

GA's exchange expertise leads to \$250m deal

The firm's backing of financial information services company Markit builds on its background investing in trading platforms like the NYSE Euronext.

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General Atlantic's first deal of the decade was a "substantial equity investment" for a minority stake in Markit, a global financial information company whose services include data and trade processing.

The private equity firm became interested in companies that provide liquidity and transparency to markets as an outgrowth of its experience in backing trading platforms such as the NYSE Euronext, Brazil's Bovespa and India's National Stock Exchange, according to London-based General Atlantic principal Gabriel Caillaux.



Stock exchange: GA progresses from investing in trading platforms to trade processing

"We've been big investors in the exchange space and technology providers around the exchange space," explained Caillaux. "What we thought would be the next area of transformation was likely going to be in the post-trade arena, so everything that happens after the two parties agree on a trade: how do you risk-manage the trade, clear the trade, settle the trade and make sure the money's exchanged hands. That brought us to Markit."

The private equity firm is understood to have paid \$250 million for a stake of less than 10 percent in Markit, which reported \$360 million in revenues in 2008, the most recent year for which figures were published. Media reports have pegged the size of the stake at 7.5 percent.

Caillaux declined to discuss the deal's financial terms, but noted the bulk of the firm's equity investment would be used to further an aggressive acquisition strategy.

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Gabriel Caillaux

"If you look at the company's history the last several years, they've made a science out of being a buyer," he said, noting General Atlantic had been tracking Markit for about five years. "They're very good at identifying companies and boosting the profit capabilities of those businesses. We're bringing capital and hopefully some expertise and advice on continuing that M&A strategy."

General Atlantic has \$15 billion under management and tends to invest between \$50 million and \$500 million in eight to 12 companies per year, according to its website. Roughly 30 percent of its portfolio by value is invested in companies in Europe, where it has been operating for just over a decade.

In October the firm teamed with private equity real estate group Colony Capital to purchase First Republic bank from Bank of America for a reported \$1 billion. The deal is expected to close in April.

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