



IvSC

Reducing Information Asymmetry in Distressed Asset Markets: Data Requirements for Reliable Valuation

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Board member, Financial Instrument Board

Our Mission

Working with other standard setters, regulators, Valuation Professional Organisations, valuation service providers, asset managers, investment banks and other end-users of valuation information.

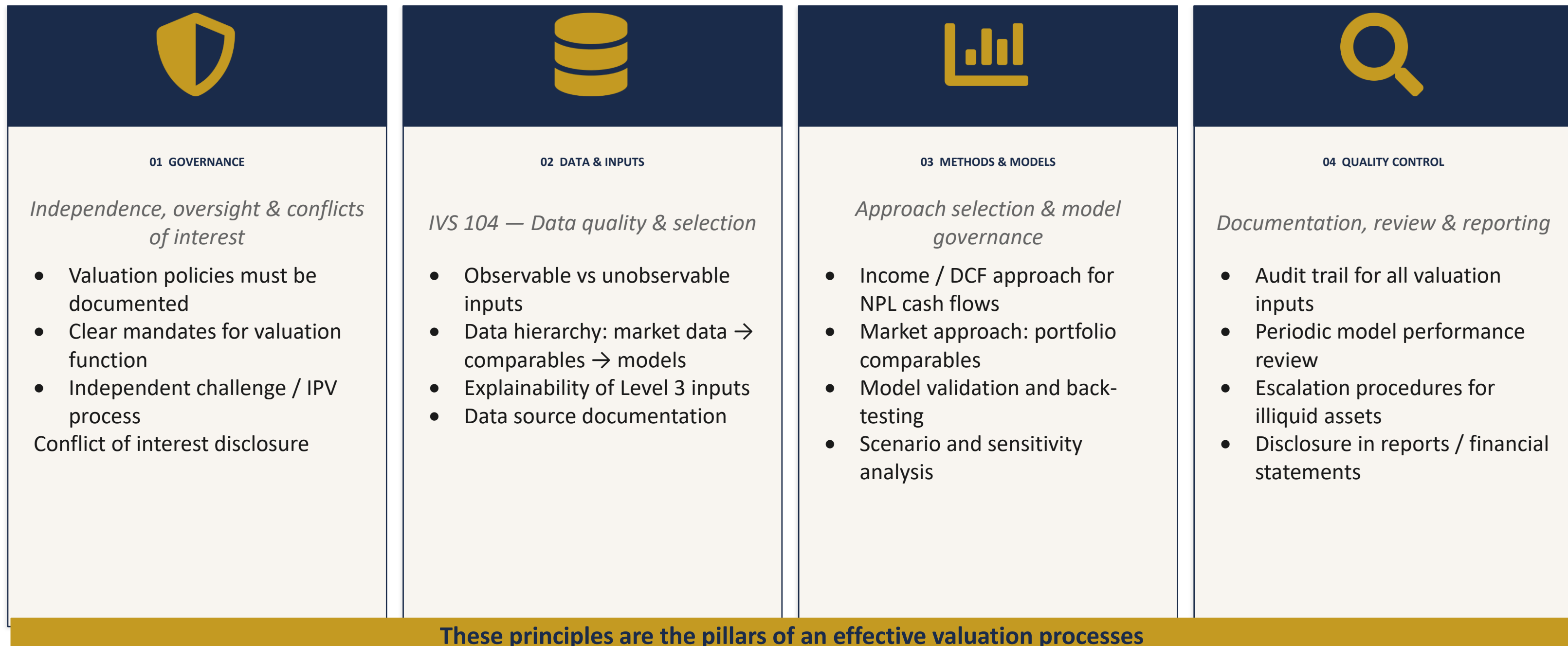
The IVSC's mission is to build trust in valuation by:

- Creating robust **International Valuation Standards (IVS)** that ensure consistency, transparency, and comparability in valuations.
- Promoting the adoption of **IVS** and fostering valuation professionalism worldwide.

The IVSC works for the public good.

IVS 500: Global standards for financial instruments valuation

IVS 500 (effective January 2025) is the first global standard specifically addressing financial instrument valuation — covering Level 1, 2 and 3 securities, including illiquid distressed loans. It mandates four core pillars applicable to any entity owning financial instruments, globally.

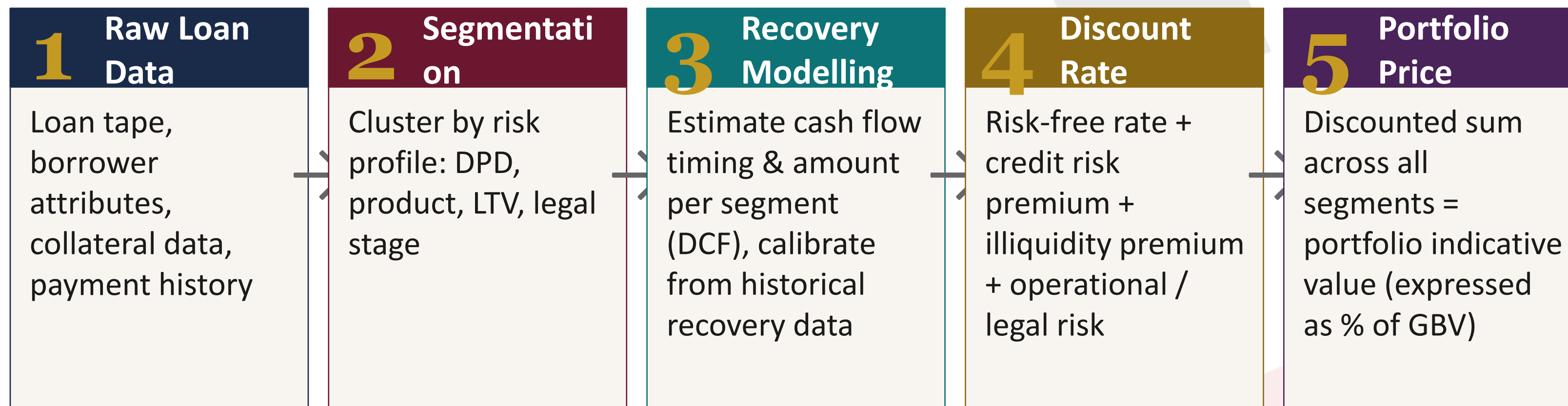


Minimum expected data requirements

In order to have perform effective valuation process, data is needed with regards to

- Loan characteristics (outstanding balance, product type, currency,...)
- Borrower characteristics (payment history, DPD bucket, borrower segment, ...)
- Collateral (type, location, estimated current LTV, date of last valuation,...)
- Enforcement & recovery (current legal stage, historical cash flows, ...)

From Data to Price: the value chain



Valuation breaks at each step when data is absent — the earlier the gap, the larger the uncertainty premium, and the wider the bid-offer spread.

Critical Model Inputs — and the Data Required to Estimate Them

Model Input	Data Required	Gap Risk
Probability of recovery (PD)	DPD history, past cure rates, borrower profile	HIGH — payment history often absent
Recovery rate (LGD)	Collateral value, enforcement costs, time-to-resolution	HIGH — judicial data unavailable
Timing / discount factor	Historical enforcement timelines by jurisdiction	CRITICAL — no court statistics
Illiquidity premium	Portfolio transaction comparables, market depth indicators	VERY HIGH — no reference trades