

PRESS RELEASE
JANUARY 29, 2019

SHAREHOLDERS OF THE BUCHAREST STOCK EXCHANGE VOTED FOR THE LOCAL CENTRAL COUNTERPARTY, THE LODESTAR PROJECT OF THE ROMANIAN CAPITAL MARKET IN A MOVE TO DOUBLE LIQUIDITY

- The shareholders of the Bucharest Stock Exchange (BVB) approved during the Extraordinary General Meeting of Shareholders the establishment of the local Central Counterparty (CCP), a project worth EUR 16 million, to which BVB will contribute up to EUR 10 million.
- Adrian Tanase, BVB CEO: The trading costs are not going to be higher for brokers nor for clients. The investors will be able to access more investing strategies and, as the market develops, we plan to lower tariffs.
- A key role of the CCP is to act as a warrant for the market integrity by eliminating counterparty risk. The new entity will help diversify the market products by offering derivatives and will be able to double the average daily trading value.

Shareholders of the [Bucharest Stock Exchange \(BVB\)](http://www.bvb.ro) approved today, January 29th, during the Extraordinary General Meeting of Shareholders the establishment of a new company which will be authorized to act as the local Central Counterparty (CCP). The total investment needed to finance this project will amount to EUR 16 million, to which BVB will contribute up to EUR 10 million.

"The new infrastructure will pave the ground for a fast-paced development of the market without increasing any costs. The locally established counterparty takes into account the specifics of the Romanian market, where the brokerage companies are weakly capitalized. As a matter of fact, the trading costs are not going to be higher for brokers nor for clients. The investors will be able to access more investing strategies and, as the market develops, we plan to lower tariffs", said Adrian Tanase, CEO of BVB.

In substantiation of the business decision, the projections for the first ten years of the CCP main revenue streams that support its activity - the spot (cash) market, the derivatives market, financial revenues, membership activity (reflecting tariffs related to the clearing member status) - indicate a feasible project, considering a number of conservative premises regarding the increase in the trading activity in the capital and energy markets. The partnership between BVB and [OPCOM](http://www.opcom.ro) (the Operator of the Romanian Electricity and Gas Markets) will allow the newly established CCP to go into the black at the end of the second year, according to the base case business plan.

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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In addition to the transactions carried out on BVB markets for shares, bonds, financial derivatives, the CCP project should provide clearing services for transactions in the energy market from the beginning. Also, in the first stage, we want to launch financial instruments such as futures contracts linked to the electricity market. OPCOM General Manager Victor Ionescu last week said the electricity and gas markets operator will inject at least 20 percent in the equity needed to finance the CCP.

A key role of the CCP is to act as a warrant for the market integrity by eliminating counterparty risk. The new entity will help diversify the market products by offering derivatives and will be able to double the average daily trading value.

"The local Clearing Counterparty is changing the rules of the game in the capital market. We aim to have a spot market and a market for derivatives more appealing to all the participants. In the business plan proposed to the shareholders, the base scenario aims at doubling the average daily trading value from 10 to 20 EUR million in the next ten years. Setting up the CCP is not a panacea to exit the below the potential liquidity status, but it is the project all types of investors need in a sophisticated capital market", said the CEO of BVB.

Prior to the decision of the BVB shareholders, the CCP project had already received official support from the Financial Supervisory Authority (ASF), the National Regulatory Authority for Energy (ANRE) and the National Bank of Romania (BNR).

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