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Chief Operating Officer

NYSE Euronext

June 13, 2011

Subcommittee on Intellectual Property, Competition and the Internet

Hearing: Competition and Consolidation in Financial Markets: The NYSE-Deutsche Boerse Merger

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INTRODUCTION

Good morning Chairman Goodlatte and Members of the Subcommittee.

My name is Larry Leibowitz. I am the Chief Operating Officer of NYSE Euronext. On behalf of our company and our shareholders, I would like to thank you for giving me the opportunity to testify today.

NYSE Euronext is a global leader among exchanges. For 219 years we have been home to the world's leading companies and, I humbly submit, a global symbol for trade, commerce and free markets. We are committed to maintaining this iconic status into the future – and that is why I am here today, to talk about the future of our business.

We at NYSE Euronext appreciate the Subcommittee's interest in our proposed merger with Deutsche Börse. We are grateful for the chance to speak with you and to answer any questions about this exciting merger, one that we believe is critically important to our continued role as one of the world's foremost exchanges.

THE NEW YORK STOCK EXCHANGE AND TODAY'S COMPETITIVE MARKETPLACE

We know what the New York Stock Exchange means to all of us as Americans. The trading floor is both a symbolic venue and an epicenter of international commerce. It is a place where, for nearly two centuries, businesses have come to raise the capital they need to invest in new ideas, new advancements and some of the greatest innovations of our times. It is also a place where Americans can invest in great global companies, where retirement savings can grow and opportunity abounds. Indeed, the façade of the New York Stock Exchange is one of the most recognized emblems of American capitalism.

But in reality, the New York Stock Exchange of today is not the New York Stock Exchange of nostalgic yesteryear. If we look back to 2006, the New York Stock Exchange was a not-for-profit, member owned business, primarily focused on listing and trading large cap US stocks. In just five short years, the Exchange went public and expanded in size, scope and geography – through mergers with Euronext, Archipelago, and several technology companies – all while facing significantly increased competition brought on by major regulatory change in the U.S. and Europe. Like many American companies, we have met these challenges through diversifying and globalizing – because otherwise we would have been doomed to become a charming but irrelevant anachronism.

Today, we are headquartered in New York and Paris, operate 13 venues[1] in six countries, derive 49% of our revenues from outside the United States, generate 33% of our revenues from derivatives trading rather than our traditional equities business, and are a significant provider of sophisticated technology for clients, many of whom do not necessarily trade on our markets.

Our proposed merger is simply a continued reflection of how we must adapt and change in order to remain a leader among exchanges, a fierce competitor that services the needs of its clients, and an advocate for transparency and fair play.

In the U.S. alone, there are currently 13 stock exchanges and over 30 so-called dark pools. In the options market, the U.S. competitive landscape is equally complex, with 9 options venues aggressively vying for business. As a result of this intense competition, trading fees for both equities and options have fallen substantially over the last ten years, while trading volumes have grown. Our merger will not impact this competitive dynamic in any way.

Today, domestic companies listing on the New York Stock Exchange represent $14.5 trillion of market capitalization,[2] more than the next three biggest exchanges in the world combined. However, despite its historical position in the listings market NYSE

[1] NYSE, NYSE Arca Equities, NYSE Arca Options, NYSE Amex Equities, NYSE Amex Options, NYSE Liffe, NYSE Liffe U.S., NYSE Blue, NYSE Alternext Equities, Euronext Paris, Euronext Brussels, Euronext Amsterdam and Euronext Lisbon.

[2] Market capitalization is a method of assessing the value of a company by multiplying the number of shares by the stock market price.

Euronext itself has a market capitalization of only $9 billion and prior to the merger announcement ranked 6th among exchanges – significantly behind the Hong Kong Exchange and the CME Group, which rank first and second at $23.1 billion and $19.9 billion, respectively, and also behind others such as BM&F Bovespa in Brazil, and the Intercontinental Exchange. This reflects the fact that derivatives, faster growing markets, and exchanges protected by regulation are higher margin businesses, but also means that these larger players are better positioned for future consolidation as markets develop further in other regions.

THE PROPOSED MERGER: GOOD FOR INVESTORS, CLIENTS AND THE U.S.

The merger between NYSE Euronext and Deutsche Börse will create the world's premier global exchange group, representing an evolution and the further globalization of capital formation and trading. Together, our companies will be –

- a world leader in derivatives and risk management;
- the largest capital-raising venue in the world;
- the most competitive and innovative exchange provider of technology services and information content; and
- a global pioneer in the international post-trade infrastructure and settlement.

Risk Management. Today, regulators around the world are seeking more transparency in the derivatives markets. The new entity will play a significant role in meeting this objective, since regulatory changes are compelling more derivatives transactions to move onto exchanges. At the same time, we will meet the growing needs of clients by expanding the range of available platforms and making it easier for market participants to recognize capital efficiencies.

Capital-Raising. This transaction also will enhance the ability of our already global listings venue to attract issuers from emerging markets. Last year, the New York Stock Exchange ranked third in initial public offering (IPO) proceeds. The other three of the top four exchanges were Chinese, followed by a significant drop-off to number five. The proposed new entity will bolster our ability to compete in Asia, Eastern Europe, South America and other international markets -- allowing the world to connect through our global network while maintaining New York as an epicenter of the capital formation process. This also will allow us to continue our extensive and longstanding efforts to bring together the foremost companies to put forth the most thoughtful and responsible corporate governance proposals.

Innovation. We believe the merger will be a catalyst for innovation, combining high-growth market data and analytics, index, and technology services businesses. Clients will be able to connect to more markets globally, in a more cost-efficient way.

Post-trade Services. A more consolidated clearing and settlement infrastructure will make it easier for market participants to fungibly clear and settle trades across global markets, helping to provide transparency and lessen systemic risk – important goals in the wake of the recent financial crisis.

Consequently, we believe that the proposed merger will strengthen the U.S. role as a leading capital market and bolster the nation's global competitiveness. As I've described, the New York Stock Exchange will be a cornerstone of a stronger organization, with unmatched product and geographic diversity.

With all this talk of change, I want to spend a moment on what will remain the same: We will continue to have one of our two headquarters in New York and the CEO of the company will remain in New York. The management team that oversees day-to-day operations will be evenly split between the two firms. We will continue to be a global company with a large U.S. shareholder base – in fact, a majority of the shareholders of the new company will be U.S.-based.[3] Furthermore, the New York Stock Exchange trading floor, the physical building and the name on the facade will not change.

Finally, the combined companies' U.S. markets will continue to be subject to full U.S. regulatory supervision, ensuring transparency to investors and other market participants.

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[3] Based on shareholders of record on December 31, 2010.

We fervently believe that this transaction represents the future of exchanges – whether we do it today or someone else does it tomorrow. Because, as I've described, this is an intensely competitive industry. Today's markets and venues, some of whose regulatory obligations and transparency significantly lag behind ours, will continue to grow in strength and influence as the world becomes ever more connected and interdependent.

Thank you again for allowing me to appear today, and I am happy to answer any questions you may have.