Bloomberg Liquidity Assessment (LQA)

Bloomberg’s award winning solution for Liquidity Assessment (LQA) provides the ability to quantitatively evaluate market liquidity across multiple asset classes. LQA delivers on global regulatory requirements and adds value to risk management and investment processes:

- Estimate liquidation cost and horizon at position level
- Compare consistent liquidity analytics across asset classes and global coverage
- Customize input parameters and analyze market scenarios

GLOBAL COVERAGE
- Government and agency debt
- Corporate bonds
- Municipal bonds
- Global equities and ETFs

LQA ANALYTICS
- Liquidation cost
- Liquidation time horizon
- Expected daily volume
- Confidence measures for each output
- Relative and absolute liquidity scoring

EVALUATE LIQUIDITY ACROSS YOUR BUSINESS
Clear understanding of liquidity exposure is a key component of a robust enterprise risk management framework. LQA provides deep insight into the liquidity of your holdings and the analytics to intelligently navigate market liquidity risk. Bloomberg’s data-driven approach to measure liquidity provides reliable and consistent enterprise-wide analytics to facilitate:

- Regulatory reporting
- Redemption and subscription analysis
- Stress testing and scenario analysis
- Monitoring of liquidity risk limits
- Relative liquidity comparison across portfolios
- Early warning indicators
- Portfolio construction & optimization
- Transaction cost analysis
- Independent corporate governance
- Liquidity disclosure for investor relations

Bloomberg FOR ENTERPRISE
DATA DRIVEN APPROACH
LQA leverages a robust financial dataset coupled with a big-data framework to ensure the relevant factors influencing liquidity are considered. This unique approach allows for liquidity estimation even for instruments with limited trading activity. Customization of input parameters enables the calculation of user-specific scenarios.

Liquidation surface for North America equities, showing the LQA model relating liquidation cost, time and volume is fitted to meta order trade data at the mean + /− standard deviation.

BEYOND REGULATORY REQUIREMENTS – INTEGRATED ENTERPRISE RISK MANAGEMENT

EMERGENCE OF LIQUIDITY AS A MEASURABLE RISK FACTOR
In “the new normal”, firms are subject to a myriad of liquidity-related regulations globally, including SEC 22e-4, UCITS, AIFMD, SFC (HK) on the buy side; and Basel III LCR, FRTB, Prudent Valuation and ILAAP on the sell side — in addition to market regulations such as MiFID II. These, and a perceived reduction in market liquidity are adding to the complexity of doing business. Bloomberg is providing a best-practice approach to assess on that and enable the industry to consistently evaluate, manage and report liquidity risk across multi-asset-class portfolios.

BLOOMBERG LQA SOLUTION
• Liquidation surface relating cost, time and volume
• Consistent cross asset-class analytics
• Ability to customize input parameters and perform scenario analysis
• Regulation-ready data sets
• LQA <GO> provides analytics, transparency and documentation on the Bloomberg Terminal®
• Quant product support and challenge desk
• Integration with Bloomberg Professional® service
• Available via Enterprise Data-Feed

BLOOMBERG FOR ENTERPRISE
To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology for the front office, middle office and operations. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset.

BE PART OF THE SOLUTION
Learn more about how we can help your firm automate its data needs. Visit bloomberg.com/liquidity or reach us at eprise@bloomberg.net.

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