



# CME, HKEX, Nasdaq Top Exchange Brand Rankings

Last week, Brand Finance published its annual exchange report, which showed that CME, HKEX, and Nasdaq were the most valuable exchange brands.

The top three were followed by NYSE, ICE, Cboe, SGX, SIX, Eurex, and TMX.

Traders Magazine caught up with Ben Baigrie, Associate Director at Brand Finance, to learn more.

## What is the importance of brand value for an exchange?

Brand value holds significant importance within the exchange arena, especially in today's competitive market. As technical barriers diminish and regulatory constraints ease in securities markets, exchanges face increasing competition for market share.

Much like any other business, exchanges are focused on acquiring customers, which translates to expanding their listings. To navigate this competition effectively, exchanges must understand the

various factors that influence a company's choice of exchange. These factors range from practical considerations like listing fees and trading system capabilities to intangible qualities such as reputation and prestige.

Consequently, exchanges must strategically manage their brands to communicate these attributes to their target audience. This approach not only sets them apart positively but also establishes a sustainable competitive advantage in the market.

## What are the primary drivers of brand value for exchanges? Do these change from year to year?

The primary drivers of brand value for exchanges are multifaceted and can exhibit variations from year to year based on market dynamics. In the context of 2023, a notable surge in brand value was observed within the US exchanges landscape, primarily fuelled by the remarkable performance of technology sector stocks. This surge stemmed from the integration

of AI technology into exchange operations, facilitating increased transactions and attracting new listings. Consequently, exchanges experienced robust financial performance, further bolstering their brand value. This favourable trajectory was reflected in the soaring performance of the US exchanges markets, accompanied by strong familiarity and reputation scores garnered through Brand Finance's annual market research survey. As a result, the aggregate positive impact of enhanced financial performance and favourable customer perceptions propelled the growth of exchange brands' brand values, as indicated by the latest valuations conducted by Brand Finance.

However, it's important to note that the drivers of brand value can be subject to fluctuations year-on-year, contingent upon market volatility and the adaptive strategies adopted by industry players in response. Thus, while certain factors may consistently contribute to brand value growth, the specific drivers may evolve in response to changing market conditions and industry dynamics.

### **What is the importance of technology, both overall quality and/or innovation, for exchange brand rankings?**

The exchange market is currently witnessing a surge in tech-driven trading activities, with trading partners increasingly integrating AI and machine learning into their operations. This technological integration not only enhances operational efficiency but also serves as a key determinant in the perception of exchange brands by consumers.

By elevating the quality of services while fostering innovation, exchanges have the potential to cultivate positive consumer perceptions towards their brands. This symbiotic relationship between service quality, innovation, and consumer perception is instrumental in measuring brand strength, a pivotal driver of brand value. Consequently, exchanges that excel in delivering superior quality services and pioneering innovative solutions are poised to emerge as strong brands within the market landscape. As such, the



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intersection of technology, quality, and innovation plays a pivotal role shaping brand value and brand strength across the sector.

### **What are the primary factors behind CME having the most valuable exchange brand?**

CME has topped Brand Finance's ranking of the world's most valuable exchanges brands since 2016. This year, CME's brand value grew by 5%, this growth reflects the group's ongoing leadership in the global financial markets and strategic positioning. Despite a

marginal improvement in brand strength index score from 75.3 to 77.2 out of 100, CME maintains a robust market position, with high evaluations in price and volume premium, signalling strong market confidence in its offerings and pricing strategies.

While Brand Finance research indicates a slight decrease in reputation and familiarity, CME's exceptional performance in daily trading volume, up by 19%, contributes significantly to its increased brand value. This uptick in market share highlights the depth and liquidity of CME markets, providing stability amid economic and geopolitical uncertainties and reinforcing trust in CME's ability to navigate complex market landscapes.

Furthermore, CME's adeptness in adapting to global market trends and challenges is evident in its increased trading volume, affirming its efficiency and adaptability. The brand's ability to attract and retain a diverse clientele from around the world further fortifies its brand strength and value, solidifying its position as a key player in the exchange sector.

### **What are the primary factors behind Nasdaq having the fastest-growing brand value?**

Nasdaq's impressive growth in brand value can be attributed to several key factors. Despite potentially being seen as less prestigious than exchanges like NYSE or LSE, Nasdaq's offering of significantly lower listing fees has made it a more accessible option for companies looking to go public. Additionally, Nasdaq's pioneering role as the first all-electronic trading exchange ensures faster execution through straight electronic

trading, meeting investors' demand for efficiency. This technological advantage not only enhances Nasdaq's appeal but also positions it as a preferred choice in the market.

Nasdaq-listed companies benefit from global recognition and prestige, attracting attention from investors, analysts, and the media worldwide. The surge in new IPOs in 2023, with a notably high success rate, further solidified Nasdaq's reputation as a top listing destination.

Nasdaq's hosting of numerous technology companies, particularly amidst the flourishing tech industry in 2023, contributed to substantial market gains. Notably, the market leadership of companies like Nvidia exemplified Nasdaq's prominence within the tech sector, further fueling its growth in brand value. Together, these factors underscore Nasdaq's rapid ascent in brand value, cementing its position as a prominent player in the exchange market.

### **What are the primary factors behind NYSE's recent strength in the brand rankings?**

NYSE, a brand owned by ICE (Intercontinental

Exchange), has seen a notable improvement in its brand value (up 14% to USD2 billion) and brand strength (up from 79.6 to 82.0). This pair of results indicates a stronger market position and enhanced brand perception. A significant factor contributing to this rise in Brand Finance research is the substantial growth in employee scoring, reflecting improved internal dynamics and potentially better service quality. Despite a slight dip in reputation and familiarity, ICE's overall brand health remains robust.

Financially, ICE's Exchanges segment, including NYSE, reported a 6% year-over-year increase in net revenues. This growth is primarily attributed to a remarkable 21% revenue surge in their financial futures complex and a 5% uptick in exchange data services. Such financial performance not only underscores the brand's operational success but also reflects its adaptability to market demands and evolving financial landscapes. This financial strength, combined with internal improvements and a solidified market position, positions NYSE favourably for future growth and sustainability in the competitive financial Exchanges market. ■