Foreign Exchange Risk, Hedging, and Tax-Motivated Outbound Income Shifting

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Compliance with Data Policy for the *Journal of Accounting Research*
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1. *A description of which author(s) handled the data and conducted the analyses.*

   Zero Deng handled the data and conducted all analyses.

2. *A detailed description of how the raw data were obtained or generated, including data sources, the specific date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated source of the raw data.*

   - Company financial and stock return data were initially retrieved from Compustat and CRSP, respectively, in December 2016. I subsequently updated both datasets in October 2019.
   - I obtained the Exhibit 21 disclosure data from the EX-21 Dataset provided by Scott Dyreng in December 2016 (https://sites.google.com/site/scottdyreng/Home/data-and-code).
   - Country risk points were provided by the International Country Risk Guide (https://www.prsgroup.com/explore-our-products/international-country-risk-guide/). I obtained the ICRG dataset in August 2018 through subscription at the Pennsylvania State University.
   - I manually examined management's discussions on foreign exchange risk and currency derivative usage in firms' 10-K filings from EDGAR to develop the derivative hedging measures (https://www.sec.gov/edgar/searchedgar/companysearch.html). I initially hand-collected the derivative data in 2017 and updated the dataset in August 2019.
   - The capital controls data are provided by Fernández, Klein, Rebucci, Schindler, and Uribe (2015). I downloaded the dataset April 2017 (http://www.nber.org/data-appendix/w20970/)
   - The real effective exchange rate indices were retrieved from the Bank for International Settlements in July 2018 (https://www.bis.org/statistics/eer.htm).

3. *If the data are obtained from an organization on a proprietary basis, the authors should privately provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to the editors about the data sharing agreement with the organization (e.g., non-disclosure agreements, any restrictions imposed by the organization on the authors, such as restrictions to publish certain results).*

I do not use data from an organization on a proprietary basis.

4. *A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental and survey papers, we require information about the instructions and instruments used to generate the data, subject eligibility and/or selection, as well as any exclusion criteria. The full set of instructions and instruments can be provided in the online appendix.*

   I describe the data and development of variables in Section 3 of the paper.

5. *The computer programs or code used to convert the raw data into the final dataset used in the analysis plus a brief description that enables other researchers to use this program. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the raw data were processed, the final sample was formed, variables were defined, outliers were treated, etc. This code or programming is in most circumstances not proprietary. However, we recognize that some parts of the code or data generation process may be proprietary, including from the authors' perspective. Therefore, instead of the code or program, researchers can provide a detailed step-by-step description of the code or the relevant parts of the code such that it enables other researchers to arrive at the same final dataset used in the analysis. In such cases, the authors should inform the editors upon initial submission, so that the editors can consider an exemption from the code sharing requirement. Whenever feasible, authors should also provide the identifiers (e.g., CIK, CUSIP) for their final sample. Authors should consult our FAQ Sheet on the JAR website for further details.*

   I use SAS to convert the raw data into my final datasets and STATA to perform all statistical analyses. The following files are used to generate empirical results in the study:

   - "SAS_Main Program" is used to import, merge, and clean various datasets to prepare for empirical analyses (Tables 1 – 5).
   - "SAS_AvgFTR Macro" is a macro used to calculate the multiperiod income shifting variables.
   - "SAS_DM Test" provides code to perform analyses using Dyreng and Markle's (2016) approach (Table 6).
   - "SAS_Stock Ret Test" contains code used to perform the market tests (Table 7).
   - "STATA_DO" contains the STATA commands to generate all empirical results.
   - STATA datasets "Table 3", "Table 4", "Table 5A", "Table 5B", "Table 6", and "Table 7" are the final datasets used to perform empirical analyses related to the corresponding tables. All datasets contain GVKEY and CIK numbers as identifiers.

6. *An assurance that the data and programs will be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.*

   I will maintain all data and programs for at least six years.