

**1M**Mortgage Backed
Security Pools**300K**Asset Backed
Securities**700K**Fixed Income
Securities

The International Accounting Standards Board (IASB) published IFRS 9, the final replacement of the former IAS 39, effective as of January 1, 2018.

IFRS 9 states detailed guidance on how to classify and measure financial instruments for balance sheets. The categorization of financial assets depends on several criteria such as business model of the entity and contractual cash flows analysis of the instrument. Core mechanism in order to evaluate contractual cash flows is the SPPI (Solely Payments of Principal and Interest) test.

The SPPI test follows the idea of a basic lending agreement. Detailed analyses are required to determine whether all cash flows of a financial instrument fulfill the criteria of being solely payments of principal and interest outstanding.

Eligible elements consistent with a basic lending agreement can be considerations for the time value of money, credit risk and also other risks or costs compliant with basic lending (liquidity risk, administrative costs, etc.). To assess whether cash flows/instruments are consistent with the basic lending agreement methodology, extensive information and sub-tests on an instrument's asset and cash flow characteristics, interest rate calculation methods, leverage, etc. are required in order to retrieve dependable results.

Moody's Analytics and Refinitiv are pleased to offer an integrated solution to conduct SPPI tests for corporate, government and structured securities across client portfolios. Our solution provides users with supplemental documentation and designated consultants offering added transparency on over 2 million securities globally.

Key Features

- » Robust methodology based on future cash flow, payment forecast, identified terms and conditions, or payment structure affecting the SPPI result
- » Integrated approach using performance data, waterfall models and asset credit models, combined with macroeconomic scenarios
- » Easy to retrieve pass/fail results for pre-traded securities and provide explanations using methodologies that include IFRS 9 identified criteria and interpretations
- » Receive personal client support and discuss results with our team of experienced professionals
- » Consult our professionals on performing a benchmarking test on your failing securities to obtain the cash flow differential to justify results
- » Maximise value from a single point of entry for cross-asset solution

Key Benefits

- » Maximise value from a single point of entry for cross-asset solution
- » Assists with compliance of IFRS 9 standards with an auditable and transparent solution, receiving documentation on all supporting data and methodology
- » Streamline the accounting team's workflow with an automated process for SPPI tests
- » Reduce time and costs associated with internal investment by contributing to a shared pool of resources
- » Enhanced due diligence on over 2 million securities globally

Delivery Mechanisms



Web Portal



Application Programming Interfaces (APIs)



Data Feeds



Excel® Add-In

Find out more information about Moody's Analytics award winning structured finance products and solutions.



Evaluated Pricing Solutions: Calculate end-of-day prices for structured finance securities based on various pricing recipes across global structured asset classes



Investor and Issuer Solutions: Our end-to-end solution includes 500+ enhanced metrics, a sophisticated cash flow engine, global coverage, and advanced comparative analytics



Portfolio Analytics & ALM Solutions: Access structured cash flows models and data via APIs to calculate and report assets and liabilities under various economic scenarios



Risk & Regulatory Solutions: Leverage our proprietary interest rate, economic, credit and cash flow models to calculate advanced market risk measures and to assist with your regulatory needs, such as for CCAR, DFAST, IFRS9, and CECL

CONTACT DETAILS

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