

# **Abstract**

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## **Operating revenue changes in a demutualized stock exchange**

Stock exchanges were traditionally run as cooperative venues. The globalization, the development of technology, and the increase of competition among stock exchanges forced these venues to change their structure and adopt a new one-demutualization- that can be a lifeline in facing these environmental changes in regards to stock exchanges. This new trend enables the exchange to expand their activities and supply the market with new products and services, therefore enhancing the value of the exchange itself. The main sources of revenue for traditional exchanges have been listing fees, transaction fees, membership fees and the sale of information services such as market data, quotations, and trade data. Due to the environmental changes the stock exchanges' services are now executed electronically, and in turn, this has led to an increase in the competition among exchanges. Furthermore, this increased competition has led to the re-adjustment of the regulation structure which gradually erodes the sources of revenues provided by the conventional stock exchanges. The paper divided the research plan into two sections: the first section is to highlight the concept of demutualization process the phases of demutualization, the factors that push the stock exchanges to demutualize and the benefits of demutualization. The second section was based on statistical comparative analysis of the stock exchanges' revenues prior and after demutualization. The researcher used the regression analysis tool on seven demutualized stock exchanges during the period from 1997-2012. The paper aims to prove that demutualization has a positive effect on the revenues of the stock exchange, thus it enhances the value of the exchange.