

Inside Market Data

July 20, 2009

Vol 24 No 42

DELIVERY TECHNOLOGIES

ICAP, FINCAD Bow Valuation Tool

Interdealer broker ICAP and derivatives valuation and risk management software vendor FINCAD will this week launch Fair Value Insight, a Web-based solution for users to subscribe to independent portfolio valuation reports that integrate FINCAD's analytics with end-of-day global market data from ICAP.

The initial release, which has been in beta testing for the past few months, includes valuation models for interest rate, foreign exchange and commodities derivatives, including swaps, futures and options, with additional instrument coverage available upon request, says Bob Park, chief executive of FINCAD. Valuations are calculated from user-supplied inputs such as settlement date, benchmark curves, and market data from ICAP.

"Fair Value Insight can be used to value securities, provide a second opinion to other internal or external valuation sources, and to automate the process, meaning that if a user needs a portfolio valued daily, weekly, monthly, or so on, Fair Value Insight can be set up to email reports on a regular basis," says Larry Leuzzi, managing director of ICAP's Information Services division.

FINCAD has been a client of ICAP since 1999, and Fair Value Insight customers are able to price instruments back to Dec. 31, 1999, based on ICAP's historical data. Users will be able to consistently duplicate calculations and recreate historical valuations, allowing them to perform audits for themselves, for outside auditors or for regulators, while providing an audit trail and transparent documentation of the valuation models and data, Park says.

As well as directly signing up end-users-which could potentially include anyone who holds derivatives contracts-FINCAD and ICAP aim to offer the solution to other third-party technology vendors and service providers that may want to integrate Fair Value Insight into their own solutions to boost their valuation offering, Park adds.