

# PIK Notes

Issuance and main features

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EURONEXT SECURITIES

/ MILAN

# PIK Notes

## Main features



### What are PIK bonds?

Bonds with a PIK option (**“Payment in Kind”**), or **PIYC (“Pay if you can”)**, are financial instruments which, at given conditions, allow the issuer not to pay the coupon by cash but to exercise the option to capitalise interests, to be accrued and paid in a future coupon or in the final redemption.



### Who are the issuers?

Issuers are companies, with important and long-term projects or that are going through financial difficulties, which issue bonds with a low or no rating but which offer **higher interests** compared to the market conditions.



### Who are investors?

Investors are generally **funds, hedge funds and insurances companies**

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## Main features

### Prerequisites to centralise PIK bonds in Euronext Securities Milan

- Bonds at the issue date are blocked on the Euronext Securities Milan participant's account
- Bonds are subject to tax system 239/96: transfers are only allowed between qualified investors
- Transfers after issuance, which are very rare, are subject to a procedure which requires Euronext Securities Milan's intervention

### Why Issuers have chosen Euronext Securities Milan?

- Starting from 2017 Euronext Securities Milan has been able to offer an operational model to issuers to manage the PIK option functionality

### How many Assets have we centralised since the beginning of the service:

**48**  
Number of  
issuance

**€4,72bn**  
Nominal Value



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