

## Study Tips

### SS13 Credit Default Swaps

**CDS**  
**VS**  
**Bond**

- 1** Sell CDS protection  $\approx$  Long Bond  
Buy CDS protection  $\approx$  Short Bond
- 2** CDS coupon rate  $\approx$  Bond coupon rate
- 3** CDS spread  $\approx$  Bond yield
- 4** CDS upfront  $\approx$  Bond premium / discount over par

