

BEST TRADE FINANCE BOUTIQUE

Winner: Texel Finance Highly commended: Falcon Trade

Niche player finds new realms



Voting in the Best Trade Finance Boutique category continues to surprise us, as apart from votes for true niche players we also receive votes for some of the world's largest banks and commodity trading companies – the latter are perhaps a lot more appropriate though! But winning over on the potential usurpers in this category is London headquartered Texel Finance. Highly commended goes to Falcon Trade, a relative newcomer in these awards.

The Texel Group continues to evolve and now is in its eleventh year. Interestingly, it can now offer both insurance as well as funded solutions using its 100% owned subsidiary Texel Capital.

The company says it has always been the intention to use its own funds as well as leverage in order to become a lender while not competing with its banking clients on the insurance brokerage business.

In general the company lends to small- to medium-size emerging market producers who simply are not on the radar screen of the major banks. Its typical line size is between \$2 million – \$7 million per transaction and the underlying deal has to be of a structured nature.

The business grew up on the back of a number of very successful corporate finance transactions over the years where Texel acted as an adviser to the borrower. However with greater liquidity in the banking market during 2005–2007, Texel's role was becoming more and more diminished while at the same time having difficulty in placing smaller deals. Hence the group created Texel Capital (Texcap).

Since the credit crunch however, even some of the larger players are now coming to Texel in order to identify new lenders, according to group founder Andy Lennard, while Texcap provides funding for the smaller players who are having even more difficulty than ever attracting the necessary funding.

As regards the insurance business, he notes that these are exciting times as this market remains the only place in which to place risk in reasonable quantities. With the CDS market in disarray and banks unable to absorb risk due to lack of funding and appetite, being a specialist in emerging market political and credit risk at Lloyds allows Texel the ability to serve its multitude of global clients.

With its offices in the US (Stamford) and London, Texel continues to carve out its niche and as it enters its second decade, it continues to expand and evolve according to the markets it operates in.

As Lennard says: "We don't want to be the biggest, just the best at what we do. This award recognises this and given the fact that we have won it four out of the last five years, it is a remarkable achievement."

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(2007 winner: Texel Finance)
