

The Effect of Corporate Governance on Preferred Stock Ratings

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I examine the relation between the governance mechanisms and the preferred stock ratings. I find that firms with higher governance index and higher institutional ownership are more likely to have their preferred stock issues rated. Firms with higher concentration of institutional holdings tend to have better ratings. In addition, different ownership structures and firm's overall credit rating influence their preferred stock ratings. For firms that have their preferred stock issues in the speculative grades, their institutional ownership exercises larger influence on improving ratings.

Field of Research: Corporate Governance, Preferred Stocks, Ratings

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