

**MEMO# 6181**

August 30, 1994

## **ICI White Paper on Mortgage Dollar Rolls**

August 30, 1994 TO: ACCOUNTING/TREASURERS MEMBERS NO. 25-94 INDEPENDENT ACCOUNTANTS ADV. GROUP NO. 8-94 RE: ICI WHITE PAPER ON MORTGAGE DOLLAR ROLLS

The attached paper describes the accounting, tax and operational issues related to mortgage dollar rolls ("MDRs"). The paper was developed by the Accounting Policy Subcommittee of the Institute's Accounting/Treasurers Committee ("ATC") and was unanimously approved for dissemination to the ICI membership by the ATC and the Independent Accountants Advisory Group. The paper is intended to provide technical guidance to ICI members on accounting, tax and operational issues related to MDRs. An MDR is a transaction in which an investment company sells a mortgage-backed security from its portfolio to a counterparty and simultaneously enters into an agreement with the counterparty to buy back a similar, but not identical, security. The Institute would like to recognize the contributions of the paper's principal authors: Timothy J. Jacoby, Fidelity Accounting and Custody Services Maryanne Roepke, Twentieth Century Mutual Funds Andrew Shoup, Citibank Global Asset Management Bruce J. Smith, Van Eck Associates Corporation Arthur Tollefson, Price Waterhouse Please feel free to contact me at 202/326-5851 or those named above with any questions or comments. Gregory M. Smith Director - Operations/ Compliance & Fund Accounting Attachment

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