We analyze a sample of 330 firms making unaudited disclosures required by Section 302 and 383 firms making audited disclosures required by Section 404 of the Sarbanes–Oxley Act. The findings have implications for the debate about whether to implement a scaled securities regulation system for smaller public companies: material weakness disclosures are more informative for smaller firms that likely have higher pre–disclosure information uncertainty. We conclude that Section 302 disclosures are informative and point to lower credibility of disclosing firms' financial reporting.

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