**CA530 Coupon Paying in both Kind & Cash**

**Input from Christine - New subsection inGMP1 section 3.12**

**Floating rate notes which may pay in both cash and in kind**

In certain markets, a floating rate note or other type of bond may pay interest in cash and/or in kind for the same coupon period. It is not necessarily known at the start of the interest period if the payment will be in kind or cash or a mix, as this may change close to entitlement or payment date for the period/coupon.

The coupon should first be announced as an INTR event. If/when the issuer announces that the payment will be partly or fully in kind, a PINK event is created. There is only one coupon interest rate, which is divided into the two events (INTR and PINK) as per the issuer’s announcement.

The PINK event must link back to the INTR event.

If there is no payment in cash, the INTR event is withdrawn.

The usage of the various rate qualifiers respectively for INTR and PINK events are as per the below table:

Please note that the two RATE qualifiers’ value will sum to 1 (i.e. 100%).

|  |  |
| --- | --- |
| **INTR event (first)** | **PINK event (second)** |
| INTR | Original/annual rate | ADEX |  |
| RATE | Equal to the percentage the issuer will pay in cash | RATE | Equal to the percentage the issuer will pay in securities |
| INTP | Equal to INTR\*RATE (and period, etc.) |  |  |