CONSOLIDATING STOCK EXCHANGES:
IS ACCESS TO A LOCAL STOCK MARKET STILL NEEDED?

Nancy Huyghebaert
Associate Professor of Finance
K.U.Leuven
Faculty of Economics and Applied Economics
Department of Accountancy, Finance and Insurance
Naamsestraat 69
3000 Leuven
nancy.huyghebaert@econ.kuleuven.be*

Abstract
This paper discusses the importance of local stock market development for a country’s long-run economic growth. At the firm level, it argues that companies wishing to raise external equity structure their IPO and choose a listing venue so that a liquid market in their shares can arise. Recent trends in the stock exchange industry provide a rationale for cross-border stock market mergers, however. This paper reviews the literature on stock market competition, specialization, internationalization and cross-listings to derive the conditions that stock market mergers should satisfy in order to contribute to local stock market development, given its micro- and macro-economic importance.

JEL CLASSIFICATION: E44, G14, G15, N20

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