

MARKITSERV ACQUIRES LOGICSCOPE

KEY MESSAGES:

- The acquisition of Logicscope enhances MarkitSERV's capabilities in managing post-trade processing for foreign exchange and other asset classes
- Logicscope and MarkitSERV's complementary product offerings will be combined to create a more comprehensive platform for managing post-trade STP and workflow processes
- New regulation creates new clearing and reporting obligations for certain FX assets and MarkitSERV FX will help participants manage the need for central clearing and reporting

Q&A:

Why is MarkitSERV acquiring Logicscope?

Over the last year, MarkitSERV has been working with the industry to expand its service to encompass support for central clearing of FX transactions. Logicscope's award-winning TradeSTP technology and its connectivity to more than 60 liquidity providers (banks, brokers, exchanges and ECNs) and 400 financial institution users (banks, hedge funds, asset managers and corporates) will enable MarkitSERV to significantly enhance its FX service offering and connect a wider range of clients to its post-trade solution for FX.

Why did MarkitSERV initially engage with Logicscope?

Logicscope has a strong reputation in the FX market and we are impressed by the agility of their platform and the low-latency system and network they have built.

Why did MarkitSERV feel it needed to expand into FX via acquisition?

Integrating MarkitSERV's existing FX capabilities with Logicscope's TradeSTP functionality creates scale and product breadth and depth to better support this important asset class. In addition, we are impressed with the agility and low latency of the Logicscope platform, which has already integrated with more than 60 execution venues and over 400 financial institution users.

How will Logicscope be run after it is acquired by MarkitSERV?

Logicscope's TradeSTP services will be integrated within MarkitSERV's product suite and will be a key element of MarkitSERV's FX product offering. There will be no disruption to the current Logicscope service following the acquisition by MarkitSERV.

Will Logicscope's clients become MarkitSERV clients?

Logicscope's clients will continue to receive the service they currently enjoy.

Will you be rebranding Logicscope and, if so, what will they be known as?

Logicscope's TradeSTP suite of services will, following integration, be offered under the MarkitSERV brand.

How will this deal benefit MarkitSERV's clients?

MarkitSERV's clients will have access to an enhanced platform and comprehensive suite of services delivering extensive post-trade STP and workflow functionality for FX transactions. Logicscope's TradeSTP platform also supports other traded assets and we will be looking at how we can further develop this functionality to handle more complex post-trade workflow requirements.

And Logicscope's clients?

Logicscope has, over many years, achieved a great deal with limited resources. As part of MarkitSERV, it will be able to leverage a much larger resource- and knowledge-base, as well as global scale, to enhance client service. Further, clients will benefit from adding MarkitSERV's connectivity to central clearing to Logicscope's TradeSTP, which will create greater efficiency and full service, end-to-end, post-trade processing.

Why did MarkitSERV want to expand into FX?

The post-trade management of certain FX instruments, such as FX options and FX non-deliverable forwards (NDFs), is subject to significant change as a consequence of proposed regulation. Providing legal confirmation for trades, routing trades to clearing and facilitating trade reporting are core functions of the MarkitSERV platform and these services will be required, increasingly, for the FX industry.

What is the difference between what MarkitSERV currently does in trade processing for FX and what Logicscope does?

MarkitSERV provides electronic confirmation and connectivity to central clearing for certain FX transactions. Logicscope's TradeSTP service enhances STP and workflow efficiency throughout the post-trade lifecycle, from deal capture to settlement, for a wide range of FX products. As such, our businesses are complementary and we believe that the combined offering will be significantly stronger than the sum of its parts.

Why did Markit acquire Logicscope and not another company specialising in post-trade workflow solutions?

Logicscope offers a rare mix of agile software and a high performance, low-latency network that is critical to support the requirements of the FX market. Already connected to more than 60 execution venues (banks, brokers, ECNs and exchanges) and integrated with over 400 financial institution users (including more than 50 vendor integrations), Logicscope is already established as a leading hub for processing FX transactions. We expect to continue to build on that success.

Who are Logicscope's competitors?

Logicscope's primary competitors in the post-trade FX space are Thomson Reuters (Deal Notification Service) and Traiana (part of ICAP).

When will the deal close and the services be integrated?

The deal all but closed, subject to completion of certain conditions, and the integration process has begun.

Do you need regulatory approval for this transaction?

No regulatory approval was needed.

How much did MarkitSERV pay for LogicScope?

The terms of the transaction are private.

How is MarkitSERV financing the acquisition?

The terms of the transaction are private.

How many people are employed by Logicscope and will they all keep their jobs?

30 people work for Logicscope. All are included within the integration plan.

Will John Barber, Nick Dyne and other executives at Logicscope stay with the company?

Absolutely. Part of what attracted us to Logicscope is the strength of its management team and we are all excited about working together. John Barber, CEO, Nick Dyne, Logicscope's founder and head of business development, and the Logicscope senior management team will all join MarkitSERV.

What is the background of Nick Dyne and John Barber?

John Barber, CEO, has extensive experience in the global financial services industry. Before joining Logicscope, he held senior positions with ICAP and Dow Jones Telerate. Nick Dyne,

company founder and head of business development, has been pioneering post-trade automation and innovative market data messaging technology for 20 years.