

Credit Default Swap on AAVE Credit Delegation

OEX-CDS-AAVE-CREDIT-5FEB-0.1CAP

0x68f7b841ecfa2b7fc7840366535c2751b9fec0dd2ebda1913d94445ae1c1027b

SHORT DESCRIPTION

CDS Contract on AAVE Credit Delegation with maturity of 5 February 2021. Contract pays up to 0,1 WBTC and behaves as an insurance for credit delegation.

Type	CDS
Underlying	Credit Delegation Debt
Oracle	Aave Lending Pool
	0x5dcd6a17b95c5a9cc008f89893697e7ae1fface
Contract size	0,005
Trigger price	0
Settlement	WBTC
Buyer Margin*	0 WBTC
Seller Margin**	0,1 WBTC
Expiration	5 February 2020 8:00 UTC
Long wins [^]	debt left * contract size
Short wins [^]	premium at settlement - any win of long
	[^] capped by initial margin
The derivative fee is 2.5% of the profit (only charges to profit makers) and received by derivative author	

LONG DESCRIPTION

A credit default swap (CDS) is a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor.

For example, if a lender is worried that a borrower is going to default on a loan, the lender could use a CDS to offset or swap that risk. To swap the risk of default, the lender buys a CDS from another investor who agrees to reimburse the lender in the case the borrower defaults.

CDS requires a premium payment to create the contract, which is like an insurance policy.

A credit default swap is the most common form of credit derivative and may involve municipal bonds, emerging market bonds, mortgage-backed securities or corporate bonds.

*maximum risk of buyer; **Maximum risk of seller and maximum gain of buyer; cds contract traded with open price with via order book

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