

# Three Pillars for Romanian Capital Market

becoming an internationally recognized Investment Case

December 2013



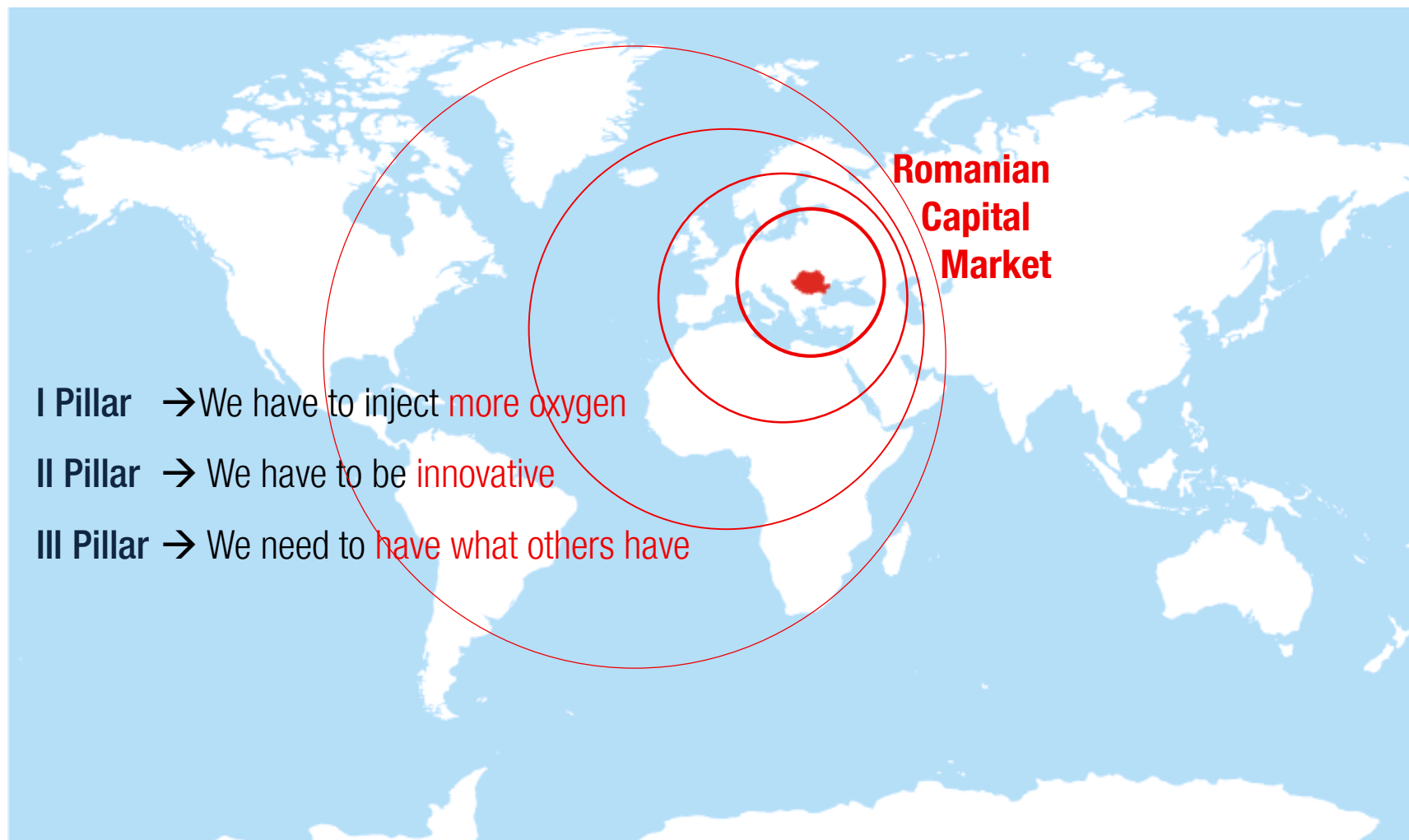
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# The Three-Pillars





# Pillar I: We have to inject more oxygen



## Dividends payments through CSD

- to extend dividends payments through CSD for all BVB listed companies
- to standardize documentation, operational flow & corporate actions processing, acc. to the European Market Standards for Corporate Actions Processing



## Odd lot market

- eliminate dispersion of liquidity



## Securities account opening

- to simplify procedures of opening the securities account by the international investors, and apply the international standards in place



## Connexion between trading and post-trading infrastructure at settlements

- to segregate trading and post-trading infrastructures



## Cost structure for market participants & customers

- to render high quality services
- to offer cost efficient trading



## Fiscal agents and fiscal registration of foreign investors

- to review Fiscal Code provisions



## Taxation

- to treat investors equal
- to comply with the European Commission Guidelines in terms of taxation (TBAG<sup>1</sup>)



## Voting at the GSMs

- to simplify voting procedures
- to standardize documentation required to vote at the GSM

Note:

<sup>1</sup>) The work on fiscal barriers (FISCO and now T-BAG meetings of the European Commission) to clearing and settlement including withholding tax issues, The European Commission is still working on fiscal barriers to clearing and settlement including withholding tax issues. The former "FISCO" group, which produced recommendations on how best to remove these barriers in 2007, has now been replaced by the "TBAG expert group", the Tax Barriers Business Advisory Group, which follows-up on the implementation of these recommendations

# Pillar II: We have to be innovative



## Trading hours

- to extended trading hours
- to improve correlation with developed markets (incl. US)



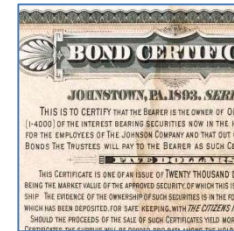
## Trading at fixed price

- to give the possibility to trade at the closing price for a limited period of time (last 10 minutes)



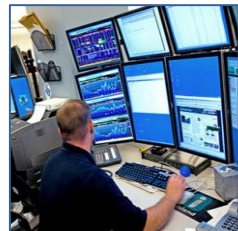
## Indexes as investment instruments

- to review index methodology
- to accommodate new listed companies and privatizations
- to create attractive investment opportunity for investors



## Debt instruments

- to support fixed income securities market



## The way market can be animated (market-making)

- to make market-makers more active and better rewarded



## BVB Infospace

- to create a data center (virtual space) to broadcast all information on the companies listed on the BVB



## Education

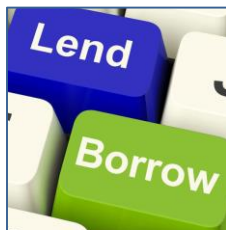
- to improve public awareness on the capital market
- to show benefits from taking part in the Romanian economy growth
- to encourage Romanian citizens to invest



## BVB as business proposition for private entrepreneurs

- to promote companies' development
- to become a platform for fund raising by the private entrepreneurs, large and small

# Pillar III: We need to have what others have



## Lending and borrowing

- to improve legal provisions to comply with the international standards & practices
- to clarify tax treatment of borrowing and lending operations (Fiscal Code)



## Short-selling

- to introduce an additional investment strategic option offering the possibility to benefit when the market is down



## Central Counterparty for spot and derivative markets

- to introduce new strategic market institution with the international contribution



## Derivatives market

- to re-open the derivatives market as a strategic tool complementary to the equity market



## Clarity on the market segmentation

- to simplify current structure of listed companies (esp. with respect to the three tiers, and not listed companies)



## New markets

- to create a separate markets for each of the security type, i.e. shares, bonds, derivatives



## Transparency, disclosure, IR

- to improve transparency
- to introduce obligatory reporting in Romanian & English
- to apply obligatory IFRS reporting
- to improve investor relations of public companies
- to introduce standard reporting for all corporate actions, both in Romanian & English, acc. to the European Market Standards for Corporate Actions Processing



## Effective corporate governance (issuers)

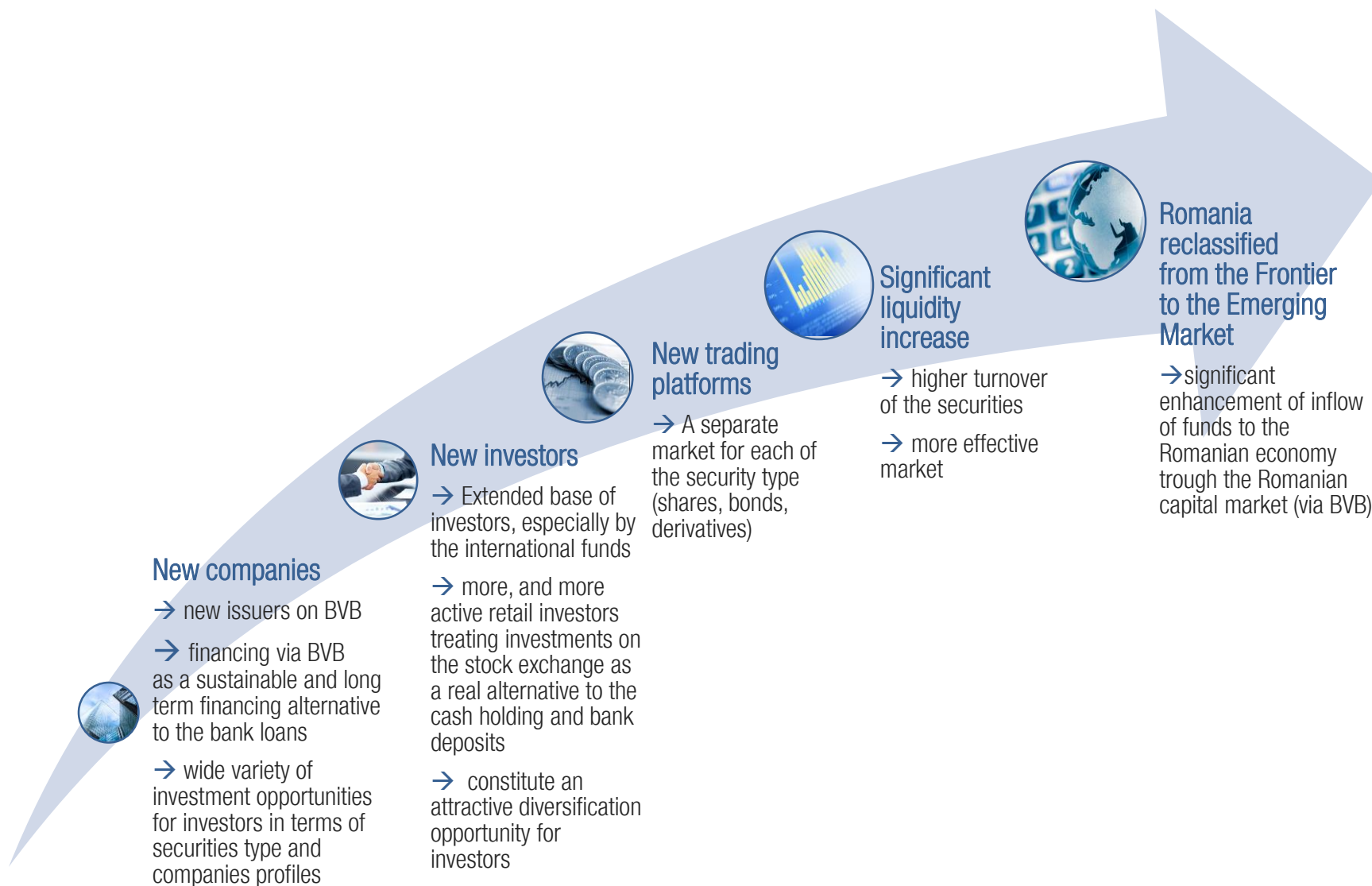
- to enhance the communication between companies and investors
- to have proper corporate governance in place

# How we shall benefit





# Measures of the stage of setting up the Pillars



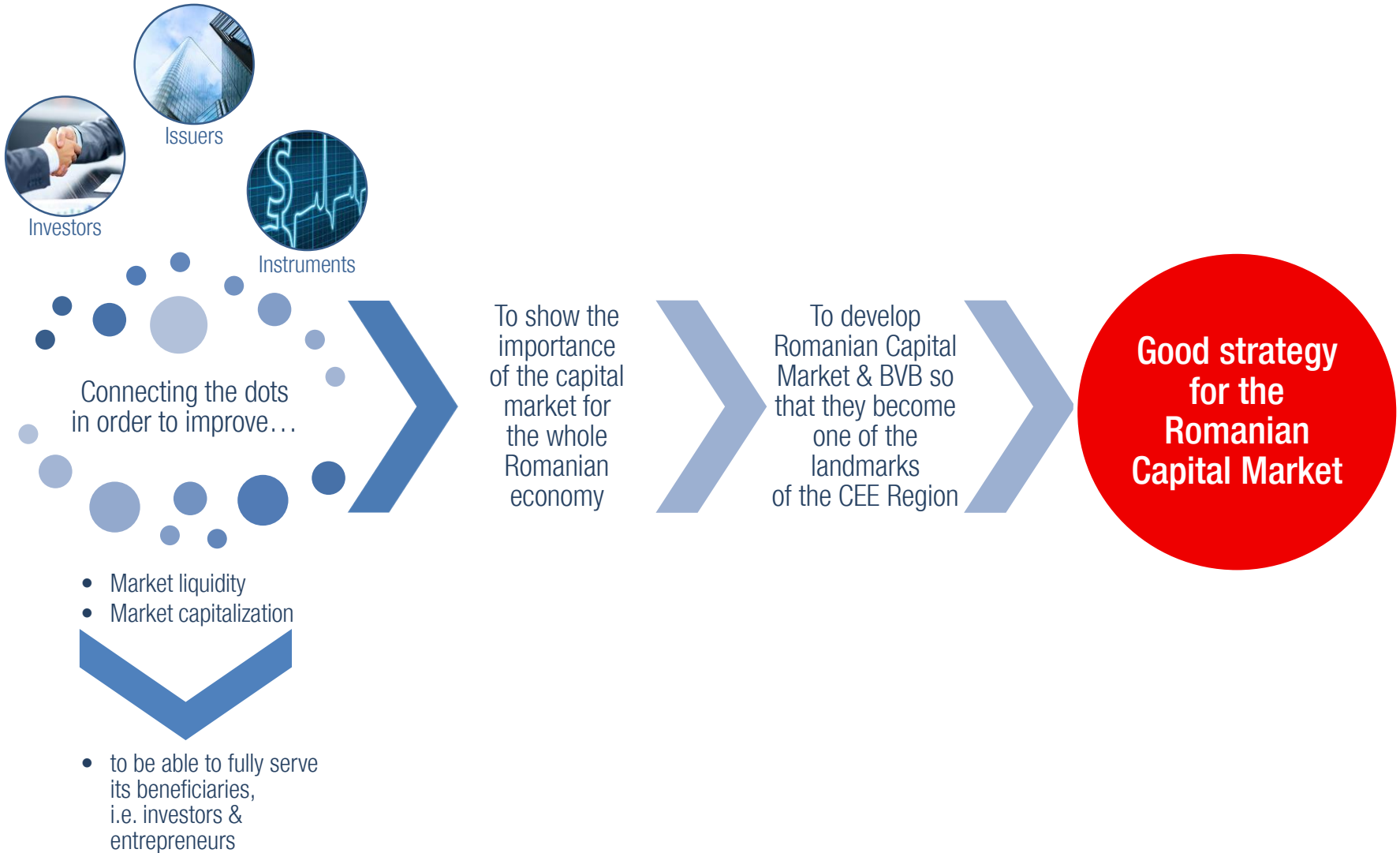
# Measures of the stage of setting up the Pillars



Where we head to



# What we want to achieve





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