

MEMO# 1760

March 8, 1990

PRICING OF HIGH YIELD BONDS

March 8, 1990 TO: MEMBERS - ONE PER COMPLEX NO. 11-90 RE: PRICING OF HIGH YIELD BONDS _____ It is our understanding that Drexel Burnham Lambert has continued to provide prices on certain issues of high yield bonds in an effort to allow pricing services time to develop alternative sources for prices on these issues. We have been informed that as of March 16, 1990, Drexel will no longer provide price quotations to pricing services for these approximately 300- 400 issues. As a result of discussions that the Institute has had with several pricing services, it appears that these firms may not be able to develop alternative pricing sources for a number of these issues. Therefore, it is recommended that you discuss with your pricing service(s) the names of those issues for which they will no longer be able to provide price quotations. With respect to these issues, members may wish to consider implementing procedures for establishing "fair value." Under Section 2(a)(41) of the Investment Company Act and Rule 2a-4 thereunder, securities for which market quotations are not readily available should be priced at fair value "as determined in good faith by the board of directors." Donald E. O'Connor Vice President - Operations

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.