ABSTRACT

Blockchain technology offers a novel way of recordkeeping. The paper examines whether blockchain recordkeeping of stock ownership can be beneficial for shareholders. I explore an event associated with a legislation which allows Delaware-incorporated firms to maintain shareholder records using blockchain. Consistent with blockchain recordkeeping of stock ownership having the potential to curtail errors in proxy voting, I find a more favorable stock price reaction for firms whose proposal approval or rejection is more sensitive to proxy voting errors. Furthermore, the result is more pronounced for firms with a higher likelihood of proxy voting errors and firms with relatively poor performance. The above relations do not hold for non-Delaware-incorporated firms. The study is among the first to provide empirical evidence on shareholder value implication of blockchain recordkeeping.

(Copies of the paper are available in the AOIS Department offices)