Markit Portfolio Valuations: CVA calculation service

An independent, multi-contributor and validated hosted risk calculation service

Markit provides a hosted CVA calculation service that combines our extensive, independent CDS data, hosted valuations platform and risk simulation engine for OTC derivatives.

International accounting standard IFRS 13 requires the reporting of credit value adjustment (CVA) and debit value adjustment (DVA) when determining the fair value of OTC derivatives. Auditors and regulators are now increasing scrutiny of the accuracy and robustness of CVA and DVA calculation assumptions, methodologies and input market data. Simplified, present value-based approaches and historically estimated default probabilities are not consistent with IFRS 13 principles. Current industry best practices recommend simulation-based approaches and market-implied default probabilities from counterparty CDS curves.

Markit offers a hosted, end-to-end CVA calculation solution. It encompasses market data sourcing, cleaning and storage as well as the estimation of market-implied credit curves for illiquid counterparties, an analytics library of calibrated pricing models and a simulation-based calculation engine. Flexible workflow and configuration tools allow for customisation to specific requirements.

Extensive CDS data

Broad coverage for consensus-based CDS curves for liquid counterparties, and a robust framework for market-implied CDS curves for illiquid counterparties.

Cross-asset coverage

Supports broad range of vanilla and exotic instruments across asset classes.

Efficient onboarding and report turnaround

Rapid onboarding of new customer portfolios by experienced analysts, resulting in production-quality reports within weeks, while existing customers can quickly obtain CVA reports by supplementing their trade uploads with counterparty information.

Risk simulation engine

CVA calculations run on our Markit Analytics market and credit risk simulation engine, which has been deployed by global banks to calculate CVA.

Established portfolio valuations service

Built on our portfolio valuations platform, which provides cross-asset, mark-to-market valuations for derivatives, cash and complex securities across thousands of funds globally. This helps to ensure that the market data, pricing and calibration methodologies used for valuations and CVA calculations are seamless and consistent.

1.9 million+
Daily CDS quotes

2,800+
CDS entities

394,000+
OTC and cash positions valued

6.4 million+
Independent valuations per month

SSAE16 Type II and ISAE
Audited valuations process

Clients

Auditors
Corporates
Fund administrators and custodians
Fund managers
Regional banks

More information

For more information on the products and services from Markit, please contact us at **sales@markit.com** or call one of our regional offices:

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