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EDITED TRANSCRIPT

NDAQ - Q4 2015 Nasdaq Inc Earnings Call

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OVERVIEW:

Co. reported 4Q15 reported revenue of $536m and non-GAAP net income of $150m or $0.89 per diluted share.

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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the NASDAQ fourth-quarter 2015 results conference call.

(Operator Instructions)

As a reminder this conference call may be recorded. I would now like to turn the conference over to Ed Ditmire, Vice President Investor Relations. You may begin.

Ed Ditmire - *The NASDAQ OMX Group, Inc. - Vice President, Investor Relations*

Good morning, everyone. Thank you for joining us today to discuss NASDAQ's fourth-quarter 2015 earnings results. On the line are Bob Greifeld, our CEO; Lee Shavel, CFO; our Chief Operating Officer and President, Adena Friedman; President, Hans-Ole Jochumsen; Ed Knight, our General Counsel; and other members of the management team. After prepared remarks, we will open up to Q&A.

The press release and presentation are on our website. We intend to use the website as a means of disclosing material, non-public information, and complying with disclosure obligations under SEC Regulation FD.

I'd like to remind you that certain statements in this presentation and during Q&A may relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from these projections. Information concerning factors that could cause actual results to differ from forward-looking statements is contained in our press release and periodic reports filed with the SEC.

I now will turn the call over to Bob.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Thank you, Ed. Good morning, and thank you for joining us today to discuss NASDAQ's fourth-quarter 2015 and full-year results. I will set a quick agenda for today's call. I want to first review our strong fourth-quarter results and then provide more color around how we will deliver for our customers and shareholders in the periods to come. And, lastly, our esteemed CFO has decided to retire and we will discuss this more at the end of the prepared remarks before opening up to Q&A.

Turning back now to our results, we are extremely pleased to deliver another record-setting quarter and full-year 2015 results for our shareholders. This is highlighted by record net revenues and non-GAAP diluted earnings per share.

Fourth quarter non-GAAP diluted EPS was up 10% year over year, despite a 4% FX headwind. The positive organic growth in net revenues, 5% year over year for the quarter and 4% for the year, generated across this entire franchise suggests that we are on the right path in terms of running our business well and delivering for our clients.

Even more impressive was that our non-trading segments grew 8% for the quarter and 6% for the year. At the same time in 2015, we invested over $400 million in R&D initiatives, capital expenditures and bolt-on acquisitions to support our future growth, while also returning a very significant amount of capital to our shareholders.

But what is important to me is I believe this quarter really echoes our laser focus on our customers. And as I assess the competitive positioning of each of our businesses in the very diverse markets in which we compete, I am again most proud that the vast majority of our businesses improved their competitive positioning during the quarter and the year relative to their competitors and, most importantly, in meeting and anticipating our customers' needs.

Let me now give you a few highlights on the year and continued advancements of our strategic plans. Our foundational businesses, our cash equities and listing services on both sides of the Atlantic, continued to perform at the highest levels. Combined revenues of $134 million this quarter were the highest since the first quarter of 2010 and saw a combined organic growth of 16% versus the prior year. While we continue to benefit today from the contributions of these businesses, I am especially encouraged about how our broader portfolio, which leverages this foundation, will benefit us in the periods to come.

In our listing services segment we continued to provide companies with an outstanding platform to access capital by leveraging our DNA as a financial technology provider. Let me give you a few examples.

During the quarter, listing services achieved a 15% organic growth and record quarterly revenues, capping a record-setting year. We continued to demonstrate strong competitive leadership in the IPO market where we won an astounding 78% of all IPOs in the quarter and 73% for the full year.

Our proposition more and more is echoing favorably with companies who want to access the broad spectrum of solutions we offer and benefit from the visibility of our vibrant brand. To further underscore this, during the quarter we were the beneficiaries of several significant switches to our equity markets including TDAmeritrade, T-Mobile and CSX. All in all, we welcomed 27 switches during the year from our competitors with a combined market cap of around $90 billion.

Our Nordic markets were also a leading choice for IPOs in 2015 with 91 listings, raising over SEK54 billion. It was truly an outstanding performance and, as a result, we had one of the strongest IPO markets that certainly I can remember or in that region's history.

Our product set, as you know, is not limited public companies. We have made considerable investments in developing our market for private companies. These companies are the very foundation of an ecosystem of innovation and economic growth.

During the quarter, we continued to expand and develop our platform for private companies with strong organic growth in our customer base, and we announced and closed the acquisition of SecondMarket. This further establishes NASDAQ private market as the leading provider of innovative, technology-driven, efficient solutions for secondary liquidity and equity management services. And we're thrilled to have added significant talent and quality customers that can benefit from our expanded offerings.

NPM is a true innovation in a private company solution, and in the quarter we innovated upon that innovation with the deployment of blockchain technology. As compared to three-day settlements in the public market, we settled, cleared and moved the money in minutes in the private market.

In technology circles you frequently attempt to have your first release of a product be minimally viable. It is extraordinary that our first release of blockchain settlement and clearing is so substantially superior to what has been represented in the public market for over 50 years.

In our market services segment we are creating more efficient trading opportunities where our clients need it most. In addition to relatively strong average capture and healthy activity levels we saw during the fourth quarter we also announced our agreement to acquire Chi-X Canada.

Chi-X Canada is an ATS. It's the number two player in the Canadian equity space, has exhibited strong trends in share and revenue growth, and has healthy profitability, with margins broadly comparable to our business in the US. This transaction is expected to close in the first quarter this year and we're looking forward to working with Chi-X management team to integrate our organizations, systems and offerings to further expand on their compelling offering to the Canadian market.

Moving beyond our foundational equity trading and listings business, we saw encouraging performance across other businesses, including information services which grew 7% year over year on an organic basis, further highlighting the tremendous value and in-depth intelligence these solutions provide our clients. On the index side we saw growth in both the Dorsey Wright smart beta franchise as well as our legacy index properties.

Now moving to technology solutions segment, we made equally strong progress to lever the power of the innovative technology we developed, use ourselves and make available to clients. Market technology grew 16% year on year on an organic basis, in part due to an exceptionally strong period for change requests, while operationally achieving important milestones.

The completion of a successful phase one implementation in Borsa, Istanbul, which included the launch of a new equity trading platform, settlement and clearing solutions. This was one of the most complex and ambitious product deliveries by any exchange. It represents a great effort by both the team at NASDAQ and at Borsa, Istanbul. We look forward to continuing to work towards the phase two delivery milestone, including the launch of their new derivatives trading platform in the periods to come.

We also experienced an exceptional quarter in terms of total order value, one of the highest ever, including new contracts for Genium INET trading system for the Tel Aviv Stock Exchange, Genium INET clearing for the Australian exchange, and one of our larger order intakes ever for the SMARTS Trade Surveillance, and several significant BUYs contracts.

Our ambition is to do more for our clients in anticipating their needs; also continues to drive how we evaluate and invest and execute in new opportunities. In 2015, we made significant progress on this front and I want to highlight a few examples for you today.

I mentioned NASDAQ private market in our continued progress. In 2015, we invested significantly in this platform both from internal initiatives and obviously the SecondMarket acquisition. Our secondary market transactions hit record levels in 2015. NASDAQ platforms facilitated over 40 transactions worth over $1.6 billion. This represents a 33% increase from the previous year.

As a result, NPM, including the partial quarter impact of SecondMarket, served over 107 private companies, up from 61 in 2014. A very strong performance. It is our job to make sure we push the limits of what our systems and technology can accomplish, and, as mentioned, leveraging our

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core DNA as the financial technology provider is fundamental to us. We see blockchain technology as having great potential to enable markets to operate more efficiently, and is why we continue to explore ways we can harness its capabilities to benefit our client.

In November we announced that we are exploring the application of blockchain technology to proxy voting in Astonia, and that application is currently in development, while we also expect to initiate more use cases in the short term. We feel good about our position to lead new market innovation in this space and you'll certainly hear more from us about it -- our efforts, in the months to come.

Another significant investment we made during the year that highlights our commitment to our corporate clients was NASDAQ IR Insight. Here we are advancing a technology platform created from the ground up to reshape the work flow and the productivity of our corporate offices. The full version of IR Insight was launched on schedule and made available to our customers just a few weeks ago.

Early feedback from new users has been very encouraging, citing it's a clear and easy to use interface. It's a huge step forward in terms of productivity and how well it stacks up to competing offerings. Already in the first few weeks we've seen incremental sales across all three global regions, including first-time customer wins, some from competitors, as well as existing customers adding new users.

Some new sales also come bundled with wins in other corporate solution products, affirming how IR Insight can accelerate growth in other products because its core architecture was designed to support cross-product functionality. Early days, but very encouraging.

We've made other key investments in the last year in our other core franchises as well, including our information services segment. We accelerated our path to become one of the leading smart beta index providers through the acquisition and integration of Dorsey Wright at the beginning of the year, and our partnership with First Trust open the door for the AlphaDEX family of indexes to switch to NASDAQ.

In addition, we launched 56 new exchange traded products linked to NASDAQ indices, which, along with growth in our existing product, helped AUM grow in products tracking our indices by 15% in 2015. We will never stop seeking ways where we can bring efficiency, scale and benefits for our trading customers.

In 2015, we launched NFX, a bold execution of this strategy. We had begun laying the ground work for this over two years ago, inspired by our desire to provide market participants with a more efficient and cost-effective solution in the energy derivative space. Now in its sixth month of operation, a wide section of the trading community is using our platform, with over 90 firms executing transactions on it thus far.

Just last week, we hit the six-month anniversary. We've traded 4.3 million contracts over that time and we achieved a new milestone with open interest, crossing 500,000 contracts for the first time just this week. We are encouraged by the progress we're making in the energy and commodity space, while broadening our product offerings in ways that lever our core technology assets and deep customer relationships.

So far, I have highlighted the various ways our core businesses are growing through our client focus, ability to execute and the investments we are making in our future. When we look at the prongs of our strategy and ability to execute well, our disciplined use of capital plays a significant role in our ability to deliver strong returns to our shareholders. As I have highlighted throughout my remarks, however, we believe our future is determined in our ability to challenge the status quo in making sure the investments we make are not only strategic but also yield attractive returns.

I'm pleased to report that in 2015, we invested in a number of R&D initiatives like NFX, complementary acquisitions like Dorsey Wright & Associates and SecondMarket, as well as the pending closure of acquisition of Chi-X Canada. In combination with our second highest CapEx total in history, a total of over $400 million investment was made for our future, while still returning a very material amount of capital to our shareholders.

Now I'd like to spend a little bit on some of the key opportunities in areas of focus for us in 2016. At NASDAQ we are never afraid to look inward at how we do things to make sure we are organized and structured in a way that enables us to lever all our assets to deliver for our clients. I think the creation of the role of a COO and appointment of Adena Friedman to this position, which we announced in the fourth quarter, certainly is at the heart of this philosophy, and we're looking forward to her contributions.

We believe the underlying economic trends in the geographies where we operate are healthy, but we also realize the world is more globally interconnected than ever before. Our model and business mix provides us with a number of ways to not only respond to these trends but to develop new opportunities in lockstep with our clients. At the same time, our model insures we see direct and immediate revenue benefits and operating leverage from elevated volumes.

In closing, this year really points to the fact that our business model is incredibly sound. We are anticipating the needs of our clients better than ever, which is really driving our ability to deliver meaningful long-term growth across this franchise. It was a great quarter and a great year. I'd like to thank again the NASDAQ team and I look forward to working with them to take our business even further in the months ahead.

And with that I'd like to turn the call over to Lee.

Lee Shavel - *The NASDAQ OMX Group, Inc. - CFO*

Thanks, Bob. Good morning, everyone. Thanks for joining us today. My commentary will focus on our non-GAAP results. Reconciliations to GAAP to non-GAAP results can be found in the attachments to our press release and in the presentation that's available on our web site at ir.nasdaq.com.

I want to start off, as I did the last few quarters, by highlighting the impact the stronger dollar had on our year-over-year results. Excluding the impact of FX, our net revenues would have been up $37 million or 7% from the prior year, and operating income would have been up $21 million or 9%. I will start by reviewing fourth-quarter revenue performance relative to the prior-year quarter, as shown on page 3 of the presentation.

The 4% or $19 million increase in reported revenue of $536 million consisted of organic growth in the non-trading segments revenue of $26 million or 8% due to growth in listings, Information Services and market technology, plus $9 million in revenues from the DWA acquisition reduced by a $10 million FX impact. Organic growth in market services net revenues of $2 million, or 1%, resulting principally from higher cash equity revenues reduced by an $8 million FX impact.

And if we move to page 4 in the presentation, we show how organic growth breaks down historically between the non-trading information services, technology solutions and listing services segments, which collectively had 8% organic growth this quarter. And the volume-sensitive market services segment had 1% for the quarter.

Looking at our full-year 2015 results, we have achieved 6% organic growth for our non-trading segments, around the upper end of our mid single-digit medium-term guidance. And in market services we achieved 3% organic growth for the full-year 2015, continuing positive organic growth for the second straight year.

I'm now going to go over some highlights within each of our reporting segments. All comparisons will be to the prior-year period unless otherwise noted.

Information services, on page 5, saw an $8 million or 7% organic increase, plus a $9 million increase from the DWA acquisition, reduced by a $3 million FX impact. Market data revenues saw a $7 million or 8% organic increase, reflecting growth in tape plan and proprietary revenues. Index licensing and services saw a $1 million or 5% organic increase from higher listing revenue from asset-based fees, partially offset by volume declines in revenues tied to certain licensed derivative products.

Technology solutions, as shown on page 6, saw a $9 million or 6% organic revenue increase, reduced by a $5 million FX impact. The operating margin was 21%, up from 16% in the prior-year period. For the full year, technology solutions operating margin totaled 15%, a 200 basis point improvement year over year. We continue to have confidence in reaching our medium-term objectives and expect further progress as we move through 2016.

Market technology revenues saw a $10 million or 16% organic increase due to organic growth in surveillance products and increases in change requests. New order intake was $116 million in the fourth quarter, our strongest quarter since the fourth quarter of 2014. And the period end backlog finished at an all-time record $788 million, up 10% year over year.

Corporate solutions revenue saw a $1 million or 1% organic decline as we continue to progress through the late stages of the integration and customer transitions from the acquisition of the Thomson Reuters corporate businesses. We continue to see improving momentum in the business, particularly with the fourth consecutive quarter of net positive subscription sales, which totaled $3 million in the fourth quarter of 2015, and the positive catalyst of the full IR Insight launch in 2016.

Listing services, on page 7, saw a $9 million or 15% organic increase in revenues, driven by pricing changes and an increase in the issuer base, reduced by $2 million of an FX impact. Operating margin of 41% was up from 38% in the prior-year quarter. I'd note here looking forward we expect a return to low single-digits listing revenue growth consistent with our medium-term outlook, as the impact of the January 2015 pricing changes is fully in the run rate.

Market services, on page 8, saw a $2 million or 1% organic increase in net revenues, reduced by an $8 million FX impact. Operating margin declined to 53% from 55% in the prior-year period. Equity derivatives trading and clearing net revenues saw a 6% organic decline primarily due to lower industry trading volumes followed by lower US market share.

Cash equities trading net revenues saw a 17% organic increase as higher cash equity net capture and increased industry volumes were partially offset by modestly lower market shares. Fixed Income currency and commodities trading and clearing net revenues saw a 24% organic decline from the prior year, principally due to volume-driven declines in US fixed income followed by European energy. Access and broker services revenues saw a 3% organic revenue increase.

Turning to pages 9 and 14 to review the income statement and expenses, non-GAAP operating expenses increased $12 million on an organic basis or a 4% increase, and $4 million primarily due to the Dorsey Wright acquisition, partially offset by $11 million in an FX impact. The $285 million in fourth-quarter 2015 expenses put us at a full year total of $1.114 billion, up 3% on an organic basis.

Non-GAAP operating income in the fourth quarter rose 7% on an organic basis versus a 6% reported increase. Non-GAAP operating margin came in at 47%, up from 46% in the prior year period, reflecting the margin improvement of our listings and technology solutions business.

Net interest expense was $27 million in the fourth quarter, an increase of $1 million versus prior year, mainly due to higher net debt. And the non-GAAP effective tax rate for the fourth quarter of 2015 was 33%, and the full year 2015 figure was 33.4% at the low end of our 33% to 35% tax rate guidance.

Non-GAAP net income was $150 million or $0.89 per diluted share compared to $139 million or $0.81 per diluted share in the fourth quarter of 2014. The $0.08 increase in our non-GAAP EPS represents core organic EPS growth of 6%, $0.02 of growth due to acquisitions, $0.02 due to a lower share count, and $0.01 increase due to lower effective tax rate in the quarter, partially offset by a negative $0.03 impact of changes in foreign exchange rates.

Our 2016 non-GAAP operating expense guidance is $1.110 billion to $1.160 billion. And the mid point of our expense guidance corresponds to a 2% increase from 2015 non-GAAP operating expenses. The expense guidance does not yet include the impact of our acquisition of Chi-X Canada which we expect to close later in the first quarter of [2015]. We also continue to expect our non-GAAP effective tax rate to be between 33% to 35% in 2016.

Moving on to the balance sheet, cash flow and capital, please turn to slides 11 and 12. We repurchased $67 million in stock during the fourth quarter, and through dividends and repurchases returned $526 million in capital to shareholders in 2015, accounting for more than 90% of non-GAAP net income.

Now on to the last thing I wanted to cover in my prepared remarks today, after nearly five years here at NASDAQ and many more serving as an advisor to the Company and to the industry, I've decided to retire from my CFO position to accept an invitation to join the Board of a public company which will be announced later today. This is an opportunity for me to bring my experience to the Board level and develop another set of skills.

I'm very grateful to NASDAQ, and to both Bob and Adena in particular, to have had the opportunity to serve as its CFO and be a part of its leadership team. And I'm proud of what the Company has accomplished during my time here. I've learned a tremendous amount in the role and am grateful to all of my colleagues for their support and friendship.

When I arrived I saw an opportunity to build on NASDAQ's expense discipline with a complementary capital discipline that has been critical to allocating the substantial cash flow we generate as effectively as possible. This discipline also supported our decision to initiate a regular dividend and significantly grow our payout ratio.

We also streamlined our business line reporting, introduced segment profitability disclosure, and initiated an organic growth outlook for our non-transactional segments, underscoring the Company's confidence and the sustainable growth prospects of these businesses. I believe strongly all of these serve to make clear the quality of NASDAQ's diverse portfolio.

I feel emphatically that my departure comes at a time when NASDAQ's financial position and accounting are in outstanding health, in step with the operations of its strong business portfolio. And I'm also confident that strong capital discipline has become embedded at NASDAQ and will continue to be applied in all uses of capital. And if it isn't, I will be front and center at the next shareholders meeting to hold management accountable.

Ron Hassen, NASDAQ's Controller for the past 14 years, will step into the role of CFO on an interim basis for the second time in his career, and I will stay at the Company in March to support Ron and to insure a seamless transition of responsibilities. The Company has commenced a search for a permanent CFO replacement.

I would also like to say it's been a truly rewarding experience getting to know the investors and analysts that covered, invested in and followed NASDAQ during my time here. I've learned an extraordinary amount from your diverse perspectives, tried to apply it where possible, and look forward to continuing our interaction during my remaining time here. So, please don't take this call as a final good-bye.

Thank you for your time and I'll turn it back over to Bob.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Thank you, Lee. And I'd like to say two things. One, professionally, the facts speak for themselves. Our stock was at $24.24 when Lee joined here, and he's been a key part of the team to get us to where we are today. So, us and the rest of NASDAQ and the investors on this call, we are grateful for that service.

And probably more importantly I'd like to speak personally for one second. I think Rich Repetto and other analysts might remember back to the [East End] days, but I first met Lee when he was representing [Arthur] and I was representing Brut, and I think we were both a lot younger back then, Lee.

And then certainly when I came to NASDAQ, Lee was our trusted advisor. He was the architect of the plan for us to separate from the NASD and become public and start the company we are today. And all through that time, Lee has a certain unique can-do attitude about himself.

And it's been that spirit that's made it very enjoyable for us to work with him. And certainly his contributions to our firm are permanent, and also the personal relationships we've built with him will be something we enjoy for the rest of our days. So, Lee, thank you for your service and let's give him a round of applause. (applause) With that we'll take very nice questions.

Ed Ditmire - *The NASDAQ OMX Group, Inc. - Vice President, Investor Relations*

Operator, if you'd please open the line for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from the line of Richard Repetto, Sandler O'Neill.

Richard Repetto - *Sandler O'Neill & Partners - Analyst*

Good morning, Bob, Lee, and Adena. First, I do remember, Lee, even prior to his CFO position. It's amazing the development and to watch him do the job that he's done. The multiple expansion and stark performance speak for itself. So, congrats, Lee.

Anyway, my first question has to do with the tech solutions, and Lee's amended pretax margin there reached 21%. So, I'm trying to see what's sustainable and trying to maybe get a feel for the contribution that you think might be coming from NASDAQ IR Insight. It seems like you made progress there but I just want to decipher what's audit fees and what could be more sustainable.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

That's a detailed question, so, Adena, why don't you start and then, Lee, you can cover some of the details behind it.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Sure. I think the first thing to recognize, Rick, as you know, is that the technology solutions business has some seasonality to it. The fourth quarter always has been and probably will always be the strongest quarter of the year.

In the quarter we did have very strong revenue from our change request in our technology services business, as well as some new license sales and continued growth in SMARTS. And on the corporate solutions side we continue to have very good cost discipline, and we had nice sales as well as people using our services in the fourth quarter where we can recognize revenue So, we definitely did have a strong underlying quarter.

But on a full-year basis you can see that we believe that our margins for that business in 2015 were 16%, and we continued to make progress against the 20% goal for full-year margin. But we still have some work to do. And as we go into 2016, we see a few things of particular strength.

Number one, we still have not yet recognized revenue from the Borsa, Istanbul contract. We will start to be able to recognize that as we continue to deliver on that contract. We also have continued growth in SMARTS, which will continue to drive both top-line revenue and margin expansion

And then in corporate solutions, the IR Insight rollout has just begun. We launched it two weeks ago. We already have about 100 clients using the new product. We have clients calling us, asking us when they can get it migrated or rolled out. And we have a very full schedule in the months to come as we continue to roll out that new service.

So, we feel very good going into 2016 around the progress there. But we still have work to do to get to that full-year 20% margin goal.

Lee Shavel - *The NASDAQ OMX Group, Inc. - CFO*

Rich, first of all, thanks for your comments. I don't really have anything to add to Adena's comment on the margin. You did ask a question about audit revenue in the period which relates not to technology solutions but to the information services business.

As we typically disclose, audit revenue in the fourth quarter was $1.6 million, and that compares to a year ago where we had a reversal of $300,000 of audit revenues. So, that is a contributor on a year-over-year basis. As you know, that audit revenue can be volatile quarter to quarter, so that will give you some basis for comparison.

And then on the technology solutions margin, as Adena indicated, we are excited about two things. One, with the IR Insight launch, that clearly enables us to reach the final phase for us in eliminating some of the expenses. You are seeing some of the impact of the investment that we've made in the IR Insight platform in our depreciation and amortization.

But the upside will also be driven by success and revenue growth. And as I indicated in the comments, the net subscription sales and overall new sales of products in the corporate solutions sector as a leading indicator has been very positive and gives us confidence about making that continued progress against the goal in 2016.

Richard Repetto - *Sandler O'Neill & Partners - Analyst*

Okay, thank you very much. And thanks for the correction there on the audit. The one follow-up would be for Bob on the Chi-X Canada acquisition. I think you said in the past that Canada was a somewhat smaller market. It's good to hear the margins are so good at Chi-X Canada. But I'm just trying to get a little bit more color on the revenue opportunity and the strategy there, Bob. I would think, is it more revenue than, say, an expense story? Just a little bit more behind the Chi-X.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Sure. One, it's a classical play in the transaction business where there is an expense story in that there are two platforms. They both have common heritage, I have to say, but there are two platform and they will be consolidated down to one platform. So, you have benefits there.

We certainly also think that the Canadian market has opportunity in equity trading for us to grow both share, and I think the market itself has some volume upside to it from where it is today. And we also see opportunities to broaden our franchise in Canada over time. So, we start as an equity play but we certainly will take a long march to broaden that into more of a full exchange type offering.

Richard Repetto - *Sandler O'Neill & Partners - Analyst*

Okay, thank you very much.

Operator

Thank you. Our next question comes from the line of Michael Carrier of Bank of America Merrill Lynch.

Michael Carrier - *BofA Merrill Lynch - Analyst*

Thanks, guys. Just had two questions just on the non-transaction parts of the business. I think one is, just on the corporate solutions, it seems like 2015 was a year of repositioning, it sounds like the platform is in place. We just wanted to get a sense on what you're seeing maybe year over year on the customer demand on the platform, any other pricing issues. Just trying to get a sense when we think about 2016-2017 where that business is headed.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Yes, I'll let Adena answer that question, but let me just start by saying it's exciting with IR Insight. And you have to realize that we started from a clean sheet of paper, and it's the first time that that's ever been done. When you look at the current competitors in the space, they have taken other products and repositioned it. So, you see a dramatic improvement in the work flow and capabilities that we're delivering to IR. So, proud of the team for having conceived of and developed this thing on schedule, on budget, and now it's great to have it live. And Adena will give you some feedback on that.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Sure. Mike, in terms of looking at 2016 and 2017, I think the fact that we do feel some momentum, both in sales and retention, coming out of 2015 is a good indicator, to look at it as the leading indicator as we look into the forward quarters. And also the fact that we have been making investments not only in IR Insight platform but also in PR platform. So, we continue to find opportunities for us to generate more sales opportunities for clients in both of those areas.

The other, I think, advancement we're going to make as we go through 2016 and certainly into 2017 is starting to integrate our platforms together in terms of capabilities to our clients. The IR Insight architecture is very flexible and allows us to basically share content across products and start to create more of an integrated experience for our clients. We do think that that will continue to drive demand for the services and also the potential for us to upsell our clients and offering new content and services.

This is the start of -- I see it as positive momentum in the business, and in terms of having a really flexible and exciting new architecture as well as new capabilities to our customer. That's how I would look at 2016 and 2017, Mike

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Michael Carrier - *BofA Merrill Lynch - Analyst*

Okay, that's helpful. And then just a quick follow-up on the index side, it seems like there's been a lot of growth and, I think just even for the overall industry, a lot of demand for those types of products. When you think about pricing and how that business works, how should we think about the underlying growth versus weaker markets maybe having a negative impact just because the assets are down. I know that's a bit tough but just in terms of how the pricing works for that business on the outlook.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Sure. Generally the pricing for an index is contractual, so when you establish the index ETF with an ETF provider you establish what fee the index provider is going to get from that product. That's generally contractual over several years. So, we don't really have the ability to fluctuate pricing year over year, and therefore there is a fair amount of beta that does start to occur once you launch an ETF in terms of the AUM growth, and sometimes some declines based on market performance.

Generally speaking, what we look at is, obviously we look at AUM but we also look at TSO, which is the total shares outstanding. That's more an indication, a core indication, of the demand for the product from investors. Right now, we are seeing our TSO is holding steady as we've been dealing with the volatility in the market. For us that means the underlying demand for the products is strong and it's just a matter of riding through some of these beta wins that come when we have market volatility. But the pricing tends to be fixed upon launching the product, Mike.

Michael Carrier - *BofA Merrill Lynch - Analyst*

Okay, that's helpful. Thanks.

Operator

Thank you. Our next question comes from the line of Chris Harris of Wells Fargo.

Chris Harris - *Wells Fargo Securities, LLC - Analyst*

Thanks a lot. Your business has clearly changed quite a lot over the last 5 to 10 years. We actually look back at the prior recession we had here in the US, and during that period of time your non-trading revenues held up remarkably well. But, again, that business has changed quite a bit. I'm wondering if you could give us some perspective on, if we go into a pretty severe, or a recession scenario in the US, how would you expect those businesses to respond?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

The first thing I want to say is, on the trading business, it's important to recognize, and we saw some of this in the fourth quarter and we are experiencing it in the first quarter, our business does well in volatile times. When you think about the trading businesses and people are worried about the fact that you paid per transaction, it's a remarkable resilient model. In normal times we do well and in difficult times we tend to do even better, and we're experiencing that in the first quarter.

And, as you correctly point out, we have 75% of the businesses recurring, and that recurring business tends to hold very steady through thick and thin. Obviously if you get into a prolonged recession then people have a longer time to rethink where they are. But there's such a big shock absorber in the recurring businesses that we have. Adena, do you want to add to that?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

I think one of the great things about the NASDAQ portfolio of services is that we have resiliency built into the model. We do have the strength of volumes that can come in during volatile times but, of course, there's some level of offset in terms of capital raising activity and the fact that we will see a slower start to the year, for instance, in IPOs. So, we have these nice resiliency measures in terms of looking at volatility.

In terms of a prolonged recession and some of the new businesses, I think that in a prolonged recession we do work with our corporate solutions clients to make sure that we retain that, and we may end up having some shorter-term discussions with them on pricing but then longer term we maintain them and they become very loyal clients to us. And then on the side of the market technology business, those are long term contracts, generally fixed price, and we find that that is very resilient through all economic cycles.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

We also disagree with the premise that a recession is coming. We think the economy will do just quite well.

Chris Harris - *Wells Fargo Securities, LLC - Analyst*

Okay, great. Thank you very much.

Operator

Thank you. Our next question comes from the line of Alex Kramm of UBS.

Alex Kramm - *UBS - Analyst*

Hi, good morning, everyone. Good to be back. I hope Lee's retirement is not related to me covering the stock.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Lee came in and said Alex is back, I'm out.

Alex Kramm - *UBS - Analyst*

Anyway, I actually just wanted to follow-up on Chris' question from just now in terms of the resiliency. The one question, the first part of it is, are you actually, when you have discussions with your clients right now in markets in the corporate solutions side and also in market services, are you feeling any pushback? Are people saying -- this is crazy right now, leave me alone, I don't want to have a sales discussion right now?

And then, secondly, what areas would you actually -- you mentioned corporate solutions, Adena, in terms of pricing, but in terms of your financial services trading customers, do you feel any potential for a slow down?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Let me give the broad theme here. One, we identify ourselves as a technology company. We have development muscle that many, if not all, of our competitors cannot match. And we're in the business of coming up with innovative product.

Innovative product tends to be relatively immune to what we're getting at with cycles, up or down. And Adena referenced in her comments where people are calling us up wanting to get on the delivery queue for the new product. So, we certainly operate here saying if we come up with exciting product for our customers that they need, that we'll do well, independent of a given cycle at a point in time.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

I also would point out, Alex, we have almost 10,000 corporate clients worldwide, so it's a very global business. Every different sector that we represent goes through cycles. But the fact of the matter is, it's an incredibly broad base of clients. And there are always clients who are growing -- always.

I think that we find that with a really great product set and a great set of capabilities, coupled with our team of experts in the advisory business, and the ability for us to truly partner with them, we find that we do quite well across the business, and we feel very good about it. I think that with market tech, it's, again, a partnership -- it's a partnership construct, honestly, with all of our client -- and they continue to have needs to manage their volumes and to deal with new regulatory changes and to deal with new opportunities in their markets. And for those reasons we continue to do quite well in having very strong conversations with our clients.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I'd just add something briefly here, Alex. It's something that we experience. Particularly in the corporate solutions products, as technology products they help us operate more efficiently. And that type of leverage, when a company is under pressure from an expense standpoint, is very valuable. So, we think that's part of what contributes to the resilience of that particular revenue stream.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

I totally agree.

Alex Kramm - *UBS - Analyst*

Great, thank you. And then, just secondly, quickly on capital returns, I don't think that was brought up yet. But last year, I think you were opportunistic in the third quarter buying back a lot. So far this year's markets have been choppy but your stock has actually been a big outperformer. So, just wondering as you think about 2016, is a steady buyback expected or do you think there's opportunities to be a little bit more particular there?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I would say this -- we are certainly opportunistic but that's on a foundation of being steady, if that makes any sense to you. We have a desire to be steady but we'll certainly lighten up when we think marketing additions warrant it and get aggressive when it's favorable.

Alex Kramm - *UBS - Analyst*

All right, very good. Thank you.

Operator

Thank you. Our next question comes from the line of Alex Blostein of Goldman Sachs.

Alex Blostein - *Goldman Sachs - Analyst*

Hi, guys, good morning. A question for you on NFX. You highlighted pretty robust momentum out of the gate. Just curious if you can give us break down between sell-side participation versus buy-side participation, any revenue figures you can point to, and, more importantly, how much either in revenue or volumes you guys expect to do there to break profitability.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I would say, first thing is we always judge our effectiveness first before we get to efficiency. What that means here is we're certainly looking at non-financial metrics, and I think you touched on a few of them. I pay paid close attention to the number of participants that come in on a daily basis. We were in the 20s through most of last year, getting to the high 20s now, we're getting to the high 30s of number of daily participants. That's good, so we're spreading through the community.

We look for our progress in particular instruments. We look, obviously, at the overall scheme but we're trying to focus on a couple different instruments, most notably nat gas options, and to have double-digit market share in that space. So, we focus on that.

We also look at the total number of contracts we trade. We look at the break down between trade reporting and central limit order book trading that's done.

And then last and probably most important is the open interest. As I referred to in my comments, we had over half a million contracts of open interest, which is well beyond what we thought we would be at this stage of time. So, increasing engagement from the community, increasing participation, and we're hitting all the metrics we need.

With respect to a direct answer to your question, I think the financial metrics come to play in and around mid year, going into the second half of this year. But right now we would like to get to higher average daily contract rate and obviously increase our market share in certain targeted products. But so far so good.

Alex Blostein - *Goldman Sachs - Analyst*

Got it. And then just a follow-up question for you guys around corporate solutions and that segment as a whole. The path to 20% that Adena and Lee, you guys mentioned, is that going to be a function, at least in 2016, of expectations for revenue growth or some of the expenses falling off as you migrate people from one platform to another? Just trying to think through the moving pieces of getting to that 20%.

Lee Shavel - *The NASDAQ OMX Group, Inc. - CFO*

Alex, it's really both. I think that what we see, we see margin upside, both from continued elimination of some redundant expenses, as well as revenue growth in the business as a whole with higher margins. We will take it any which way we can but I think both will be contributors here.

Alex Blostein - *Goldman Sachs - Analyst*

Great. Thanks so much.

Operator

Thank you. Our next question comes from the line of Ken Hill of Barclays.

Ken Hill - *Barclays Capital - Analyst*

Hi good morning everyone. I had a question on SMARTS. That continues to be a nice business for you guys. And it seems like you can grow that business from a few different angles. I know you mentioned you've got some new customers signing up, like the Nigerian stock exchange, you've got some opportunity in China. And then I think also at the end of the year you had exchanges like the Abu Dhabi exchange, which upgraded their technology. As you look at the different pieces there between new customers and customers who are going to potentially upgrade, could you maybe size those type of markets and maybe talk about what inning you're in for each one?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Sure, thanks for the question. The first thing I would say is SMARTS has really three different markets that we're trying to serve at this point. We have the exchanges, which was the original business for SMARTS, and it's the longest-standing business. It's a deployed solution out to the clients we've been selling through exchanges for many years, as well as to regulators. I should say exchanges and regulators.

And that continues, as you can tell, to grow in terms of new exchanges, taking our solution like Nigerian stock exchange most recently. But that's a longer sale cycle. Obviously there's a finite number of exchanges, but we continue to find real success there, and that's a more mature part of our business.

The broker-dealer community is the second community that we have sold to, and that's a newer part of our business but definitely the fastest growing. We actually surpassed 1,000 users this year, and we were just thrilled with that. We, in fact, sent them a small gift. And I think that it's really exciting to see continued double digit growth in that part of the business as we continue to find striking demand for trade surveillance solutions across the broker-dealer community. In the year, over the last two years, we've made it so it's multi-asset class and it's every geography, so it really can serve any and all trading firms in the world.

The third community is the buy-side community. And for the first time this year, we do have three buy-side clients who have signed up for the service. And we have chosen to invest through our R&D program to build out a more fulsome buy-side solution for this trade surveillance.

So, buy-side firms, both hedge funds and traditionals, are really becoming much more sophisticated in their trading operations, and they realize now that they need sophisticated tools to couple with the sophistication of their trading strategy. We believe that that will be a new area of increased demand for us for the SMARTS service.

We also are looking at how we can integrate more machine intelligence into the solution. And we have been discussing how to integrate even more intelligence to make it more useful across the platform in terms of compliance and trade supervision. So, that's a quick synopsis of the SMARTS business but it really is a great business for us.

Ken Hill - *Barclays Capital - Analyst*

Great, I appreciate all the color there. Thanks.

Operator

Thank you. Our next question comes from the line of Kyle Voigt of KBW.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

Hi, thanks for taking my question. Good morning. I just wanted to ask a question on the regulatory environment in the US. Recently there's been much more focus on equity market structure in the US, given all of the comment letters and press around the IX exchange application. I'm just wondering, your conversations with the SEC, is all this attention by some of the largest market participants and equities pushing them any closer to actually undertaking this holistic market structure review?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

That's a difficult question for me to answer directly. You'd have to talk to them. But I'll just make one comment on the topic. Certainly, we think it is time for a redo of Reg NMS. And I also think Reg NMS deserves some credit in that we had a duopoly kind of situation before Reg NMS came along, and we've seen a dramatic decline in spreads and effective transaction cost in the market. It served a purpose for a long period of time but we certainly think refinement is in order.

With respect to IEX, our position is it's thoughtful, it could be innovative, and is very similar to what we had suggested to the Commission back in 2012. They told us it was not in either the letter or the spirit of Reg NMS, and said we could not do it. So, our position with IEX is that it really should be after there's a rethink of Reg NMS and how do we get the new market structure in place, and then let innovation develop under the new set of rules and not patch work and try to get exceptions under the existing rules that exist.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

All right, thanks for the color. And then my follow-up is a big picture question around blockchain. You certainly seem to be one of the leaders in terms of adoption and development in the financial services sector. The first part of my question is do you ever think that blockchain technology will ever be adopted in public cash equities trading in the US?

And then, secondly, maybe you could give us some of your thoughts around what other areas in financial services you see the biggest opportunities for adoption of blockchain maybe over the next two to three years. Thanks.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I would say, yes, we certainly see blockchain adoption coming in public market equities, but we'll not predict when. Certainly that will take a village to get there. To move from the legacy infrastructure that is ingrained in everybody's infrastructure is not an easy thing to do. So, we'll be involved with those conversations and an active participant but when you think of NASDAQ and blockchain you have to think of us being focused on what's the art of the doable, what's pragmatic and what's possible.

Obviously with NASDAQ private market, it's the beginning of time so we were able to create the experience we wanted. We're looking for similar type opportunities. We want to have use cases where we can deliver and get paid for and bring real value today.

So, as I said in my prepared remarks we're committed to proxy voting in Astonia. They have a rule set that will allow us to do that. We have about three other use cases, which we'll not announce today but are very close to being funded. And those use cases will have a common theme, that they will be doable, we can deliver it, and deliver real value and not get wrapped up in the allure of blockchain technology but focus on blockchain to enable real products that customers want to pay us for.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

All right, thank you very much.

Operator

Our next question comes from the line of Vincent Hung of Autonomous.

Vincent Hung - *Autonomous Research - Analyst*

Hi, good morning. On market technology again, this time on change requests, how much of an impact did change requests have on revenue? What's the typical impact from change requests? And what typically drives change requests?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

While Lee looks at the exact impact, I'll answer the second part of the question. As we work with a very broad set of clients, we have over 70 marketplaces around the world that will leverage our technology, they have things that they want to do to enhance that technology over time. It may be a new feature, a new product or asset class that they want to bring into their marketplace, and maybe speed they want to continue to enhance their speed or enhance their volumes, and then maybe regulatory changes they have to make to be able to manage through the regulatory environment they're facing.

In all of those cases that would be a change to the original scope of what we built for them and, therefore, they come to us and they ask us to size out and work through enhancements and change requests associated with the technology. In general, I always think of it, in general, as somewhere in the range of a $20 million annual revenue stream to us, but it can fluctuate year over year. I'm going to turn it over to Lee to answer the specific question.

Lee Shavel - *The NASDAQ OMX Group, Inc. - CFO*

Vincent, the change request variance from the prior year was, on a year-over-year basis the increase in change request was $5 million. That gives you some context now. Also keep in mind that's on a reported basis and so a portion of that revenue is going to be subject to the FX impact that we have. I would estimate it's probably proportionately in the $3 million to $4 million of an organic impact relative to market technology revenue as a whole.

Vincent Hung - *Autonomous Research - Analyst*

Okay, great. And last one for me, could you just give us any color around new product developments in the data products business?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Sure. In the information services business, as you know, we operate two sub businesses, the index business and the data products business. And we look at product development across both of those areas. Clearly in the index space we work very closely with ETF partners to launch new products that they believe will have investor demand around thematic indexes. And we can do that now with the AlphaDEX index family with First Trust, we can do that with our dividend achievers index family, our buyback index family, and Dorsey Wright index family. So, we have a broad range of strategies that we can deploy through new products and we do that on a regular basis.

With regard to data products, we do a lot of work with our clients to look at new ways that we can either present our data, provide new technologies around our data like FPGA technology, to deliver some of the data that we already have. And then we have been working closely with clients to start to get their demand and their interest in some new data analytics and, again, the use of machine intelligence to help fuel some of those products. But it's early days and we're still in the research phase for that.

Vincent Hung - *Autonomous Research - Analyst*

Okay, great. Thanks a lot.

Operator

(Operator Instructions)

Our next question comes from the line of Brian Bedell of Deutsche Bank.

Brian Bedell - *Deutsche Bank - Analyst*

Good morning, thanks, folks. My congrats to Lee, also. Its been great working with you. Most of my questions have been asked actually. Just one, maybe, and that would be on the revenue momentum in the technology solutions segment. Given the momentum of the new IR product, and also layering in Istanbul, and as you see that trajectory going out in 2016 and into 2017, and Bob as you commented the cross-sell seems to be picking up momentum, as well, do you feel like the mid single-digit revenue growth rate in that segment could be higher, high single digits, in both 2016 and 2017?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I would say it's too early to change that target. As Adena referenced, the product is new. We're so excited to have it rolled out. And we're gaining experience by the day. In the quarters to come we'll have a better sense of that.

Brian Bedell - *Deutsche Bank - Analyst*

Okay, I'll leave it there. Thanks.

Operator

Thank you. Our next question comes from the line of Andrew Bond of RBC Capital Markets.

Andrew Bond - *RBC Capital Markets - Analyst*

Thank you, good morning. A question on the futures initiative. NFX appears to be progressing nicely. I just wanted to talk about NLX. Share gains have been somewhat more elusive there, as obviously it's a pretty tough market to break into in one share. So, just from your point of view, what kind of progress are we making here and what are the plans moving forward to continue with the business?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

With respect to NLX, we are continuing to have what I'll call intensive dialogue with our customers. The focus now is with respect to the open interest, realizing that's an enduring value. There remains in that community a strong desire for a credible alternative.

We have been successful at running the enterprise at, I think, a hyper efficient level, so it allows us to have a betting chip on the table without us impacting the mothership in some material way. Hans-Ole was just there last week, I was there a few weeks ago. The community's engaged and we have some pretty exciting plans in place, and we'll see how they play out later in the quarter. Hans-Ole, do you want to add anything?

Hans-Ole Jochumsen - *The NASDAQ OMX Group, Inc. - EVP - Global Trading & Market Services*

We could add that what we believe is very important is a question about moving open interest. We have an approval for a scheme for that approved by the UK authorities. And now we are working with customers to making that real.

And I would say that I met a couple of the really big players in discerning products and they are very keen that something is going to happen soon. And the reason for that is pretty obvious for me. What they have in their mind is only one thing -- how can they reduce the capital cost to the bank, and the way to do that is to clear more products in the same clearinghouse, in this case [lana] clearinghouse, because thereby they can reduce the cost of clearing, and thereby the capital cost.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

And for the record, scheme is a defined term in the UK, and it doesn't have the connotations that it has in the US, just the pricing plan.

Hans-Ole Jochumsen - *The NASDAQ OMX Group, Inc. - EVP - Global Trading & Market Services*

And improved one.

Andrew Bond - *RBC Capital Markets - Analyst*

Got it, thank you.

Operator

Our next question comes from the line of Ken Worthington of JPMorgan.

Ken Worthington - *JPMorgan - Analyst*

Hi, thank you. Just on the legacy eSpeed business, volumes down a lot, looks like industry volumes are weak. Are you also losing share? Maybe talk about what's happening here, how broker tech is reacting to you as a competitor, and how the strategy is evolving. Thanks.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I would say this. One, the treasury market is undergoing some fundamental rethink. And the market is not just us and broker tech. There are other competitive forces in play.

That being said, I think we've seen on the positive side some marginal increase in activity based upon the rate movement. We've seen some increased take up of eSpeed Elect where we have more participants coming on pretty much every week or so. So, o that's on a good side. But on a relative basis, even though there are competitors, I think relative to broker tech we are still share challenged and obviously our efforts have to become more effective in that regard, and we're working hard at it.

Ken Worthington - *JPMorgan - Analyst*

Okay, thank you very much.

Operator

Our next question comes from the line of Rob Rutschow of CLSA.

Rob Rutschow - *CLSA - Analyst*

Hi, good morning, everybody. I wanted to wish Lee good luck. And a quick question on market technology -- do you expect that Borsa, Istanbul, that you'll complete phase two in 2016) And, if so, is that included in any of the expense guidance?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

We basically are continuing to work towards a full solution offering that will continue to allow, it will actually turn on the GAAP reporting of the contract. We're not giving any sort of estimates right now on time and we're working with the client. So, I can't give you a direct answer to that question at this point because we continue to work through the development and the acceptance by the client. But as we get closer, we will certainly make sure that you stay informed.

Rob Rutschow - *CLSA - Analyst*

Okay. And one on corporate solutions, can you talk about how many customers will go from free trial users to paying this year? And of the ones that have done that, what are the products that they're most interested in paying for?

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

Just to clarify for everyone, the question really relates to IPOs that we have come on to NASDAQ. And we basically for the period -- or switches -- for a multi-year period they are able to take the services for free, and then we turn them into paying clients as they choose to continue to take those services over time. And with those, we have had a strong IPO environment in 2014 and 2015.

But if you really look at it, the clients who are rolling off are clients that went public in 2012 and 2013. And we do have strong success in converting them into paying clients. And therefore, the way that we manage that internally is that the listing business does pay the corporate solutions business some piece of that cots to be able to offer those out to their clients. So, really, those free clients are being partially paid for by listings, and that's reflected in our segment results.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

But the 10,000 customers are not getting a free trial of IR Insight.

Adena Friedman - *The NASDAQ OMX Group, Inc. - President and COO*

No, there's no free trials going on, on IR Insight.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

If that was your question.

Rob Rutschow - *CLSA - Analyst*

Okay, thanks.

Operator

Thank you. Our next question comes from the line of Patrick O'Shaughnessy of Raymond James.

Patrick O'Shaughnessy - *Raymond James & Associates, Inc. - Analyst*

Hi, good morning, guys. A question for you on how do you think about the barriers to entry for your listings franchise? BATS is talking about maybe trying to go again IPO, IPO on their own exchange. IEX is talking about starting a listings franchise. So, how comfortable do you feel that your franchise is going to stack up pretty well against those new alternatives?

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

I think we feel incredibly comfortable. One, you have to realize that when you go public it's an event to raise your profile. You want to get publicity associated with it. And the companies want publicity associated with a brand that they know and like. So, there's a very large brand barrier to the IPO pipeline. Obviously, we've seen others try to build an IPO franchise with very limited success in the past.

But, in addition, I think under Adena's leadership we've done a lot to actually put hard products into our listing. So, when you think about our corporate solutions product, which we talked about today, and just talked about on the last question, that's a whole range of services that we uniquely can offer, and that is a large barrier to entry. When you think about the technology we bring to bear on the IPO across at this point in time, again a big barrier to entry. It's our job to always be paranoid but with respect to the different businesses we have, the IPO business has a large and I think protective moat.

Patrick O'Shaughnessy - *Raymond James & Associates, Inc. - Analyst*

Great, thank you.

Operator

Thank you. I'm showing no further questions at this time. I'd like to hand the call back to Mr. Bob Greifeld for any closing remarks.

Bob Greifeld - *The NASDAQ OMX Group, Inc. - CEO*

Thank you. I thank you, everybody, for your time today. Certainly, it was another record quarter based on a record year. We are executing very well across our different businesses. And, as I said in my prepared comments, I judge our businesses on how we are stacking up relative to the competition and how we are doing relative to serving our customer needs. These measures can be different than financial measures and they are, over time, the more important measures.

And I'm happy to report to our investors that across the vast majority of our businesses, we are more competitive than we were a year ago, and we're serving our customer needs better than we have been at any time in the past. And that will certainly portend well for financial results going forward.

I look forward to getting back with you again in the quarter and taking your calls and meetings during the quarter. And, again, Lee, thank you for your personal relationship with us and your professionalism. So, thank you.

Lee Shavel - *The NASDAQ OMX Group, Inc. - CFO*

Thank you.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect. Have a good day, everyone.
