

Fair Value Pricing Service

A New Product by SIX Telekurs
January 2010

Content

- Regulatory Demands
- Fair Value Pricing Service
- Demonstration

Financial Companies face a number of regulatory challenges with which they must comply

- Basel II Capital Adequacy rules

- IFRS (International Financial Reporting Standards)
 - IAS 39 (International Accounting Standard), Financial Instruments: Recognition and Measurement

- US-GAAP (Generally Accepted Accounting Principles)
 - FAS 157 (Financial Accounting Standards) Fair Value Measurements

Within this regulation, the concept of fair value is becoming increasingly important

Definition outlined by the IAS 39 standard

“Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.”

Content

- Regulatory Demands

- Fair Value Pricing Service

- Demonstration

To help its customers with the implementation of the new accounting standards, we have developed our Fair Value Pricing Service (1/4)

Our Fair Value Pricing Service complies with regulation on four major points:

- Independence

The calculations and inputs should be independent of any reporting entity's assumptions or estimates

To help its customers with the implementation of the new accounting standards, we have developed our Fair Value Pricing Service (2/4)

Our Fair Value Pricing Service complies with regulation on four major points:

- Transparency

Comprehensive technical documentation and full insight into the calculation's key data is provided through the "Fair Value Web"

To help its customers with the implementation of the new accounting standards, we have developed our Fair Value Pricing Service (3/4)

Our Fair Value Pricing Service complies with regulation on four major points:

- Consistency

Our service is based on a fully automated engine-driven bulk evaluation without any manual intervention, i.e. price adjustment

To help its customers with the implementation of the new accounting standards, we have developed our Fair Value Pricing Service (4/4)

Our Fair Value Pricing Service complies with regulation on four major points:

- Methodology

- State-of-the-art valuation method established in the quantitative finance with maximum consideration of market inputs

It is based entirely on information available in SIX Telekurs' VDF

The Fair Value Pricing Service covers:

- 110'000 investment grade bonds (AAA, AA, A, BBB plus government rating) including callables of the following bond classes:
 - 69'000 fixed rate bonds
 - 12'000 zero bonds
 - 29'000 floating rate notes (incl. caps and/or floors & stepped coupons)
 - 5'400 money market securities are included in the figures above

The service covers bonds in eleven different currencies, and delivers prices four times a day

The Fair Value Pricing Service covers the following:

- Euro (EUR)
- Swiss Franc (CHF)
- US Dollar (USD)
- Sterling (GBP)
- Yen (JPY)
- Australian Dollar (AUD)
- New Zealand Dollar (NZD)
- Canadian Dollar (CAD)
- Danish Krone (DKK)
- Norwegian Krone (NOK)
- South African Rand (ZAR)

**Fair value prices are available at 08:40, 11:50, 14:50, 20:45
(GMT+1)**

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The “Markets” page of the VDB browser in TKiD can be accessed with a right mouse click...

Name	Maturity	Acclnt	Market	Cur	P-Val	Open	Bid	Ask	Val	vt Val	t Val	Yield
DB 17 VRN	01.02.17		FVS	USD					77.5302	FAV	13:45:00	
DB 17 VRN	23.09.17		FVS	USD					75.9621	FAV	13:45:00	
DB 17 VRN	01.02.17		FVS	USD					77.5302	FAV	13:45:00	
DB 17 VRN	12.07.17		FVS	JPY					95.7592	FAV	13:45:00	
DB 17 VRN	07.06.17		FVS	USD					76.6105	FAV	13:45:00	
DB 18 FRN	05.04.18		FVS	USD					75.3685	FAV	13:45:00	
DB 18 FRN	29.07.18		FVS	JPY					95.1895	FAV	13:45:00	
DB 18 FRN	30.07.18		FVS	USD					76.0664	FAV	13:45:00	
DB 18 FRN	09.05.18		FVS	EUR					99.9687	FAV	13:45:00	
DB 18 FRN	14.01.18		FVS	EUR					95.5592	FAV	13:45:00	
DB 18 FRN	11.09.18		FVS	USD					74.1097	FAV	13:45:00	
DB 18 FRN	16.07.18		FVS	USD					74.5173	FAV	13:45:00	
DB 18 FRN	22.04.18		FVS	EUR					99.7997	FAV	13:45:00	
DB 18 FRN	21.08.18		FVS	USD					74.3251	FAV	13:45:00	
DB 18 FRN MTN	11.04.18		FVS	EUR					91.6356	FAV	13:45:00	
DB 18 VRN	21.12.18		FVS	JPY					94.6882	FAV	13:45:00	
DB 18 VRN	24.07.18		FVS	JPY					95.0478	FAV	13:45:00	
DB 18 VRN	09.05.18		FVS	JPY								
DB 19 FRN	19.11.19		FVS	EUR								
DB 19 FRN	17.03.19		FVS	USD								
DB 19 FRN	30.09.19		FVS	EUR								
DB 19 FRN	15.10.19		FVS	USD								
DB 19 FRN	23.11.19		FVS	USD								
DB 19 FRN	29.01.19		FVS	JPY								
DB 20 FRN	11.08.20		FVS	JPY								
DB 20 FRN	27.07.20		FVS	JPY					93.6326	FAV	13:45:00	
DB 20 FRN	20.11.20		FVS	USD					93.6592	FAV	13:45:00	
DB 20 FRN	01.09.20		FVS	JPY					70.0768	FAV	13:45:00	
DB 20 FRN	01.09.20		FVS	JPY					93.6226	FAV	13:45:00	

- Open Single Quote
- Open Quote Overview
- Open All Sources
- Market Info
- Open News
- Open Underlying
- Open Derivatives ▶
- Open Structured Products ▶
- Open Chart + History ▶
- Instrument Info ▶**
 - Instrument Summary 13:45:00
 - Instrument Details 13:45:00
 - All Corporate Actions 13:45:00
 - Markets 13:45:00**
 - NSINs 13:45:00
 - Documents 13:45:00
 - Custom Page 13:45:00
- Company Info ▶
- Currency Info ▶
- Add to Watchdog
- Add List to Favorites...
- Add Limit...
- Remove Row (Quote)
- Insert Empty Row
- Revert Quote List to Original
- Print ▶

...here the user gains access to the fair value price (EC-777) of the chosen instrument

DB London --- (no min.) Notes 2008-9.5.18 Floating Rate Series								PDF	Export
3028 Senior									
TK Valor Number (CH)		4214870							
ISIN		XS0362348657							
Markets									
Code	Exchange	CCY	Listing Name	Listing Status	Trader Symbol	SEDOL	Val. Price	Type	Date
777	Fair Value	EUR (814)	DB 18 FRN	No Listing (Quoted) (13)	Percentage price (4)		<u>105.379</u>	FAV (62)	02.04.2009
186	ICMA Trade	EUR (814)	DB 18 FRN	No Listing (Quoted) (13)	Percentage price (4)		<u>99.94</u>	MID (4)	25.09.2008
47	Luxembourg List	EUR (814)	DB 18 FRN	Official listing acc. to regulatory authority (15)	Percentage price (4)	139023	<u>100</u>	OFF (245)	09.05.2008

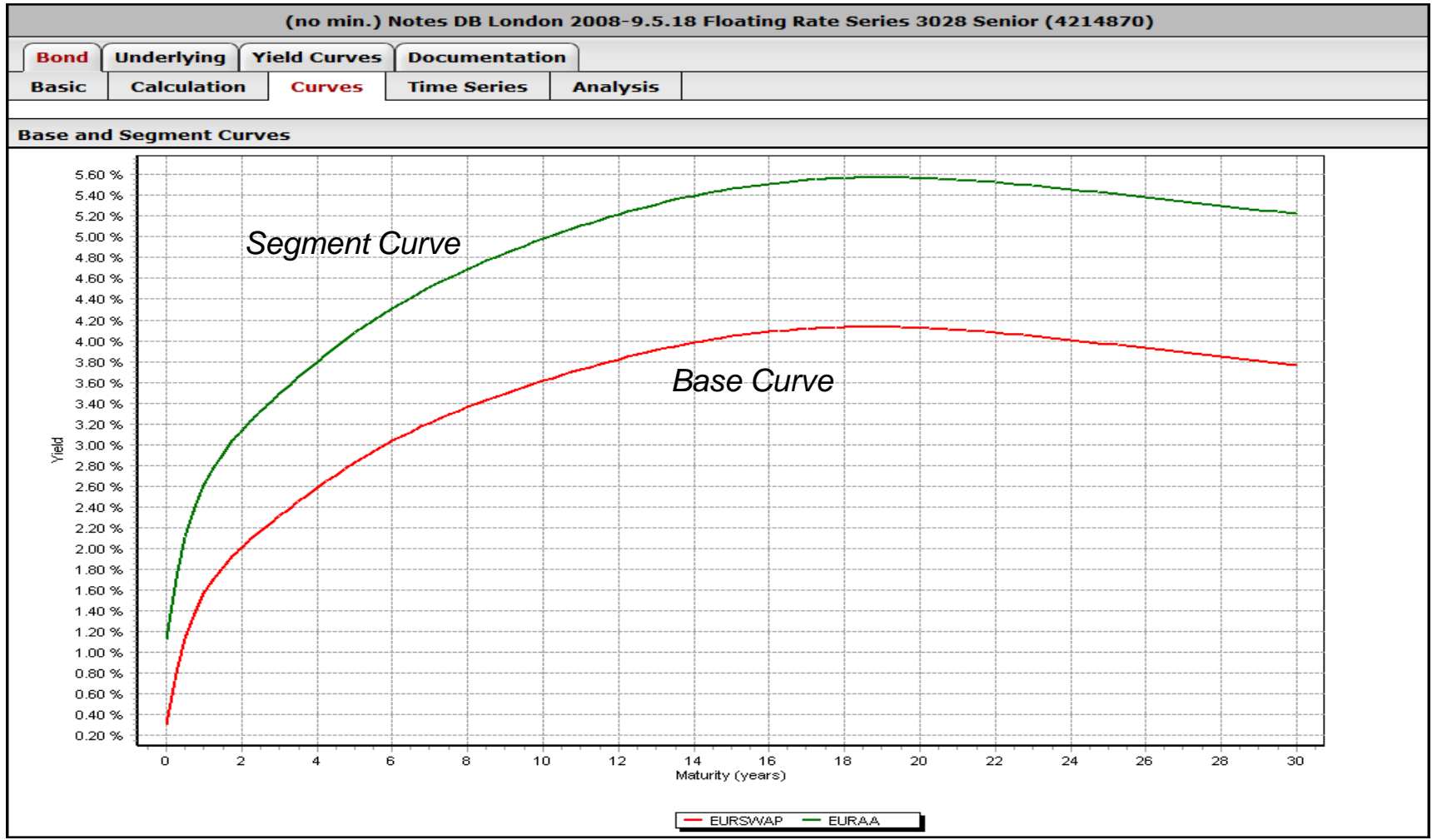
The chosen instrument shows relevant pricing details, and has a direct link to the Fair Value Web

DB London --- (no min.) Notes 2008-9.5.18 Floating Rate Series 3028 Senior						
TK Valor Number (CH) 4214870						
ISIN XS0362348657						
Statistical Type	Value Type	Style	Value	Time	Date	Source
Valuation Telekurs (12)	Fair value (62)		105.379	19:40	02.04.2009	
Provider calculated (32)	Yield to maturity (44)		3.4402	19:40	02.04.2009	
	Accrued interest (Standard) (97)		0.4368	19:40	02.04.2009	
	Duration to maturity (141)		7.9198	19:40	02.04.2009	
	Modified duration to maturity (142)		7.6564	19:40	02.04.2009	
	Convexity to maturity (143)		76.5172	19:40	02.04.2009	
	Basis point value (159)		8.1017	19:40	02.04.2009	
	Base Value (406)		105.9476	19:40	02.04.2009	
	Segment Value (407)		95.8792	19:40	02.04.2009	
	Base Yield to maturity (408)		3.3702	19:40	02.04.2009	
	Segment Yield to maturity (409)		4.6817	19:40	02.04.2009	
Year close (20)	Fair value (62)		96.453	19:40	31.12.2008	
Price for calculation (28)	Fair value (62)		105.379	19:40	02.04.2009	
Year close (fixed) (43)	Fair value (62)		96.453	19:40	31.12.2008	

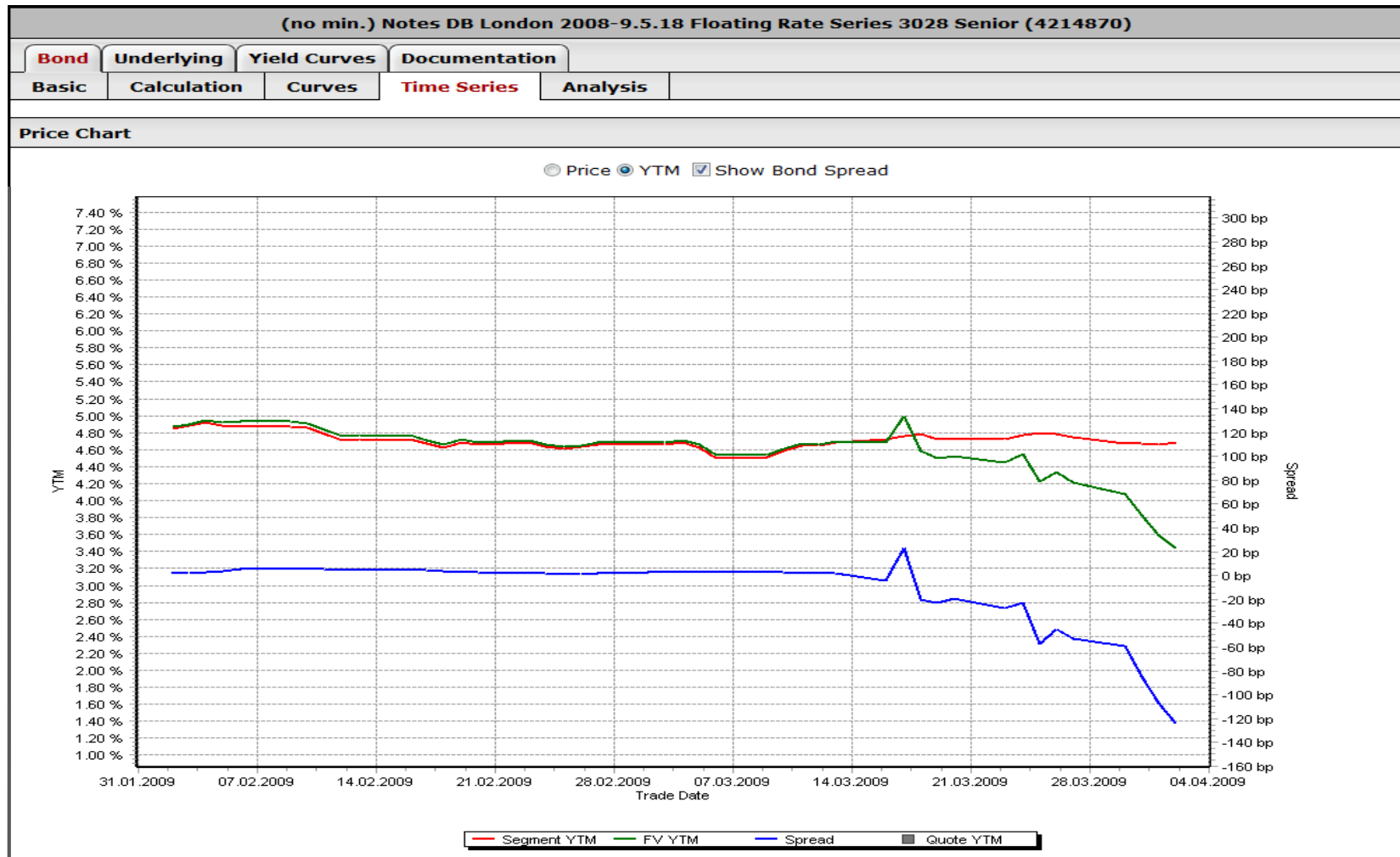
The calculation particulars are displayed in the Fair Value Web...

(no min.) Notes DB London 2008-9.5.18 Floating Rate Series 3028 Senior (4214870)				
Bond	Underlying	Yield Curves	Documentation	
Basic	Calculation	Curves	Time Series	Analysis
Calculation data				
Production Date	02.04.2009			
Production Time	19:40:00			
Calculation Info				
TK Valor Number	4214870			
Calculation Type	Floater			
Trade Date	02.04.2009			
Settlement Date	07.04.2009			
Accrued Interest	0.4368			
Coupon Rate	2.7590 %			
Base Values				
Base Yield Curve	EURSWAP			
Base Value	105.9476			
Base YTM	3.3702 %			
Segment Values				

...as well as the underlying yield curves for a swift overview



The time series allows the user to compare the fair value with the segment curve and to follow spread changes

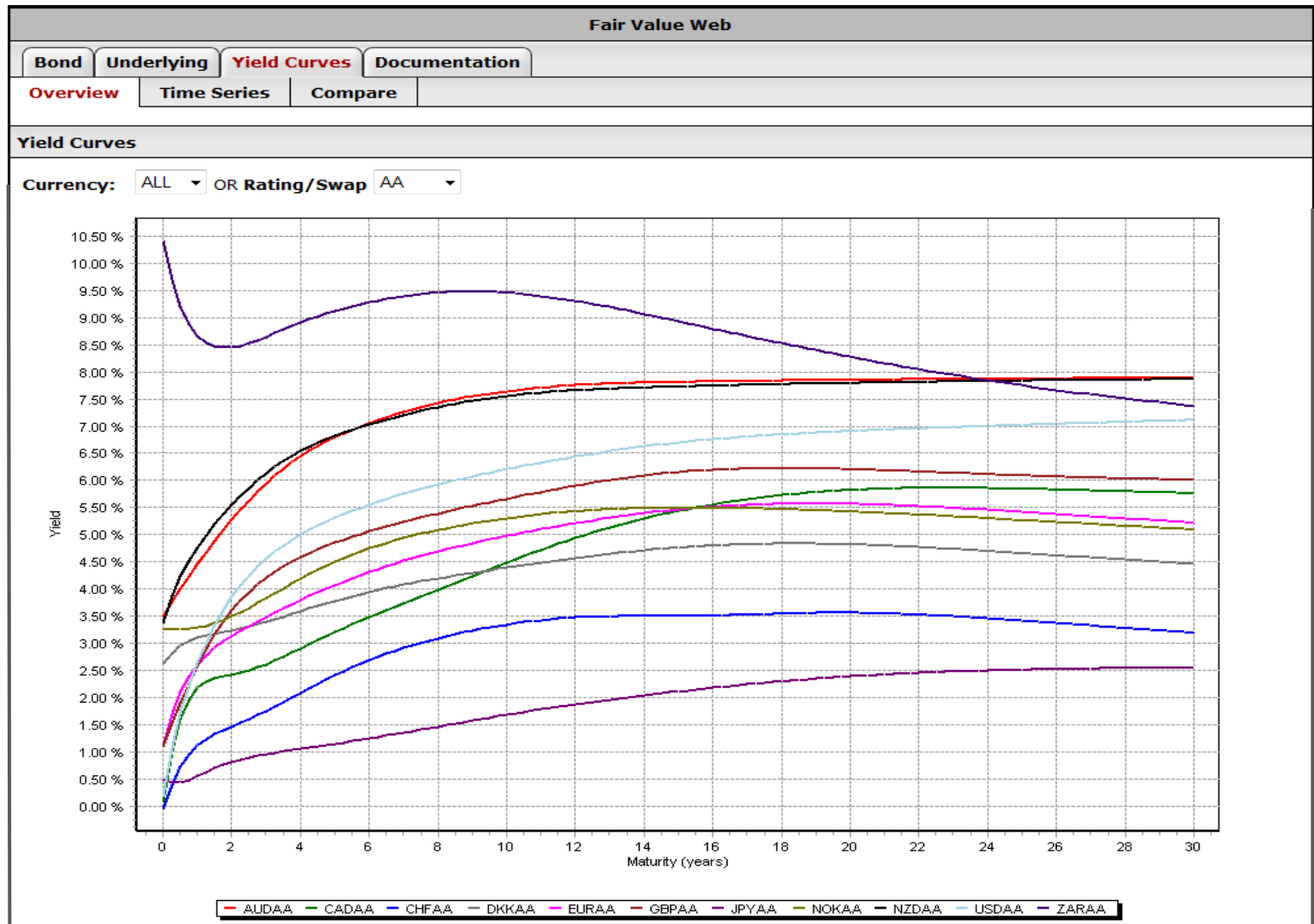


The analysis option tracks all the changes of the fair value price particulars in a ten day history

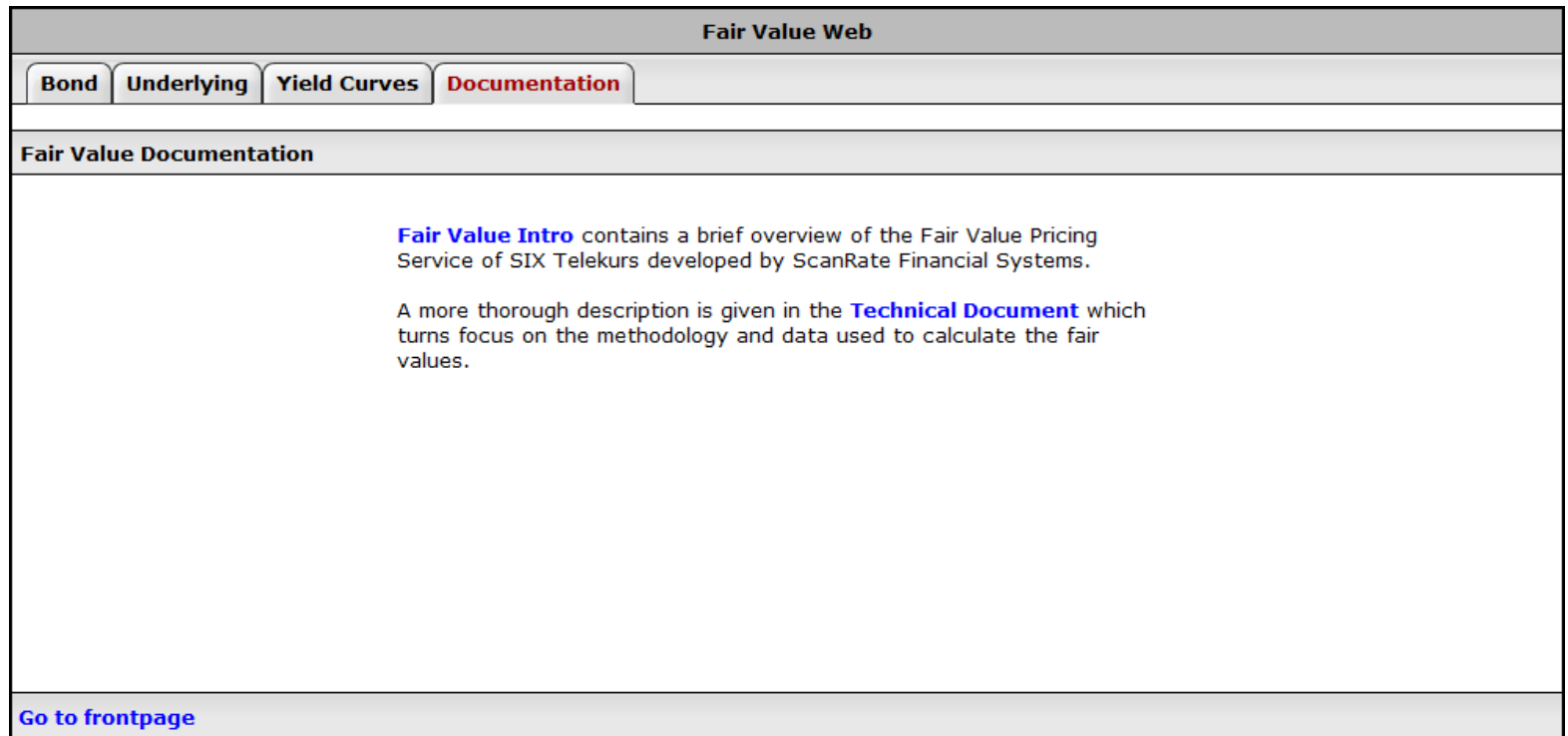
(no min.) Notes DB London 2008-9.5.18 Floating Rate Series 3028 Senior (4214870)											
Bond	Underlying	Yield Curves	Documentation								
Basic	Calculation	Curves	Time Series	Analysis							
Compare prices and yields											
Trade Date	Base Curve	Base YTM	Base Value	Segment Curve	Segment YTM	Segment Value	Bond Spread	FV YTM	Fair Value	Quote YTM	Quote
19.03.2009	EURSWAP	3.28 %	105.95	EURAA	4.72 %	94.90	-23 bp	4.50 %	96.53		
20.03.2009	EURSWAP	3.26 %	105.95	EURAA	4.72 %	94.72	-19 bp	4.52 %	96.13		
23.03.2009	EURSWAP	3.32 %	105.94	EURAA	4.73 %	95.15	-27 bp	4.45 %	97.14		
24.03.2009	EURSWAP	3.40 %	105.92	EURAA	4.77 %	95.35	-23 bp	4.55 %	97.02		
25.03.2009	EURSWAP	3.40 %	105.91	EURAA	4.79 %	95.23	-57 bp	4.22 %	99.42		
26.03.2009	EURSWAP	3.34 %	105.92	EURAA	4.79 %	94.86	-45 bp	4.33 %	98.17		
27.03.2009	EURSWAP	3.34 %	105.92	EURAA	4.75 %	95.12	-53 bp	4.22 %	99.04		
30.03.2009	EURSWAP	3.23 %	105.94	EURAA	4.67 %	94.86	-59 bp	4.08 %	99.22		
31.03.2009	EURSWAP	3.22 %	106.01	EURAA	4.68 %	94.81	-85 bp	3.82 %	101.19		
01.04.2009	EURSWAP	3.22 %	105.99	EURAA	4.66 %	94.93	-107 bp	3.59 %	103.01		
02.04.2009	EURSWAP	3.37 %	105.95	EURAA	4.68 %	95.88	-124 bp	3.44 %	105.38		
01.04 - 02.04		0.15 %	-0.04		0.02 %	0.95	-17 bp	-0.15 %	2.37		

Difference in value from previous day

And with the yield curve screen the user can make yield to maturity comparisons



The complete documentation of the Fair Value Pricing Service can be downloaded



The screenshot displays a web interface titled "Fair Value Web". At the top, there is a navigation bar with four tabs: "Bond", "Underlying", "Yield Curves", and "Documentation". The "Documentation" tab is currently selected and highlighted in red. Below the navigation bar, the main content area is titled "Fair Value Documentation". It contains two paragraphs of text. The first paragraph states that the "Fair Value Intro" provides a brief overview of the Fair Value Pricing Service of SIX Telekurs, developed by ScanRate Financial Systems. The second paragraph indicates that a more thorough description is provided in the "Technical Document", which focuses on the methodology and data used for calculating fair values. At the bottom of the page, there is a link labeled "Go to frontpage".

Fair Value Web

Bond Underlying Yield Curves **Documentation**

Fair Value Documentation

[Fair Value Intro](#) contains a brief overview of the Fair Value Pricing Service of SIX Telekurs developed by ScanRate Financial Systems.

A more thorough description is given in the [Technical Document](#) which turns focus on the methodology and data used to calculate the fair values.

[Go to frontpage](#)

The EC-777 in the VDB browser has links to the Fair Value Show Room and to our support centre

Fair Value Pricing Service	
Code	777
Short Name	Fair Value
Alpha Code	FVS
Full Name	Fair Value Pricing Service
Domicile	Switzerland (1)
Home Page	www.telekurs.scanrate.com
Status	Active (5)
Type	Technical trading place (10)
Time Difference to GMT	+1:00 hour(s)
Summer Time Start Date	29.03.2009
Summer Time Start Time	02:00
Summer Time Difference	1:00 hour(s)
Winter Time Start Date	25.10.2009
Winter Time Start Time	03:00
Opening Time	Monday (2), Tuesday (3), Wednesday (4), Thursday (5), Friday (6)
Contact Information	
e-mail:	fairvalue@telekurs.com

Did we spark your interest in our
Fair Value Pricing Service?

For further information
please contact your local
SIX Telekurs branch

or send an e-mail to

fairvalue@telekurs.com