

Bursa e pentru sameni

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BUSINESS STRATEGY

2016-2020



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Mission, Vision and Strategic Goals

Mission

Bucharest Stock Exchange to perform the role of the second and alternative channel for financing of Romanian entrepreneurs, after the credit products, serving as a platform of investment opportunities for domestic and international investors.

Vision

Bucharest Stock Exchange to become an institution profoundly involved in the domestic and international flows of capital, one of the leading in the Central and Eastern Europe, and the leader of South-Eastern Europe.

Strategic Goals

1. Contribute to enlargement of the investors' base
2. Contribute to transforming the BVB into a marketplace for financing of already listed issuers and of new companies
3. Contribute to the enhancement of intermediaries' efficiency
4. Modernizing the market infrastructure to face challenges and opportunities

All BVB efforts are made so that Romanian capital market to be upgraded from Frontier to Emerging Market status.

1. Contribute to the enlargement of the investors' base.

International Institutional Investors

Recent past and ongoing projects

Institutional Investors, and especially international ones, are particularly sensitive to liquidity risk. Measures have been undertaken in order to mitigate the risk by increasing the depth of the market: liquidity providers schemes, T+2 and individual settlement terms, continuous and auction models of quotation, large IPOs mostly carried out through shares on the local market, centralized payments of dividends. A radical progress as regards the increase of the engagement of foreign investors is not possible without the upgrade of Romanian market from the Frontiers to Emerging Markets category. In turn, it is not possible without the significant increase of the free float in a few largest companies currently listed (with stakes State- or Fondul Proprietatea- owned) and without a listing of one additional large blue chip from the State portfolio.

It is equally important to ensure the required quality of the assets listed and of the way the trading connectivity to the market is established.

1. Contribute to the enlargement of the investors' base.

International Institutional Investors

Tools and projects

- To eliminate limitations as to free flows of capital in listed companies
- To have at least one major blue chip from the State portfolio listed with a sufficient free float creation
- To liberate free float in some of the currently listed large companies
- To strictly impose the corporate governance rules through the new system of monitoring and enforcement, implemented at the beginning of 2016
- To remove the remaining barriers regarding securities accounts' opening process
- To continue decreasing the fees by the market infrastructure institutions and by ASF
- To create gateways of connectivity into the Romanian markets (new members of the market, new ways of connection, optimizing the procedures for non-local members)
- To install the CCP function for the cash markets
- To develop the "local leg" – local sources of liquidity
- To design new tools dedicated for the liquidity provisions

1. Contribute to the enlargement of the investors' base.

Local Institutional Investors

Recent past and ongoing projects

The “Eight Barriers Removal” program served directly or indirectly the interests of local institutional investors, namely the pension and investments funds.

Tools and projects

- To support the changes in the regulations concerning the investments by pension funds (the fees chargeable to the funds' assets)
- To continue improving market benchmarks
- To continue decreasing the fees by the market infrastructure institutions and by ASF
- To support the deployment of the market analysis functions and professions
- To participate in the promotion of the voluntary savings (III pillar of the pension system, investment funds, insurance companies' management of funds) to be placed in tradeable instruments
- To continue attracting new issuers and launch new financial instruments, for asset class diversification
- To increase transparency of the issuers and improve communication with investors
- To support funds industry in efforts for developing their infrastructure and distribution capacity to reach retail
- To support the funds industry in its efforts of offering clients solutions, together with the investments products

1. Contribute to the enlargement of the investors' base.

Individual Investors

Recent past and ongoing projects

Several measures have been deployed in recent 2 years to increase the participation of retail investors in the capital market: initiatives relating to financial education (Investors Clubs, Fluent in Finance, Individual Investors Forums, Financial Expos, InvestQuests, Experts Call Center, Open Doors Day), to new transactional tools (ArenaXT), to the upgrade or release of new communication means (websites, mobile applications), to the creation of new market segment naturally dedicated to retail investors (AeRO), to the decrease of transactional costs and reliability of the dividends distribution and special schemes promoting day-trading (inactive).

Tools and projects

- To continue projects aimed at the quality change as to the level of financial literacy
- To resolve the problem of the "Section1" at Depozitarul Central level, a huge reservoir of liquidity, turning it into new assets kept by the brokers
- To invent new tools more directly enticing for trading (for example, demo accounts)
- To implement the short selling and to support the trading on margin capacities, once the ASF issues related optimized rules
- To decrease the trading fees in parallel to the turnover evolution and changing the structure of the fees
- To bring new financial instruments for trading and launch the derivatives market
- To implement a citizens shareholding program, available for public offers ran in the market
- To support fiscal measures that stimulate the long term investments

2. Contribute to transforming the BVB into a marketplace for financing of already listed issuers and of new companies.

Listed Issuers

Recent past and ongoing projects

Numerous measures have been introduced enhancing the transparency and the quality of the market in equities, such as segmentation of the market, new indexes, including “total return” indexes”, new obligations attached to the presence in the “premium” segments and for constituents of the BVB main index. Other initiatives that consisted of organizing investors’ meetings with listed companies were arranged by the BVB, including a brand-new project of the “reverse road shows”, engaging international investors coming to Bucharest.

Tools and projects

- To promote the use of Issuers’ market making
- To implement corporate governance rules
- To create information platform for listed companies, dramatically improving investors’ access to information
- To strengthen the IR functions at listed companies
- To build the BVB’s role as a partner for the issuers, to work on their development
- To set up an Association of Listed Companies, to lobby the common interests of the listed companies and of Romania aiming the status of the Emerging Market
- To continue promotion of listed companies towards retail and institutional investors’ community
- To introduce an Issuers Reporting System, which allows standardizing the issuer’s reports and easing the data processing

2. Contribute to transforming the BVB into a marketplace for financing of already listed issuers and of new companies.

New Companies

Recent past and ongoing projects

Attracting new companies (equities, bonds instruments) is inseparable from the liquidity of the secondary trading issue, which in turn depends on all measure taken by BVB and market participants to enlarge the clients' base. Hence, all projects that are undertaken by BVB in that matter serve the idea of the activation of the primary market for new companies. In addition, BVB launched many initiatives aimed directly at potential new listings, both from the private sector and SOEs. The requirements for admission to trading of companies were simplified. Road shows and presentations involving candidates for listings and confronting them with potential investors, the creation of AeRO, are among them.

Tools and projects

- To provide support for going public (relevant information, regulations and procedures involved) via integrated communication channels and industry events, as well as to have a more active role in private placements carried out through BVB
- To facilitate and organize pitching sessions and programs for companies from Romanian top industries
- To develop sustainable partnerships for promoting financing via the capital market
- To launch a capital market strategy for SOEs privatizations, in partnership with the Government
- To partner with brokers in the Equity Capital Markets area for supporting their activity in attracting issuers for main market, and with authorized advisors for issuers on AeRO
- To develop and promote the debt market segment

3. Contribute to the enhancement of intermediaries' efficiency

Recent past and ongoing projects

Partnerships with brokers-members of the BVB in several educational and marketing-intense initiatives, new instruments designed for the brokers (market-making revenue schemes, issuers' market making), instruments giving outreach to retail clients (ArenaXT platform on mobile devices), institution of Authorized Advisors – marked the new approach of the BVB which consisted of real support given to brokerage industry. This line of actions will be continued and intensified.

Tools and projects

- To connect the Romanian market to the SEE Link Project, supported by EBRD, encompassing Croatian, Serbian, Slovenian, Bulgarian and Macedonian markets (inter-markets orders routing)
- To support brokers within marketing programs for attracting retail investors and companies for financing via the capital market
- To implement lending&borrowing, short selling and trading on margin credit
- To support implementing the indirect participation at Depozitarul Central, to facilitate the means of connectivity at BVB, to simplify the admission and maintenance procedures for BVB and Depozitarul Central members
- To continue the development of dedicated programs for market participants

4. Modernizing the market infrastructure to face challenges and opportunities

Recent past and ongoing projects

Market infrastructure updates were made on the side of the architecture, trading mechanisms and settlement. The most relevant envisaged the separation of trading and post-trading systems, the increased flexibility of settlement on gross basis, the T+2 implementation, and the introduction of two settlements cycles. The trading environment got improved with new market making programs, reduction of suspension from trading, elimination of the Odd-lot market, new tick size, new trading hours and new market stage, implementation of the auction models. The trading tools brought mobile apps and ArenaXT platform enhancements.

Tools and projects

- To develop the CCP facility
- To improve the information environment by creating the Info Platform for Issuers (Portal which connects investors with companies, facilitates stock picking & portfolio monitoring, offers comprehensive and full information on BVB listed companies), the Issuers Reporting System (an automatic issuers reporting system, as per international standards, which allows standardizing the issuer's reports and easy the data processing), and the Corporate Actions Platform (offers to the information sources/issuers, local/global custodians and investors the possibility of interaction by using one of the most used standard of communication in the capital markets)
- To envisage aligning the market infrastructure and mechanisms to MIFID II requirements applicable
- To develop data dissemination capacities
- To participate in clarifying the Sibex status
- To develop the BVB Group for increased synergies and scale effects

Quantitative targets



By the end of 2018

Romania to be included on the watch list/classified as Emerging Market, under assumption of a major privatization completed in 2016 and increase of free float in already listed blue chips

Romania Emerging Market



Post-trading infrastructure

Number of individual securities accounts

Share of Romanian market capitalization in GDP

Derivatives market



By the end of 2018

- Modernization according to EU regulation and standards
- Improved risk monitoring and management activities
- Expanded range of products and services
- CCP facility for cash markets



100.000 accounts by the end of 2018



15% by the end of 2020

Supported by SOEs privatizations and private listings



By the end of 2020