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Puerto Rico Sales-Tax Boon Means $400 Million Windfall for Bondholders.

- **CVIs offer no interest but have provision for annual payments**
- **The securities made their second annual payout on Nov. 1**

Puerto Rico's bankruptcy created some debt securities that don't pay interest, but still managed to deliver an almost $400 million windfall to investors this month.

Called contingent-value instruments, or CVIs, they're what investors received in March 2022 as part of a debt restructuring deal that cut $22 billion of the commonwealth's outstanding bonds down to $7.4 billion.

The CVIs are taxable securities that resemble zero-coupon bonds — except they do offer investors a chance to collect interest-like payments before the debt expires. This is because they include a provision that calls for holders to receive a payout in November if sales-tax collections for the prior fiscal year surpass projections. So far they have: CVI holders received $362 million in 2022 and $388.7 million on Nov. 1.

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By Michelle Kaske

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