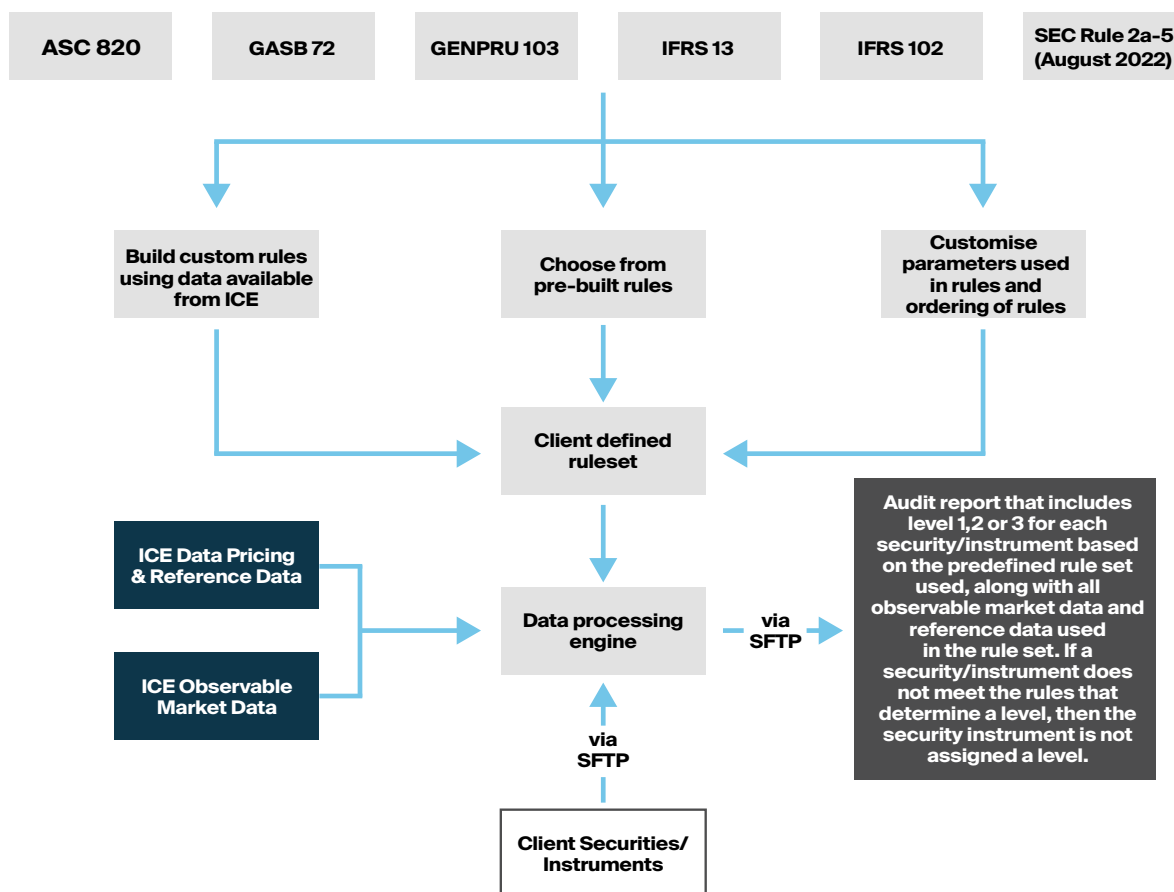# Fair Value Leveling Service

To satisfy fair value disclosure requirements prescribed under various accounting standards globally, including IFRS 13, FASB ASC-820, GASB 72, GENPRU 103, UK FRS 102, and SEC Rule 2a-5 (compliance date August 2022), entities are required to categorize fair value measurements (i.e. Level 1, Level 2 or Level 3) based on the inputs used to measure fair value.

Assigning instruments to the fair value level

Disclosure requirements and amendments to the accounting guidance have prompted entities to review their fair value methodologies and processes. For example, in connection with SEC modernization of the reporting and disclosure of information, certain registered investment companies are required to make monthly level disclosures for their portfolio holdings on Form N-PORT.

With the adoption of SEC Rule 2a-5 under the Investment Company Act of 1940, registered investment company boards or their valuation designee may be revisiting policies and procedures around how securities are assigned to the fair value level. With this backdrop, there is heightened attention on how entities manage these processes.

Regulatory drivers

Client-customizable rules engine

ICE Data Services offers an overlay to this robust dataset in the form of a client-configured rules engine. This engine allows for an automated workflow that is consistent, repeatable, and auditable – returning information on the fair value level based on the client's rules for determining the level applied to ICE's market and derived data content.

Rule	Parmaters used	Extra details where not able to deriv meaning from title of rule
Rule_expired_security_level_X		
Rule_us_treasury_Level_1		
Rule_Japan_govt_bond_Level_1		
Rule_JPY_MBS_ABS_Benchmark_Level_2		The security is Japanese ABS MBS and benchmark exists and spread exists
Rule_monthly_finra_volume_and_count_gt_than	85% threshold	
Rule_quarterly_finra_volume_and_count_gt_than	85% threshold	
Rule_monthly_trade_count_gt_than	mTrdCount	
Rule_monthly_institutional_trade_count_gt_than	mInsTrdCount	
Rule_monthly_institutional_trade_volume_gt_than	mInsTrdVol	
Rule_monthly_data_point_count_gt_than	mDtPtCount	
Rule_monthly_data_source_count_gt_than	mDtSrcCount	
Rule_monthly_trade_volume_gt_than	mTrdVol	
Rule_quarterly_trade_count_gt_than	qTrdCount	
Rule_quarterly_data_point_count_gt_than	qDtPtCount	
Rule_quarterly_data_source_count_gt_than	qDtSrcCount	
Rule_quarterly_trade_volume_gt_than	qTrdVol	
Rule_price_in_monthly_quartiles		
Rule_CORP_Benchmark	benchSprd	
Rule_OTHER_Benchmark	benchSprd	
Rule_agency_issued_bond_level_2		The security is agency issued bond
Rule_MBS_payup		The security is an MBS and has a non-material pay-up to the relevant TBA
Rule_comparables_monthly_trade_volume_count_gt_than	cMTrdVol; cMTrdCount	
Rule_comparables_quarterly_trade_volume_count_gt_than	cQTrdVol; cQTrdCount	
Rule_comparables_institutional_monthly_trade_volume_count_gt_than	cMInsTrdVol; cMInsTrdCount	
Rule_comparables_monthly_data_point_count_gt_than	cMDtPtCount	
Rule_bank_loans_Level_2		
Rule_equity_national_exchange_level_1		
Rule_confidence_score_gt_than_or_equal_to_Level_2	fvisConf	
Rule_commercial_paper_Level_2		
Rule_money_market_fund_Level_1		
Rule_all_equities_Level_1		
Rule_stiv_level_2		Short term investment vehical
Rule_etd_Level_1		Exchange traded derivatives
Rule_all_other_derivatives_Level_2		
Rule_not_enough_market_data_level_X		
Rule_no_market_data_level_X		
Rule_us_treasury_on_the_run		
Rule_us_treasury_off_the_run		
Rule_us_treasury_Level_2		
Rule_fi_with_price_Level_2		
Rule_fi_no_price_Level_3		

Rule_fi_no_price_Level_X		
Rule_CORP_quarterly_Institutional_trade_volume_count_gt_than	qInsTrdVol; qInsTrdCount	
Rule_MUNI_monthly_trade_volume_gt_than	mTrdVol	
Rule_MUNI_quarterly_data_source_count_gt_than	qDtSrcCount	
Rule_OTHER_quarterly_trade_count_gt_than	qTrdCount	
Rule_OTHER_comparables_institutional_quarterly_trade_volume_count_gt_than	cQInsTrdVol; cQInsTrdCount	
Rule_equity_national_exchange_level_2		
Rule_all_other_derivatives_Level_1		
Rule_confidence_score_gt_than_or_equal_to_Level_1	fvisConf	
Rule_confidence_score_less_than_or_equal_to_Level_1	fvisConf	
Rule_all_equities_Level_2		
Rule_commercial_paper_Level_1		
Rule_equity_americas_exchange_level_1		
Rule_all_fixed_income_level_2		
Rule_monthly_finra_volume_gt_than	85% threshold	
Rule_quarterly_finra_volume_gt_than	85% threshold	
Rule_monthly_finra_count_gt_than	85% threshold	
Rule_quarterly_finra_count_gt_than	85% threshold	

Benefits

Our broad range of market data and our Fair Value Leveling service (FVL) can help firms address their data and reporting needs under the existing and evolving accounting standards and regulatory requirements.

Asset coverage

Asset coverage for the ICE Data Services' FVL service includes global coverage of over 2.8 million fixed income securities, covering corporate, municipal, sovereign and MBS/ABS debt. In addition, the FVL service covers over 60,000 global equities and OTC and exchange-traded derivatives.

Observable market data

ICE Data Services has access to a robust and deep set of observable pricing inputs and other inputs used to support the evaluated pricing for certain fixed income securities. On average, these 10+ million daily inputs are categorized, archived, and can be made available to clients' rules engines within the FVL service to support their fair value determination workflow.

Derived content

The FVL service also leverages a wealth of derived content. For example, the ICE Liquidity Indicators TM service provides, among other information, a projection of the potential future trading volume capacity of a covered security and a liquidity score that represents an independent, near-term view of relative liquidity defined as an ability to exit a position at or near the current value. The liquidity scores and projected trading volume capacity are two examples of derived content that is available for clients in the client defined FVL rules engine. Clients also can elect to incorporate our extensive database of comparable bonds and inter-bond relationships as a part of their approach.

Industry adoption

The fair value service has an established history supporting clients globally. This service's depth and breadth by asset class allows for level assessment for instruments from around the globe. For example, Northern Trust collaborated with ICE Data Services to enhances its support for fair value leveling determination for fixed income securities to deliver improved transparency into evaluated pricing for most fixed ncome assets.

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