Pricing transparency & leveling provides pricing composition & streamlines security leveling.

Increased scrutiny on security prices requires additional pricing transparency & information

In recent years, the International Accounting Standards Board (IASB) and the Financial Accounting Standard Boards have begun to increasingly scrutinize the inputs of financial instrument prices. This scrutiny is a result of the issuance of ASC 820 Fair Value Measurement in the U.S. and IFRS 13 Fair Value Measurement internationally. Both accounting standards require increased disclosures around the sources, inputs and methodology used to calculate the fair value of financial instruments presented in the financial statements. A key component of both of these standards is the requirement for companies to include a "leveling" table in the notes to the financial statements, which classifies all investments presented at fair value as Level 1, 2 or 3, based on the significance of unobservable inputs:

- **Level 1 inputs –** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2 inputs –** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3 inputs –** Unobservable inputs for the assets or liabilities.

Not only have accounting standard setters increased their scrutiny on the composition of so-called 'fair value' pricing, international regulators have as well.

In order to help our clients address these challenges, Bloomberg has created a number of tools and data sets which enable our clients to defend their prices to investors, auditors, and regulators alike:

- **Pricing Transparency Fields –** Clients can request over 70 unique data fields which provide granular information on the composition of the Bloomberg Valuation Service (BVAL) prices through a data feed;
- **Fair Value Hierarchy Leveling (FVHL <GO>) –** The FVHL screen allows clients to create their own fair value leveling rules to generate unique, client-specific leveling results. These rules are user-created, leveraging the 70 unique Pricing Transparency Fields.

Key benefits
- **In-Depth –** Bloomberg delivers unmatched granularity through over 70 fields that provide data on the sources and inputs of prices.
- **Defensible –** Bloomberg provides complete rule transparency, and maintains an audit trail for all changes to existing leveling rules.
- **Global –** Broad coverage of the securities universe with approximately 2.2 million securities covered.

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FVHL <GO> – The left panel displays the Asset Group Hierarchy which classifies the Asset Groups to be levelled. The right panel allows clients to customize the Asset Group definition.

Pricing transparency & leveling

Pricing transparency fields

These fields focus on quantitative market drivers to aid clients in their determination of Fair Value Leveling classifications (Level 1, 2, or 3) as mandated under ASC 820 and IFRS 13.

These Pricing Transparency Fields can be used to drive either Bloomberg's terminal-based Fair Value Leveling Tool (FVHL) or a client's internal models in order to support their accounting and/or liquidity disclosure requirements. These Pricing Transparency Fields provide a high level of detail into the following:

• Direct observations on a target security versus indirect observations on comparable peer securities;

• Trade or executable market data versus indicative market data;

• The percentage of the BVAL price derived from observable market data.

Fair Value Hierarchy Leveling (FVHL <GO>)

Bloomberg's FVHL Tool is offered via the Bloomberg Terminal.®
It allows clients to customize and store their own rules to determine fair value leveling results, either 1, 2 or 3, at a certain point in time. The FVHL Tool is driven by setting rules leveraging the 70 Pricing Transparency Fields.

The Bloomberg solution provides clients with in-depth pricing & leveling information

Bloomberg's Pricing Transparency & Leveling tools provide an objective, consistent and defensible solution for many of the regulatory and accounting issues facing our clients today by exposing the underlying market data used in the BVAL pricing models.

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

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