FRANCESCA TOSCANO

Department of Finance
Wayne State University
Prentis Building
5201 Cass Ave, Detroit
MI 48202

AREAS OF INTEREST

Research: Corporate Finance, Corporate Governance, Econometrics, Monetary Economics and Financial Economics.

Current Research focuses on credit ratings, the effects of regulations on credit ratings, the role of equity analysts and the dynamics of CEO turnover.

Teaching: Basic Finance, Corporate Finance, Financial Economics, Financial Markets and Institutions.

CURRENT APPOINTMENT

Assistant Professor in Finance, Department of Finance, Mike Ilitch School of Business, Detroit (MI)
(August 2017 – Present)

EDUCATION

Boston College, Chestnut Hill, MA
Ph.D. in Economics (May 2017)
Dissertation Title: "Essays in Corporate Finance: Credit Ratings, Equity Analysts and CEO Turnover"
Dissertation Committee: Prof. Thomas J. Chemmanur (Co-Chair), Prof. Fabio Schiantarelli (Co-Chair), Prof. Edith Hotchkiss, Prof. Darren Kisgen, Prof. Zhijie Xiao.

M.A. in Economics (January, 2014)

University of Naples Federico II, Naples, Italy
University of Naples, Master in Economics and Finance, XV edition (September 2010 – June 2011)

University of Salerno, Salerno, Italy
M.Sc. in Economics, *Summa cum Laude* (February 2008 – May 2010)
B.A. in Economics and Finance, *Summa cum Laude* (September 2004 – January 2008)

WORKING PAPERS

"Does the Dodd-Frank Act Reduce the Conflicts of Interest Faced by Credit Rating Agencies?" *(Job market Paper)*

"CEO Turnover and Credit Rating Changes: Theory and Evidence" with Anna Maria C. Menichini (University of Salerno and CSEF)

"Credit Rating Agencies, Equity Analyst Recommendations and Information Flows to the Bond and Stock Markets" with Thomas J. Chemmanur (Boston College, Carroll School of Management) and Igor Karagodsky (Boston College)

RESEARCH IN PROGRESS

"Suppliers as Lenders of Last Resort: The Case of Analyst Coverage" *with Thomas J. Chemmanur (Boston College, Carroll School of Management)*

CONFERENCE PRESENTATIONS

"Does the Dodd-Frank Act Reduce the Conflicts of Interest Faced by Credit Rating Agencies?"
(Job market Paper)

Southern Finance Association Meeting, Florida, November 15 – 18, 2017 (scheduled)
Federal Reserve Bank of Boston, January 2017
Wayne State University, Department of Finance, November 2016
Finance and Economics Conference 2016, Frankfurt am Main, Germany, Lupcon, August 2016
CSEF Lunch Talk, University of Naples, May 2015
Dissertation Workshop, Department of Economics, Boston College, (March 2015, December 2015, September 2016)

"CEO Turnover and Credit Rating Changes: Theory and Evidence"
Southern Finance Association Meeting, Florida, November 15 – 18, 2017 (scheduled)
13th Csef-Igier Symposium on Economics and Institutions, Capri, 26-29 June, 2017
Financial Management Association Conference, Lisbon, June 22-23, 2017
World Finance Conference, Sardinia, July 26-28, 2017
Dissertation Workshop, Department of Economics, Boston College, (March 2016)

HONORS AND AWARDS

Boston College, Chestnut Hill, MA
Full tuition scholarship and stipend

University of Naples Federico II, Naples, Italy
Master Grant

TEACHING EXPERIENCE

Primary Instructor for FIN3290 – Corporate Financial Management (Fall 2017)

Primary Instructor for BA7020 – Business Finance (Fall 2017)

Teaching Assistant for Statistics Laboratory (Spring, 2017)

Primary Instructor for Principles of Microeconomics

- Department of Economics, Boston College (Fall 2016, Spring 2016)
- Woods College of Advancing Studies (Summer 2016)

Teaching Assistant for Principles of Microeconomics
Department of Economics, Boston College (Fall 2015, Fall 2014)

Teaching Assistant for Principles of Macroeconomics
Department of Economics, Boston College (Spring 2015)

Teaching Assistant for Decisions: Theories and Experiments
Department of Economics, Boston College (September 2012 – September 2013)

REFEREE

Review of Financial Studies, Journal of Banking and Finance, Journal of Business Research

RESEARCH EXPERIENCE

Research Assistant for Prof. Uzi Segal, September 2012 – September 2014

SUMMER SCHOOLS

Behavioral Economics Summer School
Warwick Business School – July 2014

Summer School of Econometrics, Time Series and Financial Econometrics
Bertinoro, Italy – September 2011

Capri Summer School in Economics
Capri, Italy – June 2011

OTHER INFORMATION

Software: STATA, Eviews, Mathematica, Maple, LaTex
Citizenship: Italian
Languages: English (fluent), Italian (native)
Personal Information: Born on March 12, 1986. Marital Status: Married.

REFERENCES

Thomas J. Chemmanur
Professor of Finance
Carroll School of Management
Boston College
Email: chemmanu@bc.edu
Phone: (617)-552-3980

Fabio Schiantarelli
Professor of Economics
Boston College
Email: schianta@bc.edu
Phone: (617)-552-4512

Prof. Edith Hotchkiss
Associate Professor of Finance
Carroll School of Management
Boston College
Email: edith.hotchkiss@bc.edu
Phone: (617)-552-3240

Prof. Darren Kisgen
Associate Professor of Finance
Carroll School of Management
Boston College
Email: darren.kisgen.1@bc.edu

Prof. Zhijie Xiao
Professor of Economics
Boston College
Email: zhijie.xiao@bc.edu
Phone: (617)-552-1709

Prof. Can Erbil (Teaching Reference)
Professor of the Practice of Economics
Boston College
Email: can.erbil@bc.edu

ABSTRACTS

"Does the Dodd-Frank Act Reduce Conflicts of Interest Faced by Credit Rating Agencies?" *(Job Market Paper)*

This paper compares the behavior of standard or *issuer-paid* rating agencies, represented by Standard & Poor's (S&P) to alternative or *investor-paid* rating agencies, represented by the Egan-Jones Ratings Company (EJR) after the Dodd-Frank Act regulation is approved. Results show that both S&P and EJR ratings are more conservative, stable and, on average, lower after the Dodd-Frank implementation. However, EJR ratings are higher for firms that may generate high revenue for the rater. Additionally, I find that, after the regulation, S&P cares more about its reputation. Exploiting a measure that captures the bond market's ability to anticipate rating downgrades, I show that, after Dodd-Frank, bond market's anticipation decreases for S&P but increases for EJR, suggesting that S&P ratings are timelier. Finally, I study how the bond market responds to rating changes and how firms perceive ratings in their decision to issue debt in the post-Dodd-Frank period. Results suggest that both S&P downgrades and upgrades generate a greater bond market response. On the contrary, only EJR upgrades have a magnified effect on bond market returns. The greater informativeness of S&P ratings after Dodd-Frank is confirmed by the meaningful impact of these ratings on firm debt issuance.

"CEO Turnover and Credit Rating Changes: Theory and Evidence" with Anna Maria C. Menichini (University of Salerno and CSEF)

We study the relationship between credit rating changes and CEO turnover beyond firm performance. Using an adverse selection model that explicitly incorporates rating change related turnover, our model predicts that a downgrade triggers turnover, more so the lower the managerial entrenchment, but that this relation is weaker when the report provided by the rating agency is more reliable. Our empirical results support these predictions. We show that downgrades explain forced turnover risk, with the new CEO chosen outside the firm that has received the negative credit rating change. In addition, we find that the relation between rating changes and management turnover is stronger when the degree of managerial entrenchment is low, for firms characterized by a high level of investment and for firms less exposed to rating fees. Finally, we show that this relation has weakened in the post-2007 crisis period, in coincidence with the increased reputational concerns of the rating agencies. The results are robust to endogeneity concerns.

"Credit Rating Agencies, Equity Analyst Recommendations and Information Flow to the Bond and Stock Markets" with Thomas J. Chemmanur (Boston College, Carroll School of Management) and Igor Karagodsky (Boston College)

The study evaluates the discrepancies in the information content of equity analyst recommendations and ratings by issuer (S&P) and investor (Egan and Jones Rating Company - EJR) paid credit rating agencies. Specifically, we demonstrate that changes in leverage are associated with lower EJR ratings but higher equity analyst recommendations. Our results also suggest that signals by the investor-paid rating agency EJR are timelier than equity analyst recommendations or S&P ratings and seem to have the largest impact on firms' investment levels. Finally, we find that EJR rating changes have larger impact on equity excess returns than S&P ratings and equity analyst recommendations particularly for firms with higher probability of default, while equity analyst recommendations have the highest impact on excess returns for non-risky firms.