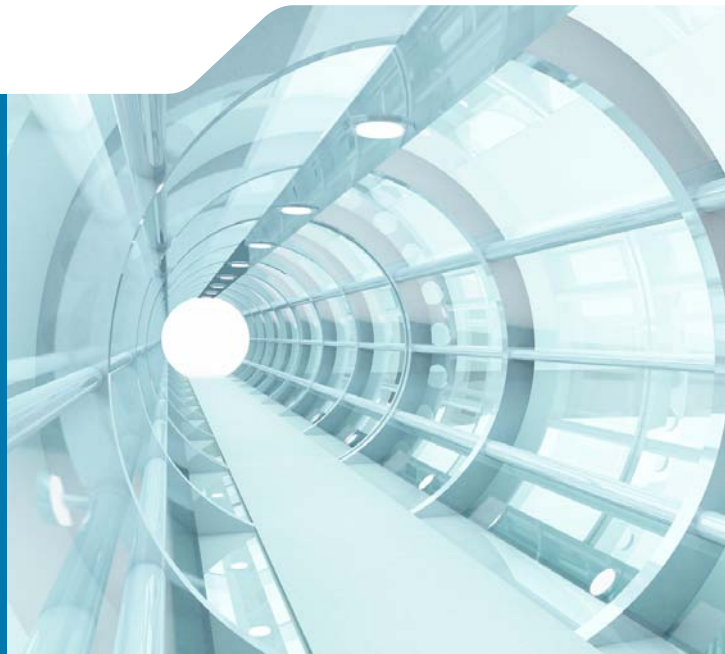


# SIX Volatility Index

A standard measure for price risk.

The SIX Volatility Index, SIXVX, is an indicator of forward price risk in the Swedish equity market. It is derived from prices of standardized OMXS30 index options with an average of 30 days to expiration.



## Description

The purpose of SIXVX is to be a standard measure for price risk as expressed in implied market volatility. It is based on implied volatility of standardized OMXS30 index options. To ensure validity and efficiency, the sampling process constantly monitors market prices and adjusts index composition dynamically.

## Suggested use

SIXVX may be used in several ways:

- As a general indicator of forward price risk in the underlying market
- As an underlying instrument for derivative/hedging products
- As an indicator to identify investment opportunities in the stock market

## Availability

SIXVX is available as part of the SIX World Indicator in the Edge display. The index is calculated every minute, starting 15 minutes after market opening. Closing index is calculated at market close.

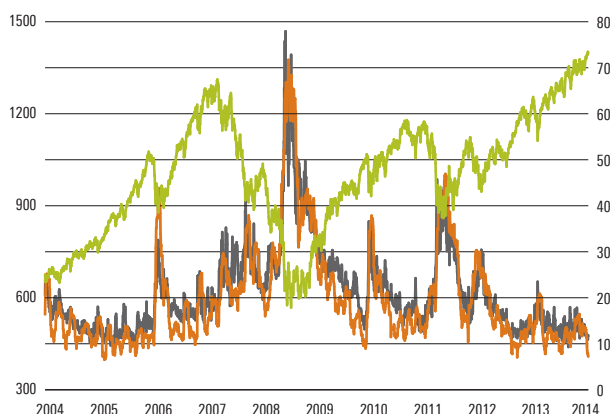
## Methodology

The calculation is carried out in the following steps:

1. Identify contract months to include in calculation and calculate weights for each contract month so that the average time to expiration is 30 calendar days. Options for at least two contract months are included to achieve a time-weighted average of 30 remaining calendar days to expiration. The contract months and their relative weights remain fixed throughout the trading day.
2. Identify ATM contracts for both put and call options in each contract month. These may vary for each calculation depending on market conditions. ATM (At-The-Money) contracts are selected by comparing mid prices for call and put options for each strike level. The strike level with the minimum difference between call and put mid prices are selected as ATM strike level. The call and put option at this level are used as ATM contracts. Hence, the same strike level is used as ATM for both call and put options for a contract month but may vary between contract months. Also, which contracts will be used may vary for each calculation depending on market conditions.



3. SIXVX is based on implied volatility of standardized OMXS30 index options traded at OMX Stockholm, Derivatives Submarket. Implied volatility is calculated using the Black & Scholes73 formula. Interest rate is based on STIBOR 90d and remains fixed throughout the trading day.
4. Calculate implied bid and ask volatilities for each ATM contract and calculate mid volatility at centre of bid/ask volatility.
5. Calculate mid volatility for each contract month at centre of call/put volatilities.
6. Calculate SIXVX as the time-weighted average volatility being the sum of the volatilities for each contract month multiplied by the weight set to each contract month in the initial step. The unit of SIXVX is the same as that of implied volatility, i.e. standard deviation of daily yield (percent) scaled to yearly values. This simplifies comparison with implied volatility for individual option contracts as well as historical volatility for the underlying security



For more information, please contact the SIX Financial Information Index team and a representative will be happy to assist you.

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