

Abstract*

During the recent years, financial markets have gradually increased their reliance on the appraisals formulated by credit rating agencies (henceforth CRAs). The underlying explanation for this evolution is that there will be always a consistent demand for professional agents that can provide information about investments and their financial and economic risks.

More specifically, ratings seem to have a relevant role in investors and policy-makers decisions. The result is that a significant part of both financial regulation (*i.e.* Basel II and securitization mechanisms) and investors' behavior is based on the creditworthiness evaluations elaborated by CRAs. However, the recent financial crisis has shown that CRAs conduct has been crucial in fuelling the turmoil that struck financial markets in the last years. One of the main issues is that frequently CRAs are incline to elaborate inflated ratings. There is a widespread opinion that their diffusion is for the most part determined by the existence of a conflict of interests originated from the contractual link between CRAs and issuers. In fact, starting from 1970 the adoption of the 'issuer-pays' model (that replaced the 'investor-pays' one) seems to encourage agencies to assign high ratings to issuers in order to realize higher economic profits.

The aim of this thesis is to analyze both the role of credit rating agencies in financial markets and the regulatory approach of European Union, giving a specific attention to the legislative framework introduced by the Reg. (EC) no. 1060/2009, the Reg. (EU) no. 513/2011, and the Reg. (EU) no. 462/2013. Therefore, this thesis explores the methodologies adopted by CRAs in order to estimate the creditworthiness of both an issuer and a specific corporate bond. Finally, specific attention is paid to CRAs liability regime towards financial investors. In fact, despite financial investors could be damaged by an incorrect use of inflated ratings, neither the 'gross negligence rule' introduced by European Commission (art. 35 *bis*, Reg. (EU) no 462/2013) nor other forms of negligence liability seem to grant them sufficient protection.

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