

MEMO# 6113

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ICI White Paper on Payment-In-Kind Bonds

August 4, 1994 TO: ACCOUNTING/TREASURERS MEMBERS NO. 23-94 INDEPENDENT ACCOUNTANTS ADV. GROUP NO. 7-94 RE: ICI WHITE PAPER ON PAYMENT-IN-KIND BONDS

The attached paper describes the accounting, tax and operational issues related to payment-in-kind bonds ("PIK Bonds"). 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 PIK Bonds. The Institute would like to recognize the contributions of the paper's principal authors: George C. Bowen, Oppenheimer Management Corporation Mary C. Cremin, Capital Research & Management Company John J. Gargana, Lord, Abbett & Company Allen M. Goldstein, Price Waterhouse W. Thomas, London, Massachusetts Financial Services Company Please feel free to contact me with any questions or comments at 202/326-5851. Gregory M. Smith Director - Operations/ Compliance & Fund Accounting Attachment

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