

Drive Compliance With **SEC Rule 2a-5**

Automate **complicated** and **time-consuming pricing processes** to fulfill new responsibilities for fair value determination

SEC Rule 2a-5 poses critical challenges for how asset managers determine the fair value of securities, apply and test methodologies, assess and manage valuation risks, and more. IVP Price Master can help organizations fulfill these new responsibilities by automating many of the daily tasks associated with these workflows.

As an end-to-end pricing automation solution, IVP Price Master efficiently retrieves data from vendors and brokers, applies waterfall pricing rules, and ensures prices meet threshold checks. This helps funds apply fair valuation determination policies consistently and deliver prices that the Valuation Designee, the board, and regulators can review with confidence.

Price Master Capabilities for SEC Rule 2a-5

- » Challenge process workflow and suggestion process implementation
- » Determination and monitoring of securities considered “fair valued” based on inputs

FAS levels
Vendors
Pricing fields

- » Identification of key inputs to NAV via reports/post action to NAV calculation systems
- » Preservation of initial due diligence of pricing vendors

Valuation methodologies
Testing frequency
Reliability

- » Approval, monitoring, and evaluation of pricing service providers
- » Preservation of data points required for back testing or calibration
- » Automatic customizable quarterly reporting

Stale/static prices
Challenged prices
Material changes in NAV/pricing

- » Automated customizable annual reporting

Summary of testing results

- » Notification of material changes (based on threshold breaches) and workflow monitoring

Immediate notification
Escalation if no action within five days
Escalation if no action within 20 days

- » Audit of material changes

Hierarchy changes
Rule changes
Vendor changes

Consulting Services for SEC Rule 2a-5

IVP offers consulting services, informed by decades of assisting asset managers with pricing workflows, can accelerate compliance efforts by assisting with:

- » Suggestions for the Valuation Designee based on guidelines
- » Determination of resources involved in fair value determination and valuation
- » Analysis of securities and security types that require fair valuation
- » Analysis of readily available quotes and pricing services
- » Analysis of valuation risks by security type and optimum frequency of assessment
- » Selection and review of appropriate fair value methodologies by security/investment type and compliance with ASC Topic 820
- » Selection of appropriate testing methodologies and optimum frequency
- » Provision or review of tools for back testing valuation methodologies
- » Selection of analytics required for quarterly reports
- » Provision or review of dashboard tools
- » Provision or enhancement of tools for producing annual reports
- » Determination of records to maintain by investment class, asset class, or investment

SEC Rule 2a-5 Recap

Workflow-driven responsibilities outlined in SEC Rule 2a-5 include:

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SCHEDULE A DEMO

Let us show you how IVP Price Master can help your firm comply with SEC Rule 2a-5 with a live or online demo

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