

# FINANCIAL IMPACT OF CYBER RISK ANNOUNCEMENTS ON STOCK RETURNS

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## CONTENTS

ABSTRACT	5
INTRODUCTION	7
DATA AND METHODOLOGY	7
CONCLUSIONS	10
APPENDICES	12
REFERENCES	29
NOTES	30
DISCLOSURE STATEMENT	32

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## **ABSTRACT**

Nowadays almost every company that utilizes information systems and internet technologies faces cyber risk. The announcement of a cyber attack can harm company's reputation and if the company is publicly traded these can affect its market value. So among the sources of financial impact in case of a cyber breach is the loss of capital due to a drop in the stock price. In this study we investigate the effect of cyber attacks and data breaches announcements on stock returns. For these reason we use the database for data breaches of Open Security Foundation's and market data from U.S. Stock Market for the period 2000 – 2011.

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## **KEY WORDS**

stock returns, cyber risk, data breaches

## **JEL CLASSIFICATION**

G10, G30

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## DISCLOSURE STATEMENT

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