

also apply to synthetic bonds. They are recognized at no more than their nominal value, separately in a sub-category of fixed-income securities, and the receiver swap is measured using the cost amortization method. If the receiver swap has a value of zero on conclusion, it must be recognized at zero for the entire term. The use of synthetic bonds is permitted with prior notification to FINMA and submission of a concept. The derivatives used to hedge cash flows from underwriting obligations are recognized at no more than the value of the cost amortization method. The replicating strategies are valued in accordance with the categories to which they are assigned. The limitations include the premiums for open derivative financial instruments to hedge cash flows from technical obligations being limited to 5% of the target amount of the tied assets. The assessment involves recognizing swaptions and similar derivatives used to hedge technical obligations at no more than the value of the cost amortization method. The replicating strategies pursuant to margin nos. 406-407 and 422-431 are valued in accordance with the categories to which they are assigned. In the case of synthetic bonds, the fixed-term deposit may be valued and recognized at no more than its nominal value. They are recognized separately in a sub-category of fixed-income securities. The receiver swap is measured using the cost amortization method. If the receiver swap has a value of zero on conclusion, it must be recognized at zero for the entire term.

Answer 2:

Synthetic bonds are a type of financial instrument used in investment strategies, which essentially combine various elements of debt and derivatives to create a bond that mimics the performance of other assets. Here's how they are used:

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