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Question: "How are bonds and convertible bonds treated?"

Answers:

Answer 1:

Bonds and convertible bonds are treated differently based on their characteristics. Bonds are assigned to specific categories based on their issuer and other characteristics. Convertible bonds, on the other hand, can be assigned to either the "bonds" or "shares" category depending on their market value relative to their nominal value. If the market value is higher than 130% of the nominal value, it can be assigned to the "shares" category. Convertible bonds that must be converted into shares (e.g., mandatory convertible bonds, mandatory convertible bonds, contingent convertible bonds [CoCo bonds]) are also assigned to the "shares" category. With regard to bonds from foreign issuers, margin no. 132 must be observed. Non-permissible values include bonds issued by a special purpose vehicle (SPV) for the purpose of risk transfer and securitized receivables (ABS, CDOs, etc.). Insurance-linked securities (e.g., cat bonds) are assigned to the category "Structured products" (margin no. 197). Bonds with a conditional debt waiver (write-off bonds)

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