

L'AGEFI Magazine: An Interview with Catherine Kinney

July 8, 2008

Global competition and local challenges

1 So far how did you handle the subprimes crisis?

Our market volume has grown dramatically over the last several months. We are up about 30% year over year. In the US the options market is up 57%. The crisis created an enormous amount of volatility and, as a result, an enormous amount of volume. One of the important roles that we play is to ensure that we have strong technology and capacity to handle this increased volume. And I think we have demonstrated our ability to have both fast and robust technology and the capacity to handle enormous traded volumes at great speed.

We are also very focused on the capital raising process. This is a very challenging period. IPOS are down about 47%. Even so two of the largest IPOs, like Visa, and recently EDP Renewables business, which were the largest IPO in the US and the largest IPO in Europe respectively, were done on NYSE Euronext.

2 During this time of crisis in the west, the emergence of the east is even more obvious. Can a Stock exchange that wants to remain among the leaders not to be deeply involved in Asia?

We have been involved in Asia in several ways. For example we have 54 Chinese companies listed today on NYSE, and we want to continue building that business. We have been approved for the very first representative office of a foreign exchange in Beijing and now we have a team of 5 people on the ground.

The other ways we've been involved in Asia have been either in taking a stake in exchanges, like in India where we have a 5% stake in the National Stock Exchange, or helping with technology and having strategic relationships; for example in Japan, the Philippines and Malaysia.

8 Any acquisition in the near future?

We certainly have a great deal of interest in being proactive and in doing more in Asia. We'd very much like to be a partner with an exchange. I think that we expect that progress to be a little bit slower, given the development in the market there.

We are very committed to India. We certainly made a big commitment this week in the Middle East with our strategic partnership with Qatar and our commitment to develop the Doha Securities Market. And so you should expect to see us very proactive in Asia, with the hope of doing more.

4 As a head of international listing you have an expertise on companies all around the world. Are you facing specific challenges in china?

I find China to be the place among the emerging markets - quite like Brazil - that are very committed to having their companies meet the highest governance standards, for transparency and disclosure, and also to be very committed to being seen as a global companies for investors. China is clearly an emerging market, the government and the CSRC have clearly understood that it is very important for the companies to establish themselves around global standards, either financial or accounting or governance or transparency.

5 Going global may imply compromises, especially when you're engaged in a competition where

the fastest wins the market shares. Is there any risk for you to be in such position that you have to lower your demands when you try to penetrate what remain after all, developing economies with immature financial systems?

(I think that's a very interesting question.) Part of the beauty of the merger with Euronext was to give companies around the world a choice about how their capital raising needs could be met. For example, this year we have 2 private placements of Chinese companies on Alternext. They basically came to the European market first. These are smaller SME (small to mid-cap enterprises), entrepreneurial companies and they chose to list in Europe, which has a different governance structure than the US. I think that their transaction was very successful.

6 With a declining dollar, does the option to be listed in euro more attractive for some companies?

One of the benefits of our merger is that a company can be represented 14 hours a day in 2 currencies. It is a very important consideration for companies when they are raising capital and when they are looking at valuations.

With the fast-path listing, if you are a listed US registered company, and you would like to be listed in Europe, you can have a technical listing in Europe using US documentation. So that would give the company an opportunity to be represented in 2 markets in 2 time zones and in 2 currencies. So I think that your question is very interesting one and companies should think about having a multiple currency exposure.