

Dear Sirs,

by way of introduction I have recently joined Markit in London to look after our Regulatory Affairs, and it was with great interest that I read about the upcoming SEC roundtables on mark-to-market accounting.

Markit is a financial information services company with over 1,000 employees in The United States, Europe, and Asia Pacific. Over 1,000 financial institutions use our independent services to value financial instruments, manage risk, improve operational efficiency and meet regulatory requirements. Some of our pricing services, such as Totem Valuations, have been operating for more than 10 years providing "fair value" levels in over-the-counter derivatives to the market. Totem Valuations collates market makers' best estimate of the mid-market price for all of the derivative instruments that they trade across all asset classes. Using these contributions, we then create a single composite price for each instrument and maturity that is covered by the service. All prices are rigorously tested to ensure that they are appropriate given other pricing levels and market inputs. We have conducted continuous analysis and testing over the years and are of the view that the resulting prices are more representative of "fair value" than those from any other source, including inter-dealer broker prices, model based prices, or some closing prices of exchange-traded products. Today, all major banks, broker dealers and commodities traders use Markit's services to assist them in the process of determining the fair value of their positions. Also, a large number of banks will incorporate Markit's independent price information for products across asset classes in the preparation of their financial accounts.

Over many years Markit has accumulated a significant amount of expertise in the pricing and valuation of financial products and we feel that we are therefore well placed to comment on the issues surrounding mark-to-market for illiquid assets. We would hence be very interested in participating in one of the upcoming roundtables that you organize on these topics.

Please do not hesitate to contact me if you require any additional information.

Kind regards,

Marcus Schüler  
Managing Director

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