

# LSEG Pricing Service

**Transparent. Independent. Accurate.**

## Pricing information you can count on

LSEG Pricing Service is an independent, global evaluated pricing source covering over 2.7 million fixed income securities, derivatives and bank loans. Coverage spans all major financial markets and prices are available at multiple times daily. Our pricing services provides detailed transparency and market insight, are designed to support asset managers, custodian banks, mutual funds, investment banks, accounting firms and financial research providers.

### Extensive global coverage

- Evaluated pricing for all asset classes across all global markets

### Asset class coverage

- Global government and corporate bonds including sovereign debt, investment-grade and high-yield bonds, convertible securities and money market instruments
- U.S. municipal bonds
- Mortgage-backed securities (MBS) including fixed- and floating-rate instruments
- Structured finance instruments including asset-backed securities (ABS), collateralized mortgage obligations (CMO), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized loan obligations (CLO) and collateralized debt obligations (CDO)
- Interest rate, credit, commodity and equity derivatives and structured notes bank loans

## Full-scale pricing service

- Comprehensive terms and conditions (T&Cs) support our evaluations every day
- Market color is actively monitored throughout the day and applied as appropriate to our evaluations
- Strict validation processes are in place to monitor tolerance breaks, unchanged prices, broker quote consistency and data integrity
- In-house and external pricing models are rigorously tested to handle large volumes and volatile market conditions
- Up-to-date market standards and procedures, coupled with our Statement on Standards for Attestation Engagements (SSAE) 18 certifications

## Leading evaluators

With evaluators across the world, LSEG brings clients global coverage with local knowledge. Our professional and experienced evaluators apply consistent and transparent pricing methodologies, incorporating observable market data and standard market convention practices.

## Delivery

- Evaluations are available throughout the day – intraday and at standard market snapshot times
- Extraction flexibility is available through LSEG DataScope Select and DataScope Onsite

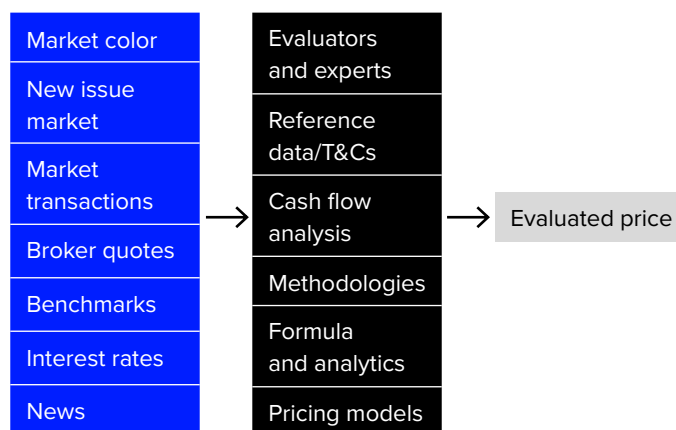


**LSEG DATA & ANALYTICS**

## Transparency

- Transparency is offered for all evaluations and includes price recipes, corresponding market color and other relevant data. Commentary is available for issues that break tolerance thresholds
- Direct access to an evaluator for price challenges is always available and allows clients to access additional color, clarification and validation. All challenges are addressed prior to the next day's pricing cycle

## Independent, transparent and accurate evaluations



## Extensive global content for all major asset classes

ASSET CLASS	COVERAGE	METHODOLOGY
Global: Asia-Pacific, EMEA, Americas		
Investment grade all	Australasian, EMEA and American markets	Evaluated on nominal spread, discount margin or OAS basis depending on how the market trades a security or sector
High yield	Major issues priced. Other markets covered on customer request	Individually evaluated, mostly on a price basis using the lead underwriter as primary source of information
Emerging markets	Benchmark issues priced. Others priced on customer request	Evaluated on spread or price basis
Money markets	T-bills, commercial paper, CDs	Evaluated on spread or discount rate basis
Syndicated loans	Syndicated bank loans	LSTA/LPC pricing methodology – average of bids and offers from the broker/ dealer community
Derivatives	Credit default swaps (CDS), interest rate swaps (IRS), total return swaps (TRS), over the counter (OTC) equity options and warrants, bond futures, currency options, swaps, forwards, caps and floors, swaptions, structured products and equity derivatives	Extensive library of analytics and market data
Asset-backed securities, commercial MBS	ABS, RMBS, CMBS	Individually evaluated using historical and projected prepayment speeds and loss scenarios. Methodologies implemented using spreads obtained from market participants, trade prices and dealer quotes
Convertible bonds	Convertible bonds and convertible preferred stocks	LSEG Internal convertible pricing model uses dealer quotes and a delta model incorporating a real time equity feed
Collateralized debt obligation (CDO)	ABS, CRE and TruPS	Fair market value approach using cash flows that incorporate market observed prepayment speeds and loss rates and yields observed from trades prices and dealer quotes
Collateralized loan obligation (CLO)	Covering both broadly syndicated and middle market structures, across the entire capital structure	Fair market value approach using cash flows that incorporate market observed prepayment speeds and loss rates and yields observed from trades prices and dealer quotes

ASSET CLASS	COVERAGE	METHODOLOGY
<b>Americas</b>		
Treasuries	Bills, notes, bonds, STRIPS	LSEG receives daily valuations on bills, notes, bonds and STRIPS from multiple contributors
Agencies	Discount notes, bonds, medium term notes	Agencies individually evaluated on an OAS basis or nominal spread for non-callable issues
Fixed-rate mortgage pools	GNMA, FNMA, FHLMC: TBA, fixed rate, balloon and graduated payment	All seasoned pools are priced off MBS TBA prices. TBA prices are obtained from market makers and live trading systems. Seasoned quotes are obtained from dealer community and trade prices
Adjustable-rate mortgage pools	GNMA, FNMA, FHLMC: COFI, CMT, LIBOR, MTA	Individually evaluated on a Bond Equivalent Effective Margin (BEEM) basis
Hybrid – adjustable rate mortgage pools	GNMA, FNMA, FHLMC: 3-1, 5-1,7-1, 10-1	Priced by Z-spread to balloon date
Agency CMO	GNMA, FNMA, FHLMC: fixed-rate, interest only/principal only (IO/ PO) simple and complex floaters and inverse floaters	Individually evaluated using OAS and nominal spread; employ third-party prepayment and OAS models
Non-agency RMBS, Commercial MBS	Multiple issuers: prime, Alt A, subprime, CMBS	Individually evaluated using historical and projected prepayment speeds and loss scenarios. Methodologies implemented using spreads obtained from market participants, trade prices and dealer quotes
Consumer ABS	Multiple asset types, including auto, credit card, student loans, recreational vehicle loans	Individually evaluated on a nominal spread basis. Spreads obtained from trade prices and dealer quotes
Municipals	All municipal investment-grade and high-yield debt, including general obligation, revenue and assessment bonds, distressed and defaulted debt, taxable municipals and short-term markets	All investment-grade as well as certain non-rated categories are priced with a credit curve-driven attribute model. High-yield, distressed and defaulted debt are hand priced. In all cases, sell-side, buy-side, underwriting and interdealer broker trading desks provide primary information and market color
Canadian mortgage-backed securities	Price valuations and analytics for over 10,000 instruments including all fixed-rate and floating prefixes	Fair market value approach using cash flows generated from historical prepayment speeds and loss rates and spreads observed from dealer quotes

## Why LSEG?

Reliable and consistent – In the current volatile market, our evaluated prices offer proven reliability and consistency.

Independent – We are an independent third-party pricing provider with no conflicts of interest since we do not originate, issue, trade, buy, sell or position these instruments.

Expert team – Our evaluated pricing service is delivered by a team of experts located around the globe, who are in constant contact with market participants.



**LSEG** DATA & ANALYTICS