



Research Signals | Cybersecurity Factors – powered by BitSight

Cybersecurity ratings for stock selection and risk management

IHS Markit has partnered with BitSight to provide asset managers with critical cybersecurity intelligence on organizations world-wide. These ratings are the key to assessing cyber risk in companies' ecosystems. Much like credit ratings, this approach allows asset managers to gain insight into the security of companies, driving stock selection and risk management decisions.

Cybersecurity breaches are increasingly important risks that portfolio managers need to monitor, with few systematic and quantitatively driven solutions available. Well defined and consistent measures of cybersecurity risk, ranging from network security strength to application patching policy, are critical to understanding potential exposure to cybersecurity threats.

BitSight Security Ratings have shown to be indicative of risk of data breaches. IHS Markit has mapped the BitSight Security Ratings to individual securities allowing precise measurement of idiosyncratic cybersecurity risk. To complement the core rating information, IHS Markit has generated a series of value-added factors and metrics to provide more granular insight into a company's security. In turn, this greater enables the investment decision process for investment firms. Asset managers can use it as an important management quality metric. Sell side firms can utilize it as a risk management metric to quantify company's cyber risk. Quantitative investment firms can use it as a powerful tool for use as a conditional risk factor.

Security ratings and associated analytics on 5,000+ global public companies are updated and delivered daily – before market open – through our secure file transfer protocol.

KEY STATS

5,000+
global equities covered

35
cybersecurity metrics

5
years of daily historical ratings

2.5x
greater likelihood of a
breach for companies with a
low rating

CUSTOMERS

Hedge funds
Asset managers
Broker dealers
Banks

Actionable

Translating complex cybersecurity issues into simple business context through data driven ratings of security performance

Comprehensive

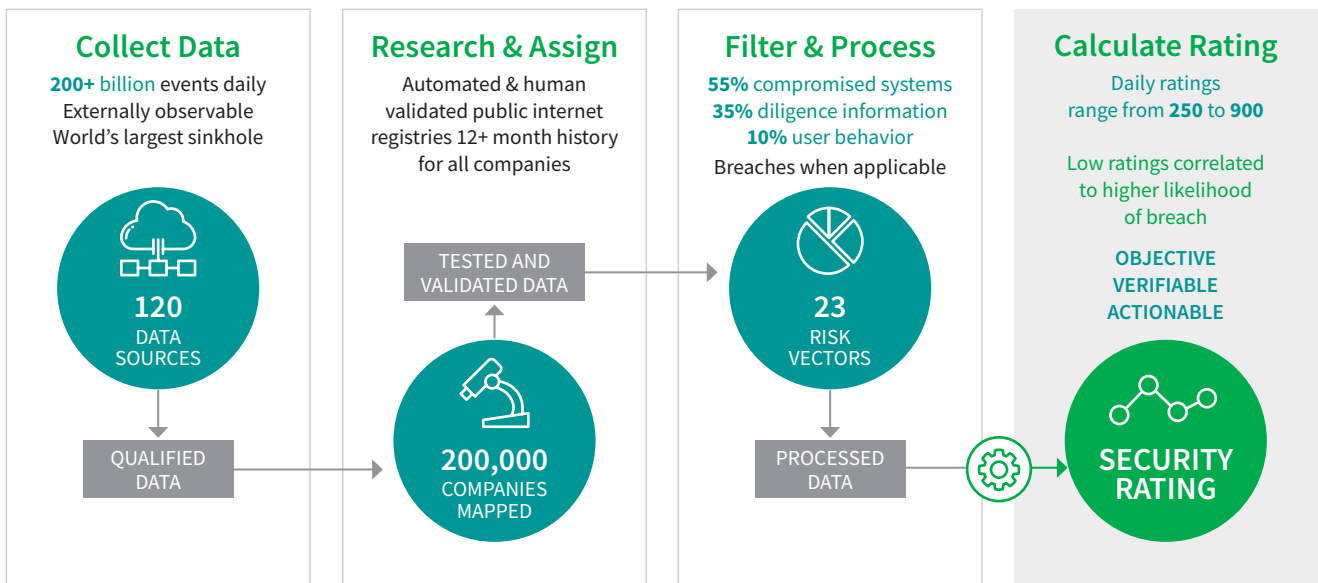
The world's largest security ratings ecosystem, scaling from small organizations with a single entity to Fortune 100 companies with thousands of entities

Transparent

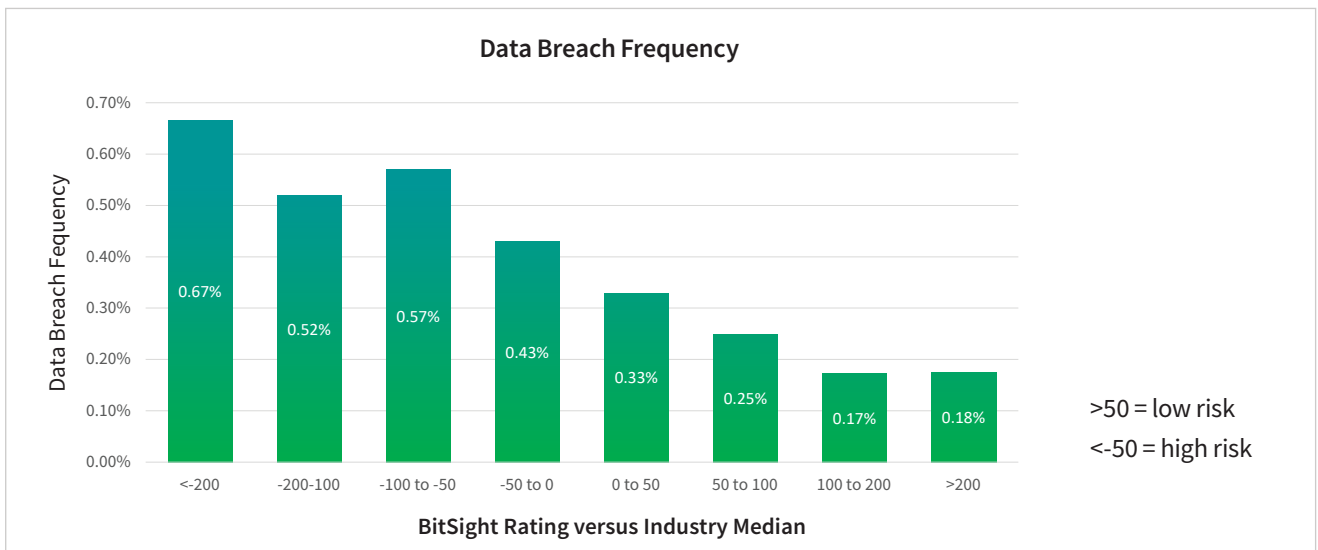
Delivering a unique metrics set which explores a dimension of company performance that has historically been absent from the investment process

Timely

See critical changes to cybersecurity ratings and associated analytics as they happen



*Sourced from BitSight



Findings show:

- The frequency of breach is greatly increased for stocks with BitSight Security Ratings that are more than 50 ratings below the industry median.
- The lower a stock's BitSight Security Rating relative to its industry median indicates a higher risk of data breach occurring.

More information on IHS Markit products and services

AMERICAS
+1 212 931 4900

EMEA
+44 20 7260 2000

APAC
+852 3726 7009

sales@ihsmarkit.com