

Extending the Brand

An Interview with **Duncan L. Niederauer**,
Chief Executive Officer, NYSE Euronext

EDITORS' NOTE *Duncan Niederauer became CEO of the NYSE Euronext in December 2007 and has led an historic transformation of the company. Prior to joining the exchange in April of that year, he was Managing Director and Co-Head of the Equities Division Execution Services for Goldman Sachs. Niederauer earned his B.A. from Colgate University and his M.B.A. from Emory University.*



COMPANY BRIEF *NYSE Euronext (www.nyx.com) is a leading global operator of financial markets and a provider of innovative trading technologies. The company's exchanges in Europe and the United States trade equities, futures, options, fixed-income, and exchange-traded products. With more than 8,000 listed issues, NYSE Euronext's equities markets—the New York Stock Exchange, NYSE Euronext, NYSE Arca, NYSE Alternext, and NYSE Amex—represent one-third of the world's equities trading. NYSE Euronext also operates NYSE Liffe, one of the leading European derivatives business and the world's second-largest derivatives business by value of trading. The company offers comprehensive commercial technology, connectivity, and market data products and services through NYSE Technologies. NYSE Euronext is in the S&P 500 index, and is the only exchange operator in the Fortune 500.*

How do you define economic recovery today and are there signs of true growth?

The capital markets and the global economy are certainly facing a variety of challenges and pressures. While we have seen gains in financial markets and progress in the underlying economies during the first half of the year, ongoing uncertainty around sovereign debt and the prospects for medium- and long-term economic growth continue to create market volatility and anxiety among investors. This uncertainty is causing companies and consumers to put off investment and spending decisions.

Nevertheless, corporate earnings continue to be strong and the first half of 2011 has been a good year for IPOs, indicating that the market is open for companies who wish to raise capital. For example, in spite of people writing off New York as the financial capital, the NYSE, and thus the U.S., was number one globally in terms of IPO issuance in the first six months of this year, with new offerings in technology and social media generating a lot of attention and enthusiasm.

Recoveries are fragile and restoring confidence needs to be a priority. I speak with public company CEOs all the time. They want to invest, but there are too many uncertainties. In my opinion, the recent economic debate has been consumed by whether austerity measures and budget cuts can be enacted quickly enough. My belief is that precious little attention has been focused on creating strong, sustainable, long-term growth driven by the private sector. I think for policy makers and elected officials, the message is becoming very clear: we have to move quickly to return the focus to job creation and economic growth.

There is talk that some of the emerging market financial centers are going to overshadow New York. Is there merit to that?

There is no question that some of these emerging economies will not be emerging forever. But if you look at some of them, their capital markets at this time and for the foreseeable future are not nearly deep enough to handle all the issuance those economies will need to facilitate so their underlying economies can grow.

So not only are we number one in issuance globally because New York is still the deepest capital market in the world, but that issuance has come from companies in countries around the world. We now have companies from 60 different countries listed here.

Are there still strong opportunities for issuances and IPOs in the U.S. market or do you foresee them coming from the international markets?

We're hoping it will be a healthy mix of both, because looking at the issuances to date, the majority of them have been from the U.S.

We're even winning a majority of the technology deals for the first time, which shows our brand is resonating beyond where it traditionally did and into a space our archrival has owned.

At the same time, with the economies in some of the emerging countries growing as rapidly as they are, a high percentage of global issuance is destined to come from those markets. We want to make sure our brand is resonating there too, so we continue to be a global and not just a regional capital center.

Is the message regarding the technology leadership of the NYSE Euronext brand getting through?

This is the first year it's being understood, which is a combination of our own investment

in technology, our repositioning of the brand, and the fact that a big part of our strategy is tied to our community.

What is striking a cord with a lot of these new high-tech companies, so many of which are focused on building out their own community or social network, is not only the reach of our brand but also the reach of our community, which is second to none. Being a member of that community has privileges because you can access and engage other members of that community. This makes us more of a partnership decision than a listing venue decision, which is why our position has improved so much in the U.S.

Is that message getting across globally? In Latin America and China, it clearly is. In the more developed parts of the world, we have some wood to chop because that is a new extension of our brand.

Why did you feel the Deutsche Börse merger was the right fit?

We thought this was the best business combination for us: it extends the brand, gets us into new asset classes and services that further benefit our customers, and it gets us into new products in a way that would have been impossible to build organically. The portfolios of businesses that NYSE Euronext and Deutsche Börse operate are extremely complimentary and that is why the competition is nervous.

How critical is corporate responsibility to the business and will you discuss the importance of aligning that with your business strategy?

Our brand extends further than almost any other in the world, and yet, we are not in a position to dole out tens of millions of dollars a year. So we have a responsibility, given who we are and what we do, to find ways to use our own resources to help that might not just be financial.

We will do more things around financial literacy and education, the community, and the environment, using our own human resources as a worthwhile substitute since it's not about just writing checks.

What is it about New York City that has so engaged the business community?

It's an amazing place. One of the most exciting things Mayor Bloomberg has done, in addition to galvanizing the city, is leading the city to where it is finally getting a reputation as being a center of entrepreneurial activity. It's the smaller enterprises that are the consistent job creators, so to see New York harnessing that is fantastic. ●