g., no trades are subsequently canceled) and we limit the transactions to trades of \$100,000 or more. We lose an additional nine FI call events because, after removing confounding events, they do not have valid trading data for both the event and non-event windows.

²³ Our sample includes many financial firms. To mitigate the concern that these firms are driving our bond event study results, we conduct untabulated tests for the sample while excluding them; we find similar results.

previous day minus 1. The results in Panel B of Table 7 show that a firm's CDS absolute spread change is greater in the event window than in the non-event window. This result is significant at the 1% level and is economically large. For instance, the mean daily difference in the absolute CDS spread return for all FI call firms between the event and non-event periods in column 3 is 2.1%, which translates to an implied daily change in debt value of \$133.0 million for a typical sample firm.²⁴ The CDS spread change is greater for public firms (2.20%) than for private ones (1.74%), although an untabulated test indicates that this difference is not statistically significant. Overall, our analysis of CDS spreads around FI calls reinforces the bond trading results in the previous subsection. It also helps to answer a question posed by the firms with FI calls during our interviews—they speculated but could not prove with certainty that FI calls could affect credit spreads. Our systematic evidence answers this question in the affirmative.

6.3. Additional analysis

In this section, we revisit the time series analysis we previously presented in Section 2.2. From Fig. 1, we observe that FI calls generally decrease over the last period of our sample. With the caveat that it is difficult to draw any strong conclusions, we perform an exploratory (untabulated) analysis to investigate why this decrease occurs. We find some mixed evidence that FI calls have become less useful over time. For example, fewer managers are involved in more recent FI calls, and the CDS absolute spread changes are lower for them. We also find some evidence that firms that stopped having FI calls had less interest in their last FI call (i.e., fewer participants and questions) compared with firms that continued to hold such calls, consistent with the idea that firms discontinue (continue to have) FI calls when the calls are less (more) successful. Other explanations for the decline are also possible. For example, given that FI calls are more likely when firms have bad news, it is possible that they have become less common in recent times because of the strength of the economy in recent years, which improves a borrowers' ability to meet debt obligations and hence reduces debt investors' demand for FI calls. Consistent with this idea, starting in March 2020, FI calls increased by 49% year-over-year in the quarters that followed the COVID-19-driven fixed income (and equity) market decline.

7. Conclusion

We investigate FI calls' determinants and informational role. We establish several findings consistent with this creditor-oriented, voluntary disclosure meeting debtholders' unique informational demands relative to equity holders. We find that FI calls are more likely to occur for firms that have more debt, lack credit ratings or publicly traded equity, are foreign, and are experiencing losses. In a content analysis, using a sample of public firms, we find that these calls discuss debt-equity conflict events such as share repurchases to a greater degree compared to a matched sample of earnings conference calls. Managers present more financial information as part of the call and discuss more quantitative information. These calls also exhibit less short-termism and have a more negative tone. FI call participants also differ from those on traditional earnings calls. We document greater participation by CAOs and Treasurers, as well as by analysts at insurance companies, which mainly invest in debt. Last, we show that the bond and credit default swap markets react to FI calls, which supports the idea that FI calls are informative to investors. Overall, our results suggest that when firms hold FI calls they are better able to address their creditors' specific informational needs.

Appendix A. Variable Definitions

Variable	Definition	Data Source
<i>Average Maturity</i>	Firm level average maturity in years.	Dealscan & FISD
<i>BM</i>	Book value of equity over the market value of equity for public firms.	Compustat & S&P Capital IQ
<i>Debt to Assets</i>	Total debt divided by total assets.	Compustat & S&P Capital IQ
<i>FI (Earnings) Call</i>	Indicator variable that equals one if the firm holds a fixed income (earnings) conference call in year <i>t</i> , zero otherwise.	S&P Capital IQ, Refinitiv Eikon, Thomson One, & Bloomberg
<i>Financial</i>	Indicator variable that equals one if the firm's two-digit SIC code equals 60–69, zero otherwise.	Compustat & S&P Capital IQ
<i>Foreign</i>	Indicator variable that equals 1 if the firm is a foreign firm, zero otherwise.	S&P Capital IQ
<i>Hitech</i>	Indicator variable that equals one if the firm's two-digit SIC code equals 28, 35, 36, 73, or 87, zero otherwise.	Compustat & S&P Capital IQ
<i>Intangible</i>	Total intangible assets divided by total assets.	Compustat & S&P Capital IQ
<i>Institutional Ownership</i>	Percentage of equity shares held by institutional investors.	Compustat & S&P Capital IQ

(continued on next page)

²⁴ This \$133.0M is calculated as the product of: (a) an average debt outstanding of \$191.9B for a firm in our CDS FI call sample, (b) the average CDS spread of 330 bps, and (c) the incremental absolute CDS spread return of 2.1%.

(continued)

Variable	Definition	Data Source
Loss	Indicator variable that equals one if net income is negative, zero otherwise.	Compustat & S&P Capital IQ
Number Debt Type	Number of debt types issued by the firm. The seven mutually exclusive debt types include commercial paper, drawn credit lines, term loans, senior bonds and notes, subordinated bonds and notes, capital leases, and other debt (following Colla et al., 2013).	S&P Capital IQ
Private	Indicator variable that equals 1 if the firm has no publicly traded equity, zero otherwise.	Compustat & S&P Capital IQ
Rated	Indicator variable that equals 1 if the firm is rated by Standard & Poor's, zero otherwise.	Compustat & S&P Capital IQ
Regulated	Indicator variable that equals one if the firm's two-digit SIC code equals 48 or 49, zero otherwise.	Compustat & S&P Capital IQ
Sale Growth Size	One-year sales growth. Natural logarithm of total assets.	Compustat & S&P Capital IQ Compustat & S&P Capital IQ

Appendix B. Textual Analysis Dictionaries

This table displays the dictionaries we use in Table 5 and discuss in Section 5. Panel A reports fixed income and debt-equity conflict words. The words in boldfaced italics are debt-equity conflict words from De Franco et al. (2014). Panel B reports financial words from Matsumoto et al. (2011). Panel C reports short-term words from Brochet et al. (2015).

Panel A. Fixed Income and Debt-Equity Conflict Words

accru	convertible	euribor	mbo	repo
agency	convex	event risk	mbs	repurchas
asset sale	coupon	fitch	moody	sinking
basis point	covenant	flation	premium	sovereign
bip	coverage	indenture	prepaid	spinoff
bond	credit	interest	prepay	spread
borrow	debenture	lbo	prime	standard & poor
bps	debt	lend	principal	standard and poor
bullet	default	leverage	putable	structur
buyback	discount	libor	rating	swap
callable	dividend	loan	redeem	term
capex	duration	m&a	redemption	treasur
capital expenditure	equity focus	maturity	refinance	yield
collateral				

Panel B. Financial Words

accounting	cost	euro	liabilit	rent
accrual	covenant	expenditure	liquidity	repurchas
accrue	currenc	expense	loan	reserve
allowance	debenture	financ	loss	revenue
amortiz	debt	gain	margin	roa
asset	deferral	goodwill	obligation	roe
bond	deposit	hedg	payable	roi
borrow	depreciation	impair	payment	sale
budget	derivative	income	pound	securit
buyback	dividend	interest	prepaid	selling
capex	dollar	investment	prepay	shares
capital	earning	lease	profit	swap
cash	ebit	leasing	receivable	tax
cent	eps	lend	redeem	warrant
convertible	equit	leverage	refinanc	

Panel C. Short-Term Words

daily	monthly	quarterly	short term	week
day	months	quarters	short-run	weekly
days	quarter	short run	short-term	weeks
month				

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