

CPA-Canada Accounting and Governance Research Centre

DISTINGUISHED SPEAKER SERIES

Lynnette Purda, PhD, CFA
Queen's University

Dr. Purda is an Associate Professor and the Royal Bank of Canada Fellow of Finance at Queen's School of Business. Lynnette received her PhD from the Rotman School of Management at the University of Toronto in 2003 and obtained her Chartered Financial Analyst designation in 2000. Prior to commencing her PhD, she worked in investment banking as part of a Calgary-based oil and gas team.

Lynnette's teaching and research focuses on corporate governance and capital market intermediaries. In recent years, she has spent a great deal of time writing and speaking about the role of credit rating agencies in both domestic and international settings. She is a popular speaker at academic and practitioner events including presentations to the Bank of Canada, the Canadian Investment Review's Risk Management Conference, and the Accounting Standards Oversight Council of Canada. Her research and views on ratings and governance have been profiled in the media by the *Globe and Mail*, and *Report on Business Magazine* in addition to appearing in leading academic journals such as *Contemporary Accounting Research*, *Journal of International Business Studies* and the *American Law and Economic Review*.

Topic: Senior Lender Control Rights and the Pricing of Corporate Bonds

Abstract:

We examine how the pricing of corporate debt is influenced by the frictions arising from creditor conflicts and power imbalances. We find that loan covenant intensity is positively associated with the pricing of corporate bonds at issuance, after controlling for bond, firm and industry characteristics. This relationship is robust to a two-stage least squared approach using lender-specific shocks as an instrument. We further find that the positive relation is invariant to alternative measures of senior lender power, including syndicate size and concentration. Moreover, the relation is more pronounced in the presence of complicated debt structures or weak shareholder influence. Our results suggest that bondholders negatively price senior loan creditor control rights, even though monitoring by these lenders may help to resolve agency problems of the issuers.

TIME: 10.00 -11.30, Friday, September 25, 2015
PLACE: Desmarais, Room 7170

For more information, please, contact Walid Ben-Amar at CPA - Canada AGRC

benamar@telfer.uottawa.ca