

CITY UNIVERSITY OF HONG KONG
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Impact of Split Credit Ratings on Stock Liquidity
分拆信用評級對股票流動性的影響

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Abstract

Credit rating agencies play very important roles in facilitating the bond issuers and investors in determining the credit risk and hence the required yield for different bond instruments. The three major international rating agencies quite often have different credit views towards the same companies and hence there has been a lot of researches on how the split ratings among them affect the yields and other aspects of both instruments.

This research attempts to explore the impact of such split credit ratings on the stock liquidity. In particular, the research focuses on the respective impacts of split rated bonds and the non-split rated bonds on the stock liquidity. The research also investigates whether split rated bonds with superior Moody's ratings with have a different impact on the stock liquidity compared with split rated bonds with superior S&P rating. Finally, the research will examine any differences in stock liquidity between split rated investment grade bonds and split rated speculative grade bonds.