INTRADAY PRICING SERVICE: INCORPORATED DATA VALUE

In order to achieve maximum market performance, small, medium or large portfolios need to be priced at appropriate times. Portfolio managers, research analysts, fund managers and custodians identify their preferred portfolios. Telekurs Financial then supplies all the market prices and trading values for each portfolio.

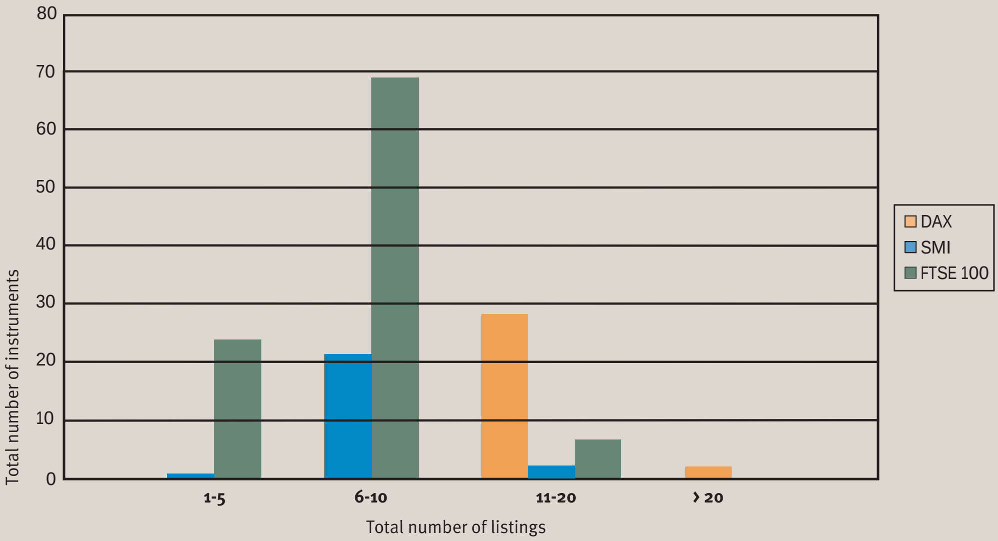
Alice Nkulikiyinka (Product Management)

A portfolio consists of a set of securities. Each security on the list is viewed as an independent item. Securities can either be specified as single instruments or linked to a specific exchange. If a single security is specified, this indicates that prices are required from all markets where the instrument is listed. A combination of a security with an exchange restricts the pricing request to one specific exchange. For both options, the carrying key is the listing identification.

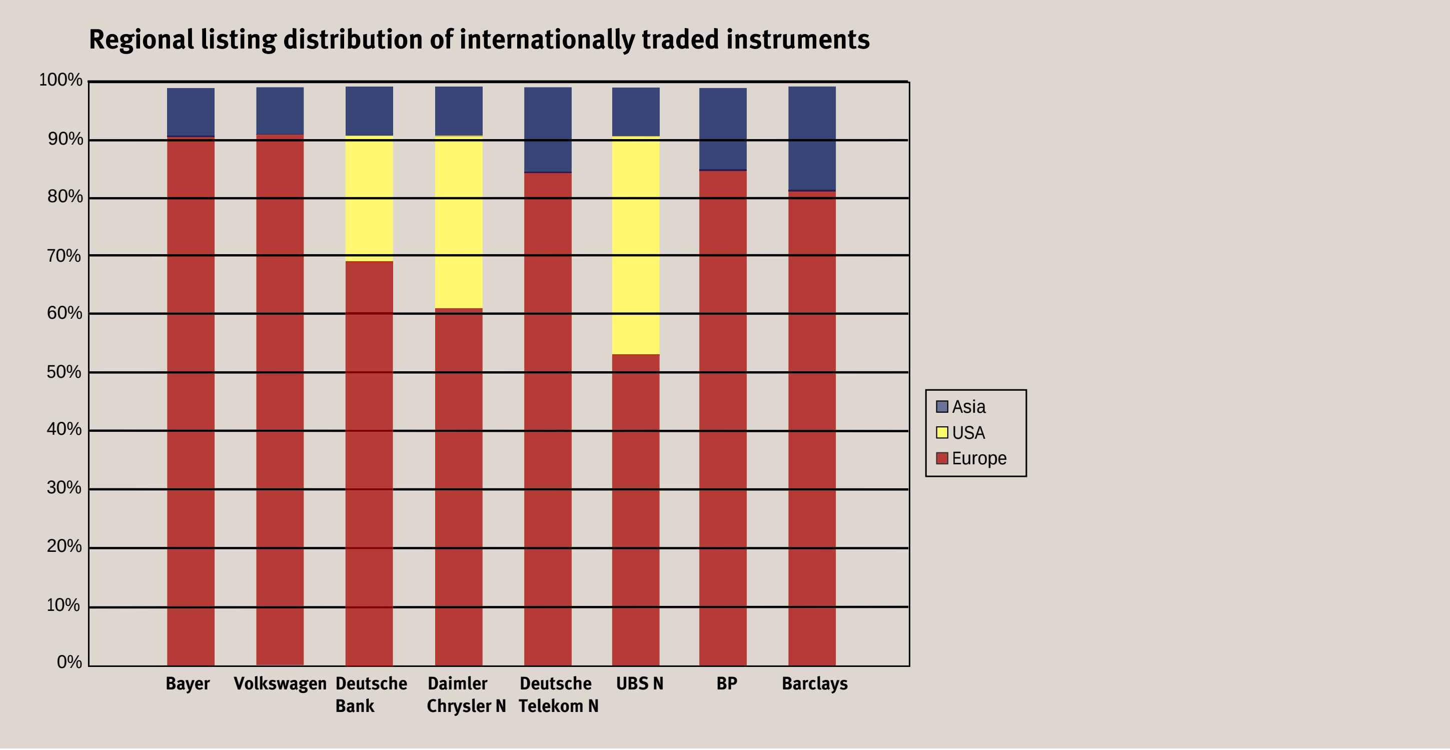
The snapping mechanism uses Telekurs Financial's wealth of basic descriptive information to quickly retrieve all effective listings. The diagram below shows a listing coverage for three representative indices: SMI, DAX and FTSE100.

The following diagram shows, for example, that over 60 FTSE100 instruments are listed on six to ten different exchanges. A snapshot of one of these instruments will provide 6-10 data records, showing current prices captured simultaneously from 6-10 different exchanges worldwide. –›

Telekurs Financial's listing coverage for three representative indices



The next diagram provides a deeper view into the SMI, DAX and FTSE 100 listing coverage. For these three European indices, most of the listings are exclusively located in Europe. However, some of the constituting instruments are listed on exchanges in distinctly different time-zones. Among those displayed on the diagram the Daimler Chrysler share for instance, is traded on European, Asian and American markets.



In those instances, where a security is traded on several markets in different regions, the Intraday Pricing Service allows the instrument to be monitored around the globe, 24 hours a day.

Telekurs Financial's Valuation Prices: filling the gap of outstanding trade

A real snapshot reflects the trading community's current valuation of all chosen securities. In efficient markets we assume actual paid prices to be the only "true" and "fair" price. However, in many instances a specific instrument is likely not to be traded at the precise point in time when a portfolio cuts a certain trading market. In other cases a trading place might declare a specific value such as a "volume weighted average price" to be the correct price instead of the paid price. In all of these instances, a valuation price needs to be determined. –›

A valuation price is derived by applying "best rules" that narrow down a current security's valuation. The better the rule, the more realistically it reflects the trader's real view of how an instrument prices, even though a very up-to-date paid price is not available or reliable.

Telekurs Financial applies a number of these best rules to approach an up-to-date valuation: Each exchange is assigned to a valuation price group, defined on the basis of several years of analysis and observation of trading habits. A specific valuation rule is assigned to each valuation price group. A valuation rule consists of a "level based" logic. A level represents a trading step in a market where trading values emerge step by step. Each level consists of several price elements identified by "Value Type" and "Value Style". Within the same level, prices have the same market significance but are triggered by different events.

The following diagram shows how a valuation price rule might be applied. The third row shows one possible set of Value Types. The values are mapped to the valuation price in decreasing order, starting with level 9.

Rule	Level	Value Type	Value Style	
1	1	trade	any	↑
	2	cash	any	↑
	3	average	any	↑
	4	bid	any	↑
	5	repurchase	any	↑
	6	ask	any	↑
	7	issue	any	↑
	8	net price	any	↑
	9	trade	estimated	↑

Example: Simplified valuation price rule.

Telekurs Financial processes trading information "tick by tick". Trading values are instantly received and processed as soon as they emerge. Based on this, the valuation price aims to reflect the market reality in real-time.

Möchten Sie eine deutsche Version dieses Artikels erhalten? Senden Sie doch ein E-Mail an // Désirez-vous recevoir une version française de cet article? Envoyez un e-mail à realtime.tkf@telekurs.com