

# Demutualization, Outsider Ownership and Stock Exchange Performance - Empirical Evidence

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## Abstract

We employ a balanced panel data set of 28 stock exchanges to disentangle the effects of demutualization and outsider ownership on the operative performance of stock exchanges. For this purpose we calculate in a first step individual efficiency and factor productivity values via DEA. In a second step we regress the derived values against variables that - amongst others - represent the different governance regimes at exchanges in order to determine efficiency and productivity differences between (1) mutuals (2) demutualized but customer-owned exchanges and (3) publicly listed and thus at least partly outsider-owned exchanges. We find evidence that demutualized exchanges exhibit higher technical efficiency than mutuals. However, they perform relatively poor as far as productivity growth is concerned. Furthermore, we find no evidence that publicly listed exchanges possess higher efficiency and productivity values than demutualized exchanges with a customer-dominated structure.

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