



BUCHAREST STOCK EXCHANGE

PRESS RELEASE

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BVB CEO DISCUSSED SUSTAINABILITY IN THE CONTEXT OF AeRO MARKET DURING THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT HIGH-LEVEL SESSION IN GENEVA

On April 20th, Bucharest Stock Exchange CEO, Ludwik Sobolewski participated to the high-level session entitled ‘Mobilizing Investment for Development: Contribution of United Nations Conference on Trade and Development (UNCTAD) in the context of financing for development’. The session was a core part to 2015 Investment, Enterprise and Development Commission held from 20 to 24 April at the Palais des Nations, the United Nations office in Geneva, Switzerland.

The objective of the high-level session was to identify key issues, policy options and other considerations for mobilizing investment for sustainable development in a number of salient areas, including domestic and external sources of financing, enhancing partnerships between external and internal sources of finance and investment and innovative financing mechanisms for sustainable development.

In his address, BVB CEO focused on 3 items – financial education, corporate governance in the context of AeRO market, the low recognition of the sustainability-related methodologies by the financial community. ‘My first remark is related to the necessity of spreading the awareness and understanding related to the financial aspects of the modern economy. This is not only a challenge for Stock Exchanges where markets are young and in transition, it is a challenge even in the most developed environments. Even where there is accumulated knowledge, it is necessary to focus on education of the new generations (...). My second reflection is about what we can do about corporate governance, transparency, accountability towards the investors. There is an area to where it is difficult for Stock Exchanges to reach out, but once successfully done, market operators do trigger a phenomenal change. This is the area of small entrepreneurship. Today, Stock Exchanges can further advance the corporate governance via SME markets. It can be difficult for Stock Exchanges to support SME markets because such markets are small in terms of liquidity; they poses a difficult challenge for those who want an outreach. Nevertheless those exchanges that decided to create those markets, they have a very important role. SME markets may not bring high liquidity but they give capital and also something notable to the listed companies – transparency, accountability, corporate governance. There is no other tool in the economy that can bring this value (...). Thirdly, I would like to discuss the methodology. United Nations Sustainable Stock Exchanges initiative and UNCTAD are working on making the sustainability aspect more acknowledgeable by the financial community. Companies that do the research and analysis, usually focus mostly on the financial aspects of companies; it is an obstacle. I am thankful for this opportunity to participate in this project that bridges public debate with Stock Exchanges and other financial initiatives’ said Ludwik Sobolewski during his speech.

The address of BVB’s CEO Ludwik Sobolewski managed to capture the attention of a number of delegates who were particularly interested in the AeRO model and its duplicability. The USA delegate urged the necessity for implementing transparency, accountability and predictability of financial markets, as it was done in the AeRO example. The delegate has also brought forward the question if BVB’s AeRO as well as Warsaw Stock Exchange’s New Connect markets can be expanded over to other countries. The delegation from Guatemala raised an item related to whether the AeRO and New Connect markets are based on a similar model that can be implemented also in other countries and regions. Finally, the Columbian delegation raised the question relating to how AeRO is regulated in Romania.



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In his second address that aimed to answer the questions brought by the delegates, BVB CEO underlined that corporate governance guidelines are one of the central aspects of modern capital markets. Addressing the duplicability of the New Connect and AeRO model, Ludwik Sobolewski underlined that implementing the AeRO model in Romania has well proven the adaptability of the SME market to different realities. ‘Despite the fact that Romania and Poland are similar as they are both a Central Eastern-Europe country that even shares a part of the XX-century history, Romania has its own problems and challenges. Moreover, at the time when we launched AeRO, the Romanian capital market was much less developed than the Polish one at the time of implementing New Connect. The fact that even in those challenging conditions AeRO was successfully adapted proves that this model can be exported to other, foreign markets’.

The participation of BVB’s CEO to this high-level session is a result of BVB joining the United Nations Sustainable Stock Exchanges Initiative (SSE) on March 27, 2015. SSE initiative was launched by the United Nations Secretary-General Ban Ki-moon in 2009. It is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on environmental, social and corporate governance issues and encourage sustainable investment. The initiative is co-convened by the UN-supported Principles for Responsible Investment, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact. BVB was the 19th member to join the initiative globally and the 4th European partner exchange.

The outcome and recommendations resulting from the session will form inputs for the Third International Conference on Financing for Development, which will be held in Ethiopia on in July 2015 and the General Assembly Special Summit on Sustainable Development in September, which will adopt the post-2105 Development Agenda.

Bucharest Stock Exchange runs markets for shares, bonds and other instruments, through regulated platforms and alternative systems, and provides a wide range of services to participants of financial markets. Bucharest Stock Exchange is a public company, listed on its own market since 2010. For more information refer to www.bvb.ro.



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For further information for media, please contact:

Stefan Musgociu, PR Specialist, +40.730.255.030, stefan.musgociu@bvb.ro