REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Maxim E. Pleten
Title of thesis:	'Reaction of financial markets of the developing countries on the changes of sovereign credit ratings'

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.		4		
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.		4		
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.			3	
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.		4		
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.			3	
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.			3	
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.			3	

Each item above is evaluated on the following scale, as applicable: 5 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

ADDITIONAL COMMENTS

The text of the thesis is full of speculative conclusions and different inaccuracies. Due to this, only several comments are given below.

Some general comments on the research

1. The research is not that original. The problem of rating influence on the dynamics of emerging markets was studied earlier with the use of event study analysis (see, for example, *https://www.ifk-cfs.de/fileadmin/downloads/publications/wp/03_18.pdf* or *http://www.oecd.org/development/pgd/1922778.pdf*).

2. The difficulty of the research is not that high. Due to the lack of additional statistics and extended discussion of the peculiarities of the emerging markets, the research itself resembles an extended econometric exercise.

3. It is not clear from the text why only the three American agencies (Fitch. S&P and Moody's) are considered? These agencies are known to sometimes give biased ratings. What about the famous Chinese Dagong rating agency?

Some page-wise comments

p. 8 'Then, the author makes assumption about the relation between the level of accessibility of the market and its reaction to this event'. How exactly this assumption is taken into account in the research?

p. 20 'The usage of returns instead of prices justified by the normality of returns distribution.' The statement is incorrect. The usage of returns is justified by the stationarity of the data.

p. 20. 'In this case, the comparability of data, together with the possibility of getting significant estimators, are assured.' The statement is econometrically incorrect!

p. 22. The formula for t misses square root in the denominator.

p. 25. The procedure of dates matching is incorrect. It is now commonly accepted not to drop observations of the unmatched dates, but to fulfil the missing data with previous values, keeping the time-series complete.

p. 26. 'Evidently, the log returns of both indices have the distributions that could be considered as normal ones.' The statement is econometrically incorrect! The results of Jarque-Bera normality test, given in graphs 3-7, clearly show that the distributions of returns are *not* normal.

The quality of thesis layout is not high:
- the abbreviations are not commented (p. 7, p. 16, etc.);
- the figures do not have appropriate labels and are not referred to in the text;
- there are several blank pages in the text;
- the formulas are not enumerated.

Master thesis of **Maxim E. Pleten**, in general, meets the requirements of the **Master in Corporate Finance** program, and according to the reviewer's opinion deserves a '**good D**' grade, thus the author can be given the desired degree.

Referee: Associate Professor   E.V.Gilenko

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