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MARKIT RETAINED THE award for best third-party valuation provider this year. Kevin Borrett, the company's managing director of portfolio valuations, attributes its success to the range and accuracy of its coverage, which spans rates, credits, equities, commodities and foreign exchange, as well as more exotic products.

"The financial crisis has focused the minds of not just the regulators but investors on transparency and valuation practice," he says. "That has created a headwind where people have looked closely at their valuation processes. We have seen a lot of incremental business come in off the back of that, where people are looking for reliable, robust, integrated and financially strong valuation providers. That is a big plus for us, because we do offer multi-asset services."

Of the asset classes for which Markit provides valuations, illiquid asset-backed and corporate cash securities have been the most

sought-after over the past year. "We've had to accelerate the development of that side of our business," Borrett says. "You would think those asset classes would be the most transparent, but interestingly they aren't.

"A lot of private placements and specialist corporate issuance happened in the past: a whole range of investors that were yield hungry invested in those asset classes, and when the crisis was at its worst, they were completely illiquid. Without observable dealer prices, transparency vanished for those instruments. Consequently, there is a high demand for an evaluated service from long-only investors," Borrett adds.

Sovereign valuations have also been in demand in recent months as the Eurozone debt crisis has escalated. "[Sovereign valuation] has been an area of rapid growth, and you have clients looking across the instrument spectrum as a pricing mechanism," Borrett says.



Kevin Borrett, Markit