BUCHAREST
STOCK
EXCHANGE

REGULATED MARKET

Guide for issuers of shares on the Bucharest Stock Exchange Regulated Market



LISTING ROMANIA

BUCHAREST STOCK EXCHANGE

ABOUT THE REGULATED MARKET OF THE BUCHAREST STOCK EXCHANGE

Identifying and accessing **funding resources** is a priority for the management and the stakeholders of any joint-stock company. The launch of the public offer, and the admission to trading on a Regulated Market, is a way of engaging public and private investors' savings, thus allowing companies to obtain the necessary resources for financing development and expansion projects.
Since 1995, Bucharest Stock Exchange (BVB), operates and manages the main Regulated Market in Romania. Since then, some of the most important Romanian companies have had their shares traded on BVB's Regulated Market.

The Regulated Market is intended for companies that meet the listing criteria regarding the size, history and free-float (the number of shares issued by a joint stock company which are floating for trading) for the regulated market.
This market is therefore a viable option for all the companies that meet the following criteria:

- **a)** Set up as a joint stock company;
- **b)** Have a history of activity for the last **3 years** and have prepared **financial statements** for that period;
- **c)** Have established **equity / anticipated capital of at least EUR 1 million** or is identified the need of capital of minimum EUR 1 million to finance development of the projects planned;
- **d)** Have or will have after the public offering a **free float of minimum 25%.**

The BVB regulated market dedicated to the shares is structured into 2 categories, as follows: Premium category and Standard category. The shares' companies which are subject to admission to trading in the Premium Category must have the market value of the free float of at least EUR 40 million or to have a contract concluded with a market-maker for sustaining the liquidity of the issued shares. For the Standard category, the companies' shares which are subject to admission to trading must fulfill the requirement mentioned above at c).

Advantages of financing through the stock exchange and the quality of a listed company

According to statistics, the financing resources of the US companies are coming from the capital market in 80% of cases and only in 20% of cases from the bank loans. In Europe, the stock market funding is used in an estimated 20% of private initiatives whereas bank loans are used in 80% of cases. In Romania financing through bank loans is dominant and the potential of the capital market is not widely used and is currently being explored.

In order to obtain financing through the stock market, a company must list its shares on the stock exchange. It will then become a listed company and will be able to benefit from the following competitive advantages:

- **Access to the capital** – financing through the stock exchange presents the competitive advantage to allow quicker access and easier to the necessary capital for the business development and organic growth of the company;
- **Increase in the company's visibility and reputation** both nationally and internationally, among current and potential business partners and customers benefit from the publicity of the listing and the attention granted by the investors and analysts;
- Determine the **market value of the company;**
- Increase the **efficiency of the management** company;
- Possibility to **reward the management and the employees** by providing them with company shares that can be later sold on a secondary market;
- **An additional trust** from the customers and business partners, as well as possibility of attracting new partners thanks to the increased transparency;
- Have shareholders interested in an **exit strategy at an objective price,** established in accordance with the market;
- Facilitated access to other types of funding sources.

Characteristics of the shares issued and traded on BVB

Shares issued must be nominative, registered, freely transferable between the shareholders, fully paid, issued in a dematerialized form, and for which the transfer should not be restricted by the provision of the articles of incorporation, registered into an account at the Central Depository and at the Financial Supervisory Authority (ASF).

Admission of the issuer's shares for trading on the Regulated Market extends to all the shares of the same type and class.

Support offered by the BVB

Additionally to the management activities, BVB offers the following support to companies that are undergoing the admission process or have just been admitted to trading:

- Familiarizing with the **general legal framework** of the capital market;
- Facilitating the **process of admission** to trading;

- Implementation of the **corporate governance** principles in the company's strategy;
- Support for increasing **attractiveness** to the investors;
- Improved **promotion** among the shareholders;
- Increased **visibility and transparency** for the investors and for the media;
- Continuous training of the **management.**

This support is reflected through the following activities:

- Meetings with BVB representatives that provide **preliminary guidance** in the process of admission to trading, in accordance with the applicable BVB regulations;
- Preparation of the **timetable on the admission** to trading;
- **BVB training program** offered together with the Institute for Corporate Governance for the management, middle management and other employees that are involved in the activities that are related to the investor relations (at the BVB or at the company's office);
- **Workshops** organized by BVB in order to support institutional and retail investors as well as the intermediaries;
- Tailor-made **promotional activities** organized by BVB, the issuer and the intermediary (via BVB website, print media, marketing and advertising channels etc.);
- Facilitated organization of **press visits** at the issuer's headquarters in order to present company's business and its other type of activities;
- **Official opening of the trading session** at BVB, organized on the first trading day in order to mark the milestone in the company's history;
- **Workshops** organized by BVB together with the Institute of Corporate Governance for the representatives of companies that are admitted to trading, on the topics of particular interest to the management and employees;
- **Regular meetings** with investors and analysts, organized with the support of BVB;
- Invitation to **external conferences** organized by BVB for institutional investors or to **internal conferences** on the topic of capital markets;
- Guest participation in the **internal road shows** organized by BVB in order to attract listings of new companies and to promote the most recent success stories.

Listing steps for BVB's Regulated Market

I. Shareholders make a **decision regarding the admission of company's shares to trading on BVB's Regulated Market,** followed by the public offer. This decision has to be made during the General Shareholders Meeting and has to include the main features of the issue, should the admission be preceded by the public offering;

2. The issuer addresses **intermediary authorized by the ASF.** The intermediary should be a participant to the BVB trading system. The issuer will enter into an agreement with the intermediary stating that the latter will handle all the procedures related to the offering of the shares and, if necessary, the admission of the issuer to BVB. The full list of intermediaries is available on BVB's website www.bvb.ro in the 'Intermediaries' section;

3. The issuer issues a prospectus, authorized by the ASF. Depending on whether the admission is preceded by the public offering or not, the issuer shall issue respective prospectus:

a. Prospectus for admission to trading, in case admission is not preceded by a public offering or

b. Prospectus for public offering of shares, in case the admission is preceded by a public offering.

4. Admission prospectus as well as the public offer prospectus are documents prepared by the intermediary, based on the information provided by the issuer, such as:

a. Presentation on the issuer, the intermediary and the persons involved in the preparation of the prospectus;

b. Information regarding the issuer (identification data, the nature of the activity carried, capital and information regarding other issued shares);

c. Activity of the issuer (operations, economic and financial performance, office location, research and development, legal proceedings, employees, investments, funding sources);

d. Account statement (financial reporting, indicators);

e. Information relating to the management, future prospects and risk factors.

5. In case of successful initial public offering on the BVB's Regulated Market, ASF approves the closure of the offer and the shares are registered at the ASF;

6. Issuer enters into a contract with the Central Depository, institution that provides clearing and settlement services of all the exchange transactions and track the records of the companies that issue securities;

7. Intermediary submits to BVB the documents specified in Book I of the BVB Market Operators Code, that include:

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a. An application for admission to trading of the issuer's shares;
b. Prospectus accompanied by ASF's approval thereof;
c. Summary of the public offering prospectus or the admission prospectus in English, for Premium category ;
d. Resolution of the company's body with regard to the admission to trading on BVB
e. Articles of incorporation
f. ASF's registered certificate of the shares
g. Contract for admission and maintenance to trading.

The issuer shall appoint two persons that will be responsible for maintaining regular contact with the Bucharest Stock Exchange.

8. The final decision for admission to trading is taken by the Board of Directors of BVB, based on the analysis of the submitted documentation.

For detailed information in order to be admitted to trading on the regulated market of the shares into the premium and Standard categories, please see the website www.bvb.ro, Regulations section, BVB market Operator Code, book I, Title II.
The list of fees and commissions for the admission to trading and maintenance charged by the Bucharest Stock Exchange can be found on BVB's website, at: www.bvb.ro in the Regulations section.

REPORTING OBLIGATION, VITAL ASPECT OF INVESTOR RELATIONS

Issuers, with the support of BVB, are required to submit the following reports, will be made available to the public through the BVB's website:

a. Regular reports:
- **Yearly report** – providing financial statements including the balance sheet, income statements, notes to the financial statements, management report and the auditor's financial report;
- **Report on the first half of the year** – providing the balance sheet and the profit and loss account together with the management report;
- **Quarterly reports** – to the extent in which they are prepared, for the first and the third quarter.

b. Current reports:
- On General Assembly meetings (or board meetings that have the purpose of deciding on the duties delegated to the General Assembly);
- Decisions concluded during the above-mentioned meetings;
- Information regarding payment of the dividends, value per share thereof, the payment deadline and the payment method;
- Any other relevant information such as: changes in the control of the company, mergers / spin-offs, litigation procedures, beginning or conclusion of the company's dissolution, insolvency, reorganization, bankruptcy etc.

For more information regarding the reporting and communications requirements, the issuers are advised to consult the legal framework that covers the admission of shares to trading on the Regulated Market:

- Law nr. 31/1990 republished with subsequent amendments;
- Law nr. 297/2004 on the capital market, with the subsequent amendments (www.asfromania.ro);
- ASF Regulation nr.1/2006 on securities transactions, as amended and supplemented (www.asfromania.ro);
- BVB Rulebook for Market Operators, Book I, Title II (www.bvb.ro/Reglementari).