



# Yield Curves

## What Does SIX Offer?

Yield curves are sold as part of our product portfolio. They are the key to calculating a fair value for a time series of cash flows. Their typical application is in a front and middle office setting.

Each yield curve is a set of interest rates applicable at different tenors, quoted as annualised rates. They are spot yields (zero coupon yields). These yield curves are estimated daily from a subset of liquid bonds on the SIX database.

### What does SIX offer?

Our offering is split into the following curve categories (numbers are a close indication of our actual coverage and correct at the time this document was created):

	Issuer	Ratings	Sector/Domicile	Swap	Inflation
Number of curves	1,339	103	583	51	9

The currency breakdown of the number of curves available is as follows:

	Issuer	Ratings	Sector/Domicile	Swap	Inflation	Totals
AUD	38	8	30	4		80
CAD	55	6	12	3	1	77
CHF	83	9	56	2		150
EUR	436	7	175	6	5	629
GBP	42	10	51	4	1	108
JPY	221	7	14	4		246
SEK	50	8	15	1		74
USD	384	11	192	6	1	594
Other	90	37	38	21	1	187
<b>Total</b>	<b>1,399</b>	<b>103</b>	<b>583</b>	<b>51</b>	<b>9</b>	<b>2,145</b>

Examples of their use are:

- ✓ Risk departments for asset liability modelling
- ✓ To predict when a credit rating change is already priced into the market for a given issuer
- ✓ Front office: A trader may use a curve to estimate if the price they are paying for a bond is fair

### Pricing scheme:

Customers can choose from the following packages:

#### Full curve data:

All prices in EUR	Daily delivery	History	Combined	Notes
Up to 50 curves	10,000	5,000	15,000	
51–500 curves	130	65	195	Per additional curve
> 500 curves	120	60	180	Per additional curve
Bulk flat fee	250,000	125,000	375,000	

A 5% discount can be applied to a bulk delivery of all yield curves in a given category. E.g. For all issuer curves the bulk price for daily delivery would be:  
 $(10,000 + (450 \times 130) + (899 \times 120)) \times 0.95 = \text{EUR } 168,000$

### Topics to keep in mind

Yield curves are valuable data sets and should not be sold to competing evaluated pricing services, unless at a level consistent with the revenue that the competition would make from their use (revenue share or similar).

## FAQs

**What is the minimum history that can be charged for?**

A: 2 years

**If a customer signs up for a bulk delivery of current yield curves and history, what happens if there is no history available?**

A: The customer will not be charged for a history that does not exist on the SIX database, or that does not break over the threshold of 2 years.

**How does SIX's commercial offer change if the customer use case is a competing product to the SIX Evaluated Pricing?**

A: All such cases will need to be passed by the CPG which would naturally include a judgement from the Product Manager. It is essential that we do not cannibalise our own product.

**What is the difference between spot yields and yields to maturity?**

A: Spot yields (also called zero coupon yields) are the correct interest rates to use when discounting cashflows. When using yields to maturity the shape of the curve is not taken into consideration because the same interest rate is used to discount all cashflows. Given a normal interest rate environment, you would expect to charge higher and higher interest rates for lending money for longer periods of time, implying different rates apply at different times. Thus, each cashflow should be discounted at a rate that is consistent with the timing of the cashflow. Spot rates serve this purpose.

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**SIX Financial Information Ltd**  
Hardturmstrasse 201  
P. O. Box  
CH-8021 Zurich

T + 41 58 399 1234  
[www.six-group.com/financial-information](http://www.six-group.com/financial-information)