

Government of Romania - Decision no. 506/2023 of 24 May 2023

Decision No. 506/2023 approving the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026

Effective from 30 May 2023

Published in the Official Journal, Part I, No. 478 of 30 May 2023. Form applicable on 7 June 2023.

Pursuant to [Article 108](#) of the Constitution of Romania, republished,

The Government of Romania hereby adopts this Decision.

Art. 1 – The National Strategy for the Development of the Romanian Capital Market for the period 2023-2026, hereinafter referred to as the Strategy, set out in the Annex which forms an integral part of this Decision, is hereby approved.

Art.2 - The monitoring of the Strategy and of the implementation of the measures set out in the Action Plan for the implementation of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026, set out in the Annex which is an integral part of the Strategy, shall be carried out at the level of each responsible public authority or institution, according to its legal competences.

PRIME MINISTER
NICOLAE-IONEL CIUCĂ

For:

on behalf of Ministry of Finance,

Mihai Diaconu,

State Secretary

on behalf of Ministry of Economy,

Flavius Constantin Nedelcea,

State Secretary

Bucharest, 24 May 2023.

No. 506.

ANNEX

THE NATIONAL STRATEGY

for the Development of the Romanian Capital Market for the period 2023-2026

I. Introduction

Since October 2020, ASF has been implementing, as beneficiary and in partnership with the MF, the project “Romanian National Capital Market Strategy”, in which the consultancy was provided by the OECD.

The project, funded by the EC, was carried out in three phases. The first stage consisted of a report on the key characteristics of the corporate sector, access to finance and the current state of the Romanian capital market. The phase was completed in February 2021, and the Romanian corporate sector analysis report included a detailed analysis of developments in the primary and secondary public offerings markets corporate bond and private equity markets¹.

¹ <https://www.oecd.org/corporate/oecd-capital-market-review-romania.htm>

In the next stage, the Diagnostic Report on structural problems and significant barriers to capital market development in Romania – “Developing a Capital Market Strategy for Growth in Romania” - was presented. Based on the report produced in the first phase of the project, the OECD built a diagnostic of the Romanian capital market, which included an assessment of the main problems identified and recommendations for public institutions, professional associations and private entities to support the expansion of the Romanian capital market so that it can play a central role in promoting economic growth, both in the context of the COVID crisis and in the long term.

Based on the assessments and recommendations of the OECD Phase II diagnostic report, the final stage of this project consisted in the development of the Romanian National Capital Market Strategy for the period 2023-2026 by ASF and MF in consultation with the OECD and the endorsement of the document at the end of June 2022. The strategy was built around nine general objectives which, in turn, are divided into several specific objectives with implementation deadlines ranging from 1 to 4.5 years: General Objective I: Improve conditions for listing on the capital market; General Objective II: Increase liquidity in the secondary market; General Objective III: Support the development and growth of the SME market; General Objective IV: Promote savings among retail investors and increase participation of individual investors and the business environment in the capital market; General Objective V: Increase the role of institutional investors; General Objective VI: Facilitate long-term financing through market mechanisms; General Objective VII: Support digitisation and financial innovation; General Objective VIII: Support the development of the local private equity and venture capital market; General Objective IX: Stimulate green investment. The deadline for implementation of all general and specific objectives is 31 December 2026.

The National Strategy for the Development of the Romanian Capital Market for the period 2023-2026 will be carried out by several public and private institutions, which are detailed in Chapter XI - Responsible institutions.

II. Vision

In the long term, the development of the local capital market can make a large contribution to increasing welfare and the economy in general, in particular by increasing and diversifying sources of finance as an alternative to the banking sector. The existence of such sources benefits investments and businesses, is a key factor for financial stability and promotes inclusiveness and access for all businesses, including small and medium-sized enterprises, to a variety of financing, suited to their business plans. Also, reducing fragmentation and gaps with developed EU countries will allow a better circulation of capital, while reducing financing costs, by increasing the attractiveness of the local market, internationally, among institutional investors and by supporting the supply of financing for SMEs and long-term investment projects, providing easier access to foreign capital for Romanian companies and projects.

The further development of effective consumer and investor protection mechanisms will lead to increased confidence and, together with improved governance and competitiveness of Romanian companies as a result of competition with other countries to attract capital, may generate further reductions in financing costs.

Under these circumstances, the Capital Market Development Strategy 2023-2026 aims to implement targeted improvements to increase the attractiveness of the local market by developing the infrastructure and operating parameters so that progress can be measured by a stable increase in capitalisation, number of issuers, liquidity and free float of listed companies, categories of instruments traded, while completing securities lending operations and relaunching the derivatives market, frequently used to hedge market risks. The Strategy also aims to increase the number of active retail investors and to diversify and attract new institutional investors. For all this, improving and streamlining the infrastructure so that international best practices are applied is essential.

III. Existing priorities, policies and legal framework

At the European level, the initiative to develop a Capital Markets Union - CMU, launched in 2015 with the aim of facilitating financial flows across the EU between investors, companies and consumers, regardless of their geographical location, has made some visible progress, but nevertheless the level of market fragmentation remains relevant, with European citizens and companies still unable to fully benefit from the sources of finance and investment that capital markets can offer.

Under these circumstances, the CMU action plan has been updated for 2020 and includes three priority directions, broken down into several specific actions:

- 1.** supporting a green, digital, inclusive and resilient economic recovery by increasing the accessibility of finance among European companies;
- 2.** increasing security in the EU for citizens' long-term savings and investments;
- 3.** Integration of national capital markets into a single European market.

Today, well integrated and well-functioning capital markets are particularly important in the context of recovering post-pandemic economies, but also of new shocks in the geopolitical sphere, as well as the challenges of digital transitions and environmentally sustainable economies. In addition, the CMU can contribute to a more inclusive and resilient society, in particular by contributing to the successful management of the challenges of an ageing population, as integrated capital markets are crucial for the EU's global competitiveness and self-sufficiency.

An important principle is that any action taken to create a capital markets union should have as its main objective to improve the range of attractive, stable and sustainable financing options available to companies and citizens, while safeguarding economic stability, the interests of

small investors, pensioners and consumers, and reducing financial risk, with the aim of stimulating financial participation and turning savers into investors. At the same time, access to capital market finance for SMEs, entrepreneurs and the social economy has become even more important in the context of the post-pandemic recovery. Locally, a well-developed capital market is a particularly important mechanism for continuing to finance the economy in a sustainable way and to benefit from European trends and progress. To fulfil its fundamental role, the local capital market needs to be transparent, competitive, resilient, centrally cleared and supported by fair regulation.

The local capital market has made a number of advances in recent years, one of the most notable being its inclusion, from September 2020, in the FTSE Russell Emerging Markets Index, thus promoting it from frontier market status. The promotion of the Romanian capital market to emerging market status has offered new opportunities for development, being a positive signal for all participants and bringing a number of benefits in terms of visibility, attractiveness, market access for institutional investors. However, further progress and development is needed, both for better integration into the European market and to increase its role locally.

At the national level, the Government Programme 2021-2024 “supports a sustainable development model, focused on investment, stimulating and developing human capital, increasing the competitiveness of Romanian companies and the digital transformation of the economy and administration, making public administration more efficient and combating material deprivation of the population²”, aiming to reduce the gap with the economies of Western European countries. In this context, local capital market development is a vital resource for increasing welfare and achieving economic goals.

² https://gov.ro/fisiere/programe_fisiere/Program_de_Guvernare_2021%E2%80%942024.pdf

IV. Timetable of objectives

The main general and specific objectives of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026 are summarised in this section and described in detail in Chapter VI, while the action plan for their implementation is presented in the Annex.

Objective	Responsible authority/institution	Deadline for implementation
General Objective I: Improved conditions for capital market listings		
Specific objective I.1: Review of the regulatory framework applicable to the capital raising procedure, both for initial public offerings and for those conducted after the securities are admitted to trading, with a view to simplifying the procedures and reducing the time needed to raise capital	ASF Romanian Investor Relations Association	31 December 2024

<p>Specific objective I.2: Improvement of corporate governance standards by:</p> <ul style="list-style-type: none"> • adherence of state-owned companies listed or to be listed to the highest standards of corporate governance 	<p>MF/Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Relevant state-owned companies * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>31 December 2024</p>
<p>Specific objective I.3: Extension and diversification of the typology of instruments tradable on the capital market by:</p> <ul style="list-style-type: none"> - listing shares representing minority shareholdings in large state-owned companies and increasing the free-float for such companies already listed; - encouraging the transfer to the regulated market of state-owned companies listed on the MTF administered by BVB by strengthening and complying with corporate governance principles and improving transparency requirements 	<p>Relevant state companies MF/ Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Ministry of Economy BVB * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>31 December 2026</p>
<p>Specific objective I.4: Introduction of a national campaign targeting both public and private companies to encourage companies to use capital market financing, informing company management and other relevant stakeholders of the many opportunities available</p>	<p>MF ASF BVB Relevant private and public stakeholders Brokers Association</p>	<p>31 December 2026</p>
<p>Specific objective I.5: Intensification of efforts to meet the requirements for the authorisation and operation of a CCP</p>	<p>CCP Shareholders</p>	<p>31 March 2024</p>

Specific objective I.6: Encouraging the listing of companies on the MTF administered by BVB, including by: - simplifying the listing procedures; - implementing the use of an electronic platform that can be accessed by the issuer and the authorities/institutions responsible for approving the listing application to ensure the speed of the process.	ASF BVB	31 December 2024
General Objective II: Increase liquidity in the secondary market		
Specific objective II.1: Support the development of the existing programme - “BVB Research Hub” - which provides market participants with low-cost independent quantitative research on listed companies and supports financial investment services companies in providing this research to the market	BVB	31 December 2026
Specific objective II.2: Carry out a national campaign to inform inactive shareholders who have benefited from the mass privatisation programme carried out since the 1990s with the aim of liquidating their holdings; grant an exemption from the payment of any transaction fee	ASF DC BVB	31 December 2026
Specific objective II.3: Assess the regulatory framework and operational requirements in the market to stimulate post-admission offerings of securities to encourage companies to increase their free-float by providing assistance to cover part or all of the cost of such offerings	ASF BVB	31 December 2026
Specific objective II.4: Strengthen and continue efforts to create and develop a derivatives market	BVB CCP ASF Other relevant stakeholders	31 December 2024

Specific objective II.5: Stimulate the development of lending operations of financial instruments by streamlining collateral management processes	ASF DC CCP	31 December 2026
Specific objective II.6: Stimulate trading in units of open-ended investment funds (UCITS) through market trading systems	BVB Other relevant stakeholders Association of Fund Managers ASF	31 December 2024
General Objective III: Promote, develop and grow an active SME market		
Specific objective III.1: Intensify cooperation between BVB and CCIR and organise workshops, seminars, conferences to promote capital market financing methods among SMEs	ASF BVB CCIR	31 December 2024
Specific objective III.2: Assess the adequacy of the threshold below which public offers of securities are exempted from the obligation to publish a prospectus	ASF	31 December 2024
Specific objective III.3: Support intermediaries by reducing fees and charges to support small companies in assessing financial prospects and admission to the MTF administered by BVB	ASF BVB	31 December 2024
Specific objective III.4: Develop a mechanism to incentivise companies listed on the MTF administered by BVB that meet the legal requirements to transfer to the regulated market	ASF BVB	31 December 2024
Specific objective III.5: Stimulate the establishment of IPO Fund investments to support SME financing. Support SMEs to access finance offered through the "EU fund to help promote SME IPOs"	ASF Association of Fund Managers BVB	31 December 2024
Specific objective III.6: Establishment by BVB of a growth market for SMEs	BVB ASF	31 December 2024
General Objective IV: Promote savings among retail investors and increase participation of individual investors and the business environment in the capital market		

<p>Specific objective IV.1: Increase the segment of the population with access to a bank account and the implementation of digital cost-saving tools, as well as the awareness among potential individual investors and the business community about the alternative of investing/placing in financial instruments in order to increase the level of investment in the capital market, by:</p> <ul style="list-style-type: none"> - raising awareness about the advantages of saving and investing them appropriately in various investment products; - conducting a national information campaign for individual investors and the business community on the ways and opportunities of investing in the capital market 	<p style="text-align: center;">MF ASF/ Institute of Financial Studies Romanian Association of Banks Association of Fund Managers Association of Brokers Romanian Financial Services Users</p>	<p style="text-align: center;">31 December 2024</p>
<p>Specific objective IV.2: Reassess the applicable regulatory framework in the field of capital markets with a view to identifying possible additional measures to ensure enhanced protection of retail investors</p>	<p style="text-align: center;">ASF</p>	<p style="text-align: center;">31 December 2024</p>
<p>Specific objective IV.3: Increase the confidence of potential individual investors in financial instruments markets and investments in financial instruments</p>	<p style="text-align: center;">ASF</p>	<p style="text-align: center;">31 December 2026</p>
<p>General Objective V: Increase the role of institutional investors</p>		
<p>Specific objective V.1: Continue the process of simplification, de-bureaucratisation and streamlining of operations/procedures for the authorisation/registration of UCITS/AIFs/private/occupational pension funds, including by revising secondary legislation and standardising some of the necessary documents</p>	<p style="text-align: center;">ASF</p>	<p style="text-align: center;">31 December 2026</p>

Specific objective V.2: Prioritise the awareness campaign on the need to increase the savings rate while promoting long-term investment products	MF ASF Romanian Association of Banks Association of Fund Managers	31 December 2024
Specific objective V.3: Raise awareness among public and private sector employers of the opportunities offered by the establishment of occupational pension funds - incentivise/retaining employees; increase pension savings accounts through the 4 th pillar activity; employees can contribute together with employers to personal occupational pension accounts. Assess the opportunity and initiate the setting up of occupational pension funds by employers in different economic sectors, e.g. occupational fund for employees in the IT industry/financial sector/agriculture/automotive industry/public administration etc.	ASF Association of Privately Administered Pensions in Romania Association of Fund Managers	31 December 2024
General Objective VI: Facilitate long-term financing through market mechanisms		
Specific objective VI.1: Analyse the applicable regulatory framework and operational processes with a view to identifying changes needed to streamline the corporate bond listing process	ASF BVB	31 December 2024
Specific objective VI.2: Stimulate the development of the bond market including by encouraging investment in bonds issued by non-financial corporations and local public authorities admitted to trading on BVB by reducing/eliminating trading fees/rates	ASF	31 December 2024

Specific objective VI.3: Development of public-private partnership projects in which, following a competitive procedure, a company or entity is created - for the purpose of executing infrastructure projects, which could be financed by issuing corporate bonds	MF Authorities/Contracting Entities - ministries, national companies, local public authorities, which can initiate projects under public-private partnership	31 December 2026
General objective VII: Support digitisation and financial innovation		
Specific objective VII.1: Support non-bank financial market participants in the implementation of the EU digital finance framework	ASF Institute of Financial Studies	31 December 2024
Specific objective VII.2: Increase the competitiveness of the Romanian capital market through the use of new DLT technologies among entities providing market infrastructure by developing and implementing a pilot project for a trading and settlement system based on distributed ledger technology - DLT, in line with the relevant European framework in force	BVB DC ASF	31 December 2024
General Objective VIII: Support the development of the local private equity and venture capital market		
Specific objective VIII.1: Review national primary and secondary legislation to facilitate the establishment of registered AIFs – "AIF Light Regime".	ASF	31 December 2024
General Objective IX: Stimulate green investment		
Specific objective IX.1: Issuance of government/green/sustainable bonds	MF	31 December 2024
Specific objective IX.2: Raise awareness among potential investors of the opportunities offered by investing in products that promote environmental	ASF Investment management companies	31 December 2024

and/or social features or aim at sustainable investment	AIFMs Other stakeholders	
Specific objective IX.3: Raise awareness among issuers on aligning with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2.088 and increasing the quality of non-financial reporting	ASF	31 December 2024

V. Characteristics of the Romanian capital market - analysing the context and defining the problems

1. Diagnostic analysis - main problems facing the local market

In Romania, access to capital market financing is scarce, with the corporate sector heavily dependent on the banking system, and a large proportion of firms remain constrained by bank loans to raise finance. Capital market financing can help bridge the financing gap, while increasing financial resilience in the corporate sector by supporting viable businesses and reducing the time needed for turnaround. A well-functioning capital market ensures access to the various sources of finance that will be essential for promoting sustainable economic development in Romania.

Currently, the Romanian capital market is undersized, characterized by a loss of companies - delistings and a general lack of activity. Since 2008, 45 companies have delisted from the main BVB market, with only 14 new listings. From 2019 to 2021, no IPOs took place on BVB, and by 2020 SPO activity was similarly low. The share of Romania's capital market capitalisation in total EU stock market capitalisation is well below its share in GDP.

Although 99% of debt financing of Romanian companies is made up of bank loans, total bank lending in GDP is only one third of the EU average. Capital market financing is only one eighth of the EU average level. Moreover, SMEs in Romania have low levels of capitalisation, so that a significant proportion of companies are credit constrained. Although Romania's private pension fund system came into being in 2007, the limited progress of the capital market prevents pension funds from diversifying their portfolios towards a more efficient balancing of risk and return.

The Romanian equity market is characterised by low levels of liquidity, driven by a large number of inactive shares, especially in the AeRO segment. Market liquidity is dominated by shares of a few large companies. Although the AeRO equity market has been established since 2015, share offerings have been limited and most have been made as private placements.

In the context that the free-float level is an essential component for ensuring liquidity, there are a small number of companies with higher free-float levels on the Romanian capital market, with the majority of listed companies having low levels of this indicator.

Romania no longer has a derivatives market allowing investors to hedge their risks. The existence of a derivatives market is an important component for the development of the capital market and offers opportunities to increase the liquidity of the underlying instruments.

SMEs in Romania face significant barriers in accessing finance. Low levels of capitalisation, significant credit constraints and limited sources of external finance have prevented them from taking advantage of growth opportunities. Well-functioning public equity markets targeting SMEs as well as private capital markets can play an important role in supporting their growth. A high degree of reliance on domestic finance and bank loans could indicate that SME entrepreneurs are unaware of other sources of finance. The CCIR represents more than 15,000 companies in the country and is a good channel for communicating recommendations or policies to facilitate SMEs' access to finance.

The private equity industry in Romania is still in a development phase, lagging behind those in similar countries, especially in terms of financing. Between 2007 and 2019, private equity firms in Romania raised EUR 222 million, representing only 1% of the total amount of private equity attracted in the CEE region and was well below Romania's average annual share of CEE GDP for the same period - 11.7%.

One of the main obstacles to the expansion of the capital market in Romania is the limited levels of household savings and their low allocation to capital market products. Well-functioning capital markets offer people more opportunities to save and allow for diversification and better retirement planning. Financial inclusion in Romania has improved considerably recently, but still lags behind similar countries.

As for the situation of institutional investors, the system in Romania is still young and full of challenges. They could help boost the development of the capital markets by providing the sector with real long-term capital to invest, innovate and grow.

2. Macroeconomic context

Economic growth

In early 2022, largely as a result of the armed conflict between Russia and Ukraine, the global economic outlook deteriorated significantly, although before the outbreak of war a rapid recovery from the effects of the pandemic was expected.

The negative implications of the war include: new disruptions in the global supply chain, pressure on commodity prices, tightening financial conditions and reduced consumer and business confidence.

In this context, the economic growth outlook issued by major international institutions has been revised downwards. In the summer economic forecast³, the EC estimates real GDP growth at 2.7% in 2022 and 1.5% in 2023 at the EU level, and 2.6% in 2022 and 1.4% in 2023 at the euro area level. Romania's economy is expected to slow to 3.9% in 2022 and 2.9% in 2023. According to the April 2022 World Economic Outlook, the IMF has revised down economic growth for the euro area economy from the January 2022 forecast, from 3.9% to 2.8% in 2022 and from 2.5% to 2.3% in 2023. The OECD - OECD Economic Outlook - also lowered its projections for economic growth, estimating growth for the euro area of 2.62% in 2022, down from 4.32% when it was projected in December 2021.

³ European Commission summer forecast published on 14 July 2022.

Locally, CNSP (the National Commission for Strategy and Forecast) has revised the forecast economic growth for 2022 upwards to 3.5% - from 2.9% in the spring forecast. For 2023, CNSP estimates a decrease in the growth of the Romanian economy compared to the spring forecast, from 4.4% to 3.7%.

Table 1 IMF, EC and CNSP economic growth forecasts for Romania

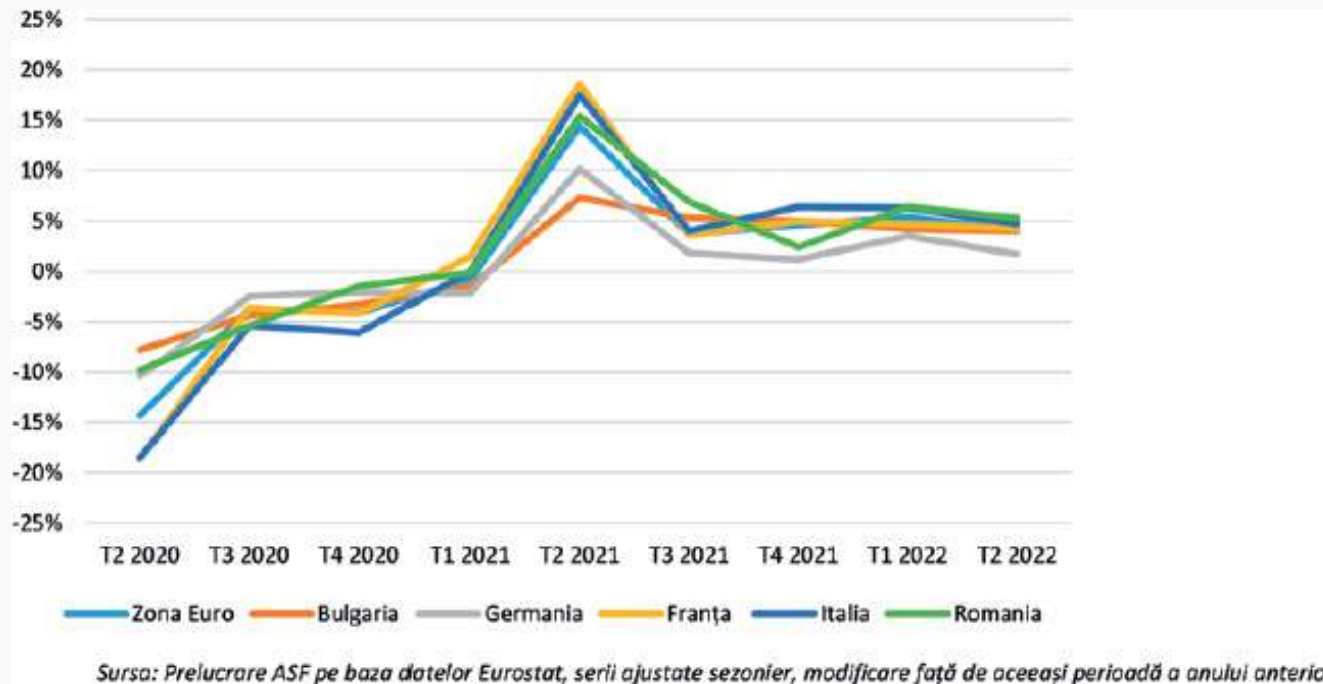
	IMF		EC		CNSP	
	2022f	2023f	2022f	2023f	2022f	2023f
Real GDP forecast %	2.2	3.4	3.9	2.9	3.5	3.7

Source: IMF - World Economic Outlook - April 2022, EC - Summer Forecast 2022, CNSP - Summer Forecast 2022-2025

In Q2 2022, seasonally adjusted GDP grew by 0.8% in the euro area and by 0.7% in the EU compared to the previous quarter. Compared to the same period of the previous year, seasonally adjusted GDP increased by 4.1% in the euro area and by 4.2% in the EU. For 2021, seasonally adjusted GDP increased by 5.2% in the euro area and by 5.3% in the EU, after a decrease of 6.1% in the euro area and 5.7% in the EU in 2020.

According to the provisional data published by INS, at local level, compared to the same half of 2021, GDP in the first half of 2022 grew by 5.8% on a seasonally adjusted basis.

Figure 1 Evolution of GDP - %, Q2 2020 - Q2 2022



Eurozone, Bulgaria, Germany, France, Italy, Romania

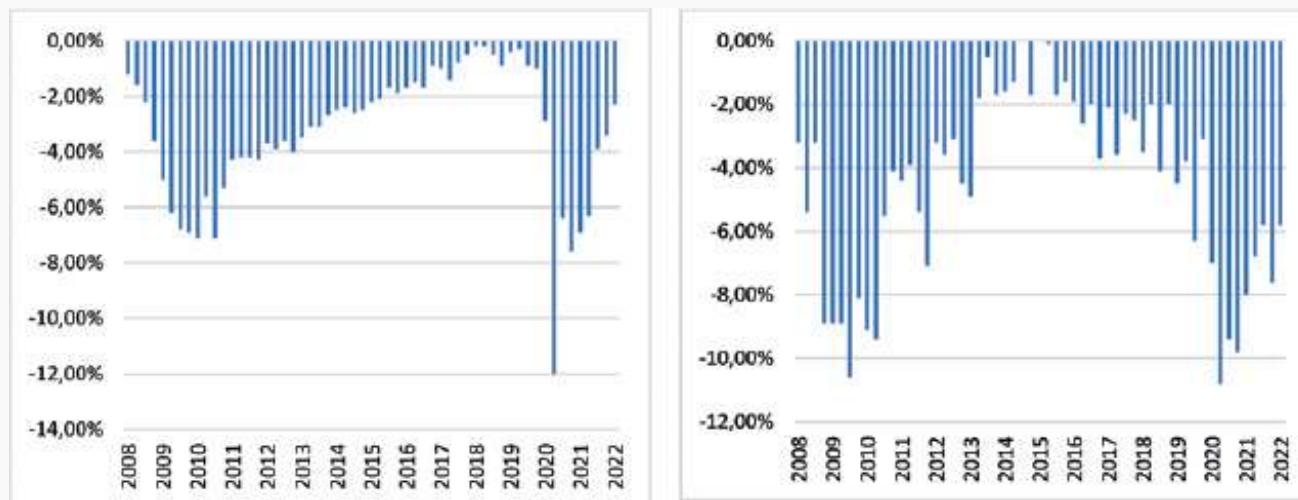
Source: ASF processing based on Eurostat data, seasonally adjusted series, change compared to the same period of the previous year

Government debt

According to data published by Eurostat, in the first quarter of 2022, the seasonally adjusted deficit-to-GDP ratio was 2.3% in the euro area, down from 3.4% in the fourth quarter of 2021. For Romania, the seasonally adjusted deficit to GDP was 5.8% in Q1 2022.

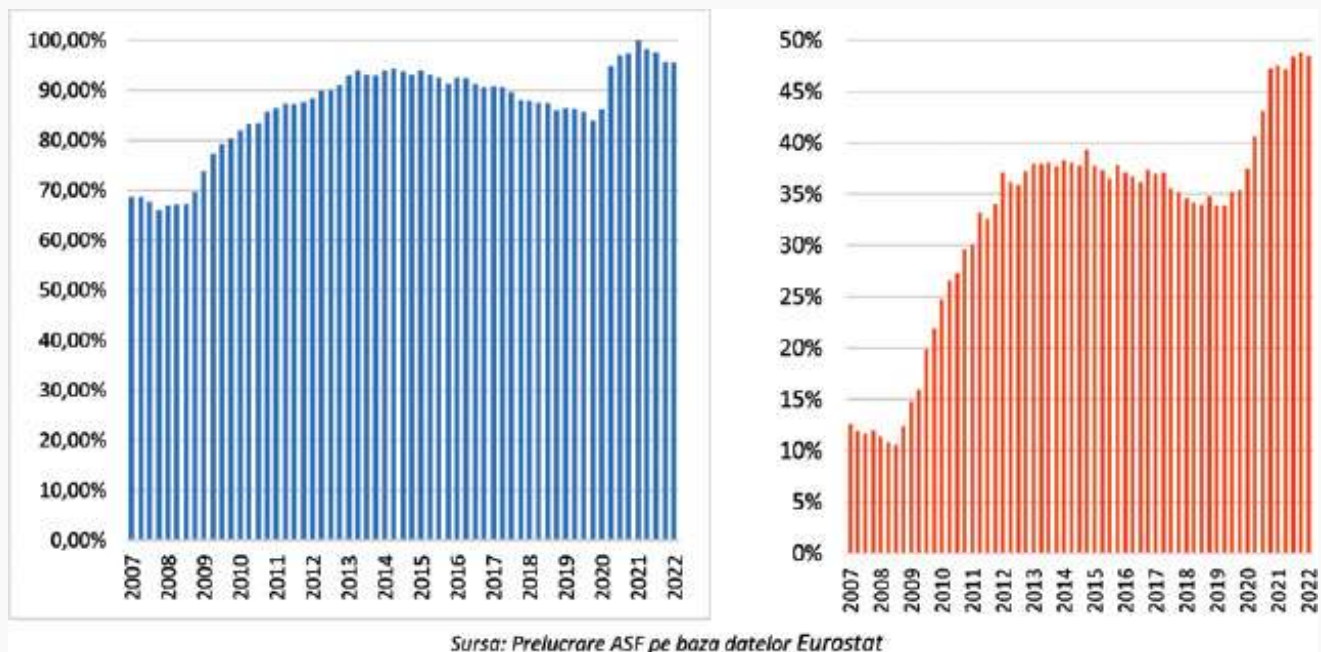
As for the government debt-to-GDP ratio, at the end of the first quarter of 2022, it declined slightly in the euro area to 95.6% from 95.7% at the end of the fourth quarter of 2021. For Romania, the government debt-to-GDP ratio at the end of Q1 2022 was 48.4%.

Figure 2 Evolution of the budget deficit - % of GDP, in the Euro Area - left and Romania - right, seasonally adjusted quarterly data



Sursa: Prelucrare ASF pe baza datelor Eurostat
Source: ASF processing based on Eurostat data

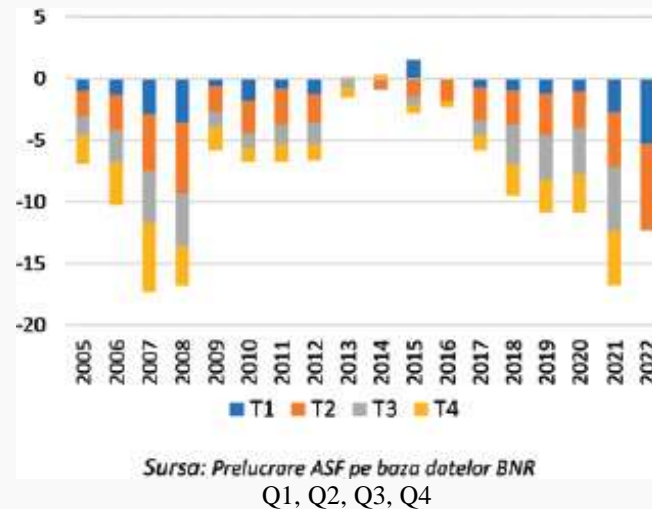
Figure 3 Government debt stock - % of GDP in the Euro area - left and Romania - right



Sursa: Prelucrare ASF pe baza datelor Eurostat
Source: ASF processing based on Eurostat data

Romania's current account deficit and its financing

Figure 4 Current account developments, EUR billion



Source: ASF processing based on NBR data

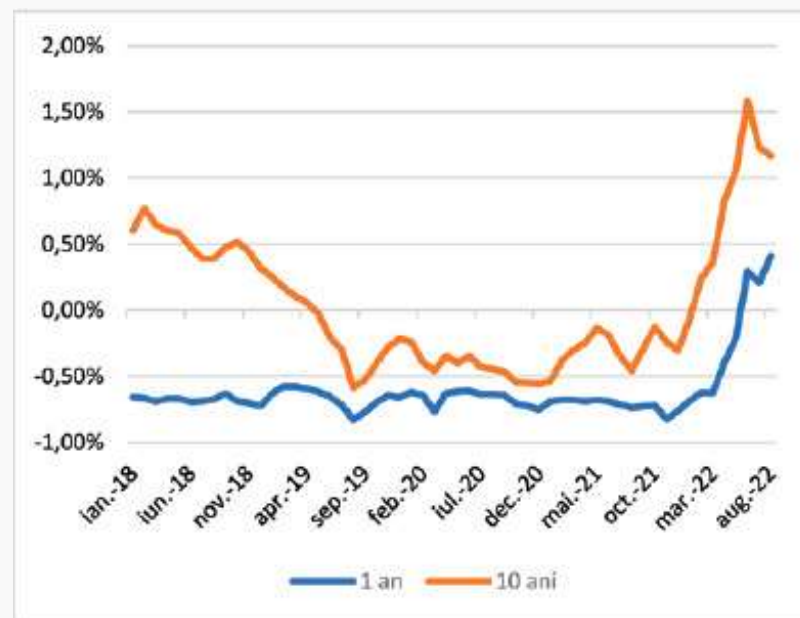
In the first half of 2022, the current account deficit reached EUR 12.3 billion, about 71% higher than in the first half of 2021 - EUR 7.2 billion and 206% higher than in the first half of 2020 - EUR 4 billion. The second quarter of 2022 shows a substantial increase in the current account deficit to about EUR 7 billion, the highest quarterly value recorded in the period under review, i.e. 2005-2022. The current account deficit in Q1 2022 was also high compared to other quarters, standing at around EUR 5.3 billion.

Inflation

In the euro area, according to signal data published by Eurostat, the HICP inflation rate was estimated at 9.1% in August 2022.

In tandem with rising inflation, there is an increase in long-term bond yields starting in early 2022.

Figure 5 Euro area government bond yields

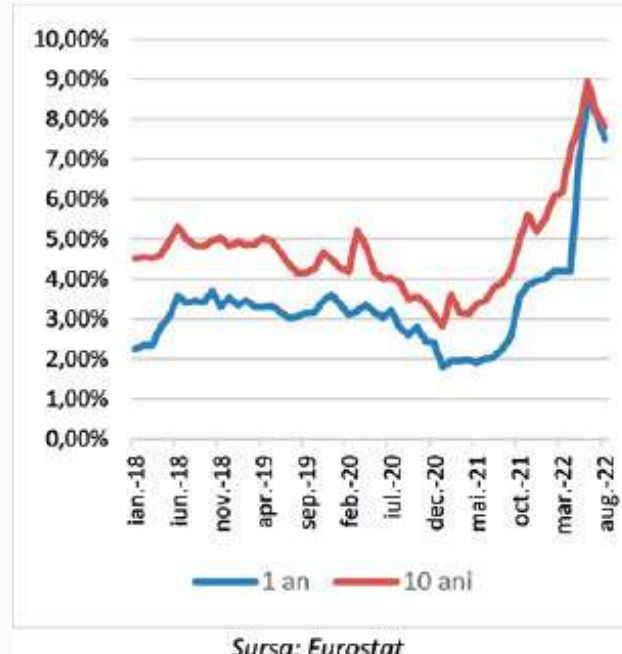


Sursa: Eurostat

1 year, 10 years

Source: Eurostat

Figure 6 Government bond yields in Romania

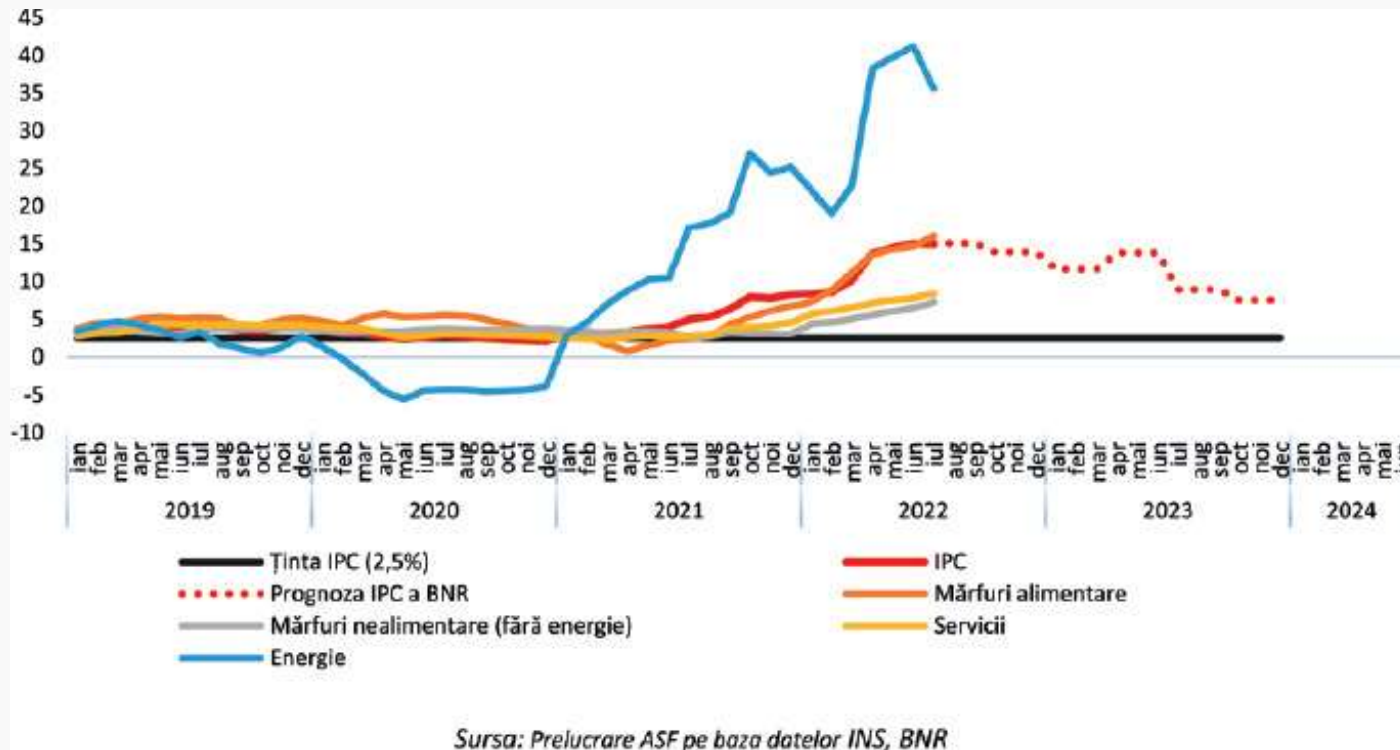


Sursa: Eurostat
Source: Eurostat

In Romania, the annual inflation rate, as measured by the CPI - in July 2022 compared to July 2021 was 15.0%, and since the beginning of the year (July 2022 compared to December 2021) was 11.0%.

According to the “Inflation Report” published in August 2022, the NBR expects the CPI inflation rate to be 13.9% in December 2022 and 7.5% in December 2023 - up from 6.7% in the May Report and then 2.3% in June 2024.

Figure 7 Inflation - CPI % and NBR CPI forecast



CPI target (2.5%)
 NBR CPI forecast
 Non-food goods (excluding energy)
 Energy

CPI
 Food commodities
 Services

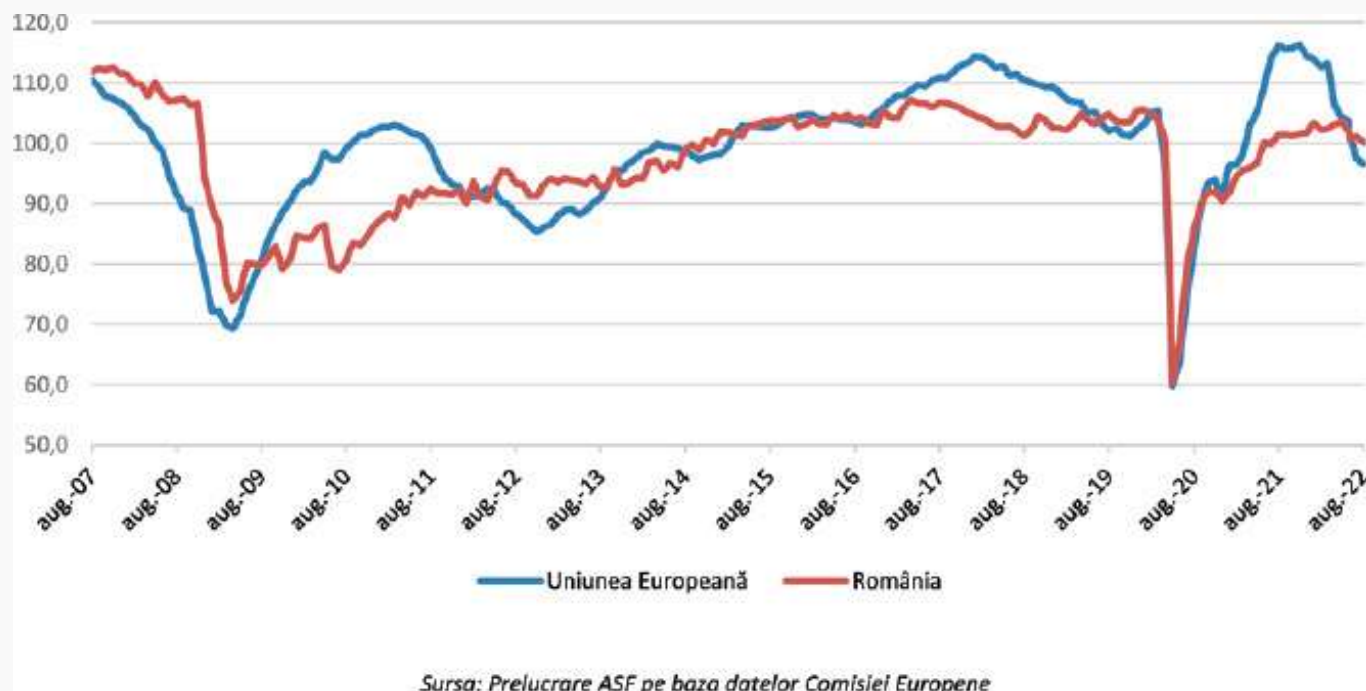
Source: ASF processing based on INS, NBR data

Economic Sentiment Indicator - ESI

After continuous increases close to historical highs throughout 2021 amid optimism about the success of the vaccination campaign and the recovery of economic activity, from 2022 onwards the EC's calculated economic confidence indicators started to decline slightly for the EU.

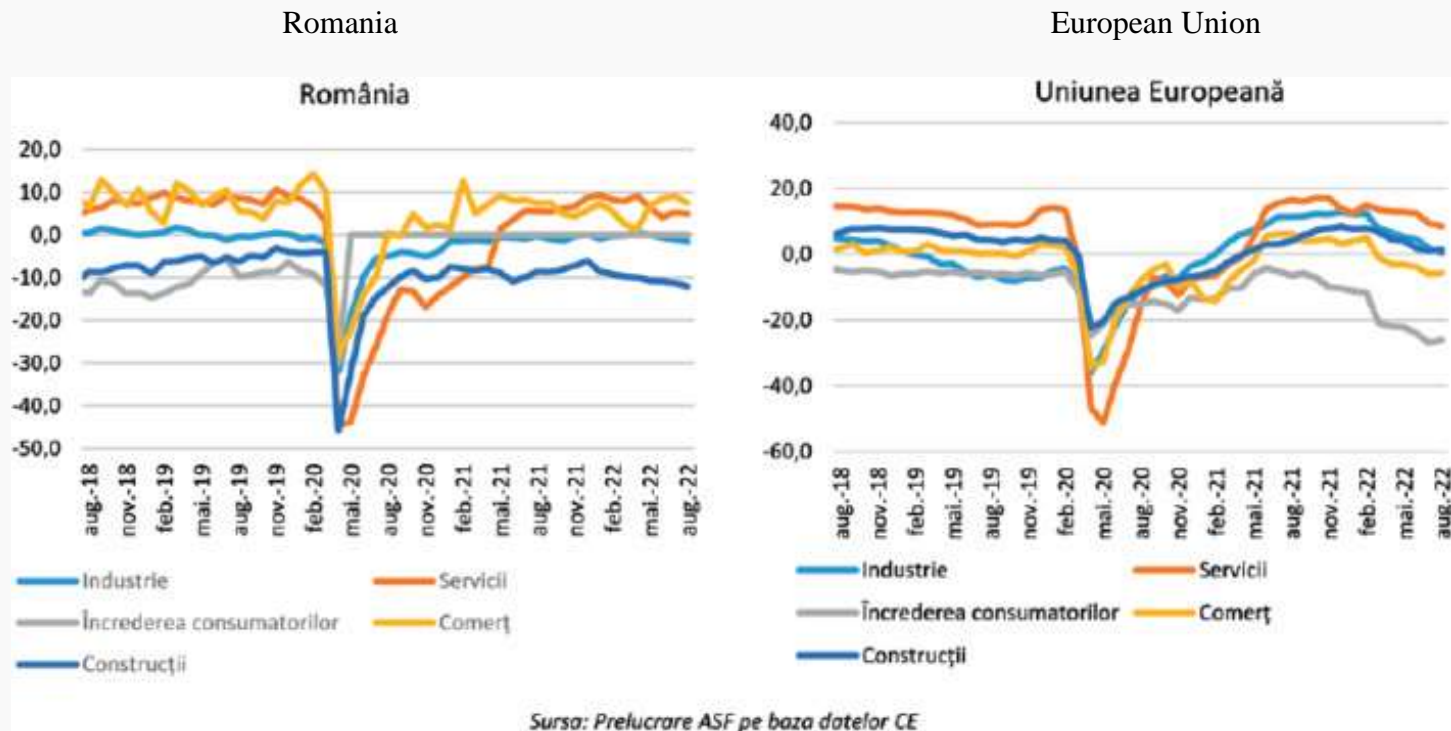
ESI reached 96.5 points in the EU in August 2022, down 17.4 points from 113.9 at the end of 2021 and 19.2 points from 115.7 at the same time last year. In August 2022, confidence in the services and retail trade sector decreased from the previous month's value, +0.9 points respectively. Confidence in the construction sector decreased by 1 point and in industry by 1.4 points. In Romania, the ESI is higher than the EU average, standing in August 2022 at 100.1 points, slightly lower than in July 2022 - 101.1. In Romania, confidence in the retail sector decreased by 1.6 points compared to the previous month - from 9.1 points to 7.5 points.

Figure 8 ESI indicator



Sursa: Prelucrare ASF pe baza datelor Comisiei Europene
 European Union, Romania
 Source: ASF processing based on European Commission data

Figure 9 Components of the ESI



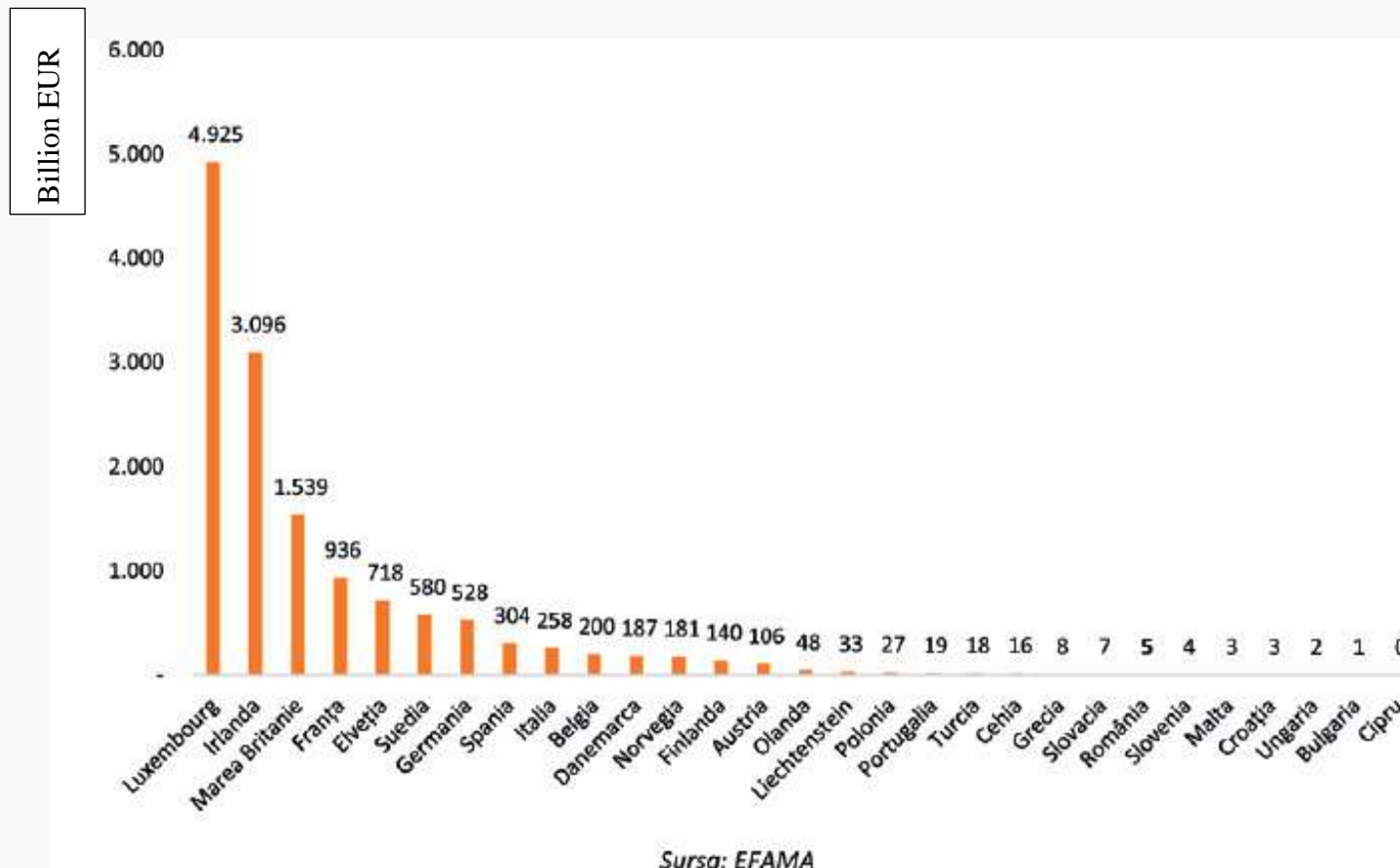
Sursa: Prelucrare ASF pe baza datelor CE

Industry
Consumer Confidence
Construction
Services
Trade

Source: ASF processing based on EC data

On 31 December 2021, the European investment fund market comprised 65,212 investment funds - up 1.90% from 63,999 at the end of 2020, of which 35,040 - UCITS and 30,172 AIFs.

Figure 10 Net assets - EUR billion of UCITS in Europe as at 31 December 2021



Sursa: EFAMA
Source: EFAMA

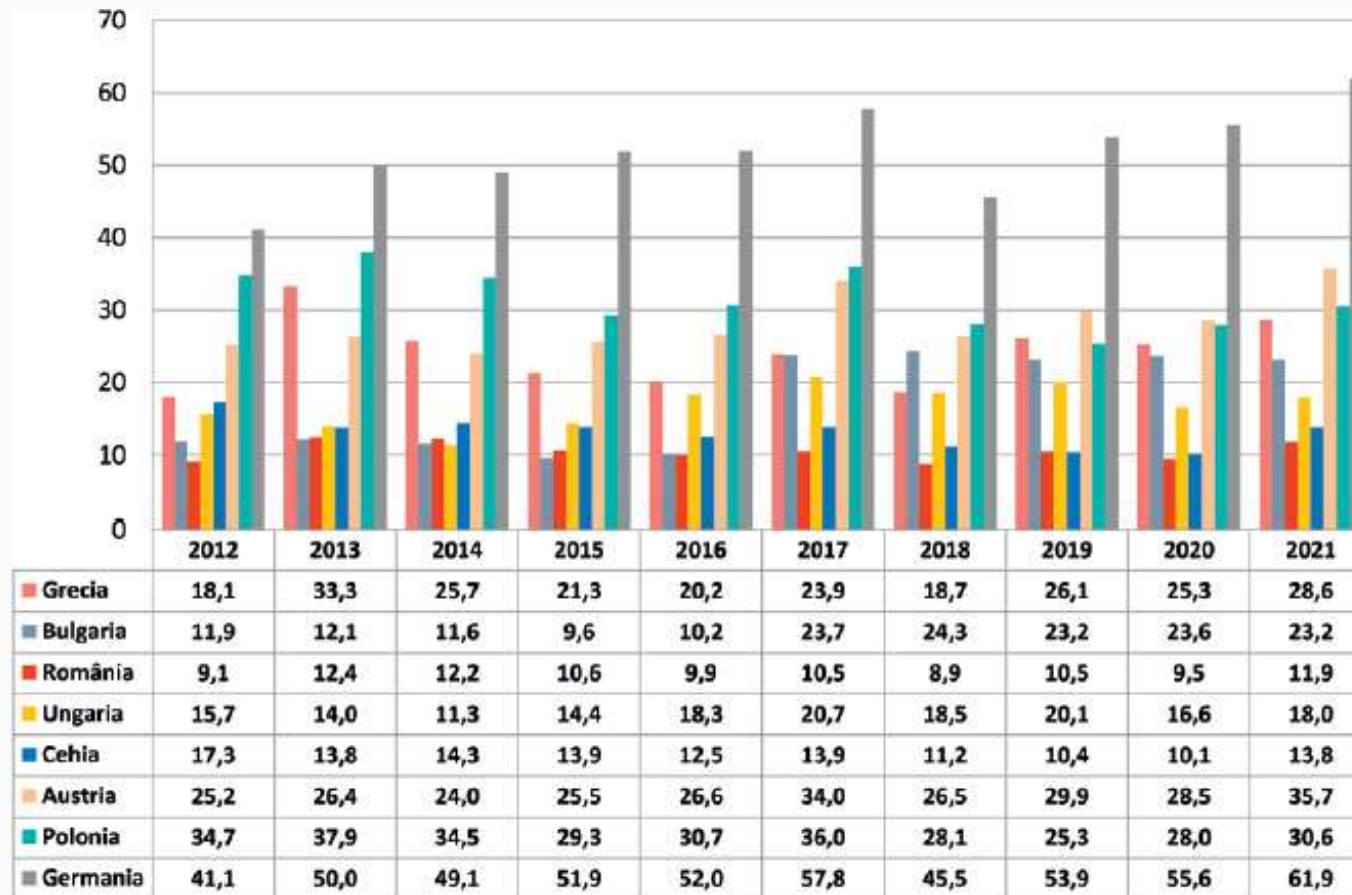
UCITS net assets stood at approximately EUR 13.890 billion at the end of December 2021, up 19.29% compared to the end of 2020.

Table 2 UCITS net assets - EUR million, by country of domicile

Țara	31.12.2020			31.12.2021		
	Number of UCITS	Net asset	Market share	Number of UCITS	Net asset	Change Q4 2021 compared to Q4 2020 - %
Austria	901	89,947	0.77%	898	105,957	17.80%
Czech Republic	166	13,541	0.12%	179	16,176	19.46%
France	3,012	884,296	7.59%	2,984	936,043	5.85%
Germany	2,481	418,145	3.59%	2,606	527,629	26.18%
Hungary	34	1,336	0.01%	34	1,548	15.87%
Poland	302	27,005	0.23%	303	27,296	1.08%
Romania	81	4,037	0.03%	86	4,546	12.60%
Total countries surveyed	6,977	1,438,307	12.35%	7,090	1,619,195	12.58%
Total UCITS	34,351	11,644,513	100.00%	35,040	13,890,285	19.29%

Regionally, at the end of 2021 Romania had the smallest stock market size, as measured by the ratio of domestic capitalisation to GDP, of 11.9%.

Figure 11 Domestic stock market capitalisation relative to GDP - %



Sursa: FESE, INS, ASF

Source: FESE, INS, ASF

3. Listed stock market BVB Infrastructure

In Romania, private companies came into being as a result of the reform process that took place in the 1990s, during which time the legal framework for their operation and regulation was created by the adoption of Law [No. 15/1990](#) on the reorganisation of enterprises as autonomous royalties and commercial companies, with subsequent amendments and additions, and Company Law [No. 31/1990](#), republished, with subsequent amendments and additions.

As part of the reform process, the Romanian capital market was fully recreated in 1994 by Law [No. 52/1994](#) on Securities and Stock Exchanges, with subsequent amendments and additions, and in 1995 the BVB was re-established as a public interest institution, the operator of the capital market. In 1997, the first companies of national importance were listed on the BVB and the first BET stock exchange index was created.

Since 2006, in order to ensure the clearing and settlement of trades made on the BVB, as well as to keep track of the registers of issuing companies, the DC.

DC, together with BVB, is the most important infrastructure institution of the local capital market. It performs multiple roles, the most visible and important of which are those of recording holdings and ensuring the completion of clearing and settlement processes. At the end of 2019, the DC was authorised by ASF, as competent authority, the NBR and the European Central Bank, as relevant authorities, in accordance with Regulation (EU) [No. 909/2014](#) of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives [98/26/EC](#) and [2014/65/EU](#) and Regulation (EU) [No 236/2012](#) - CSRD, and was entered in ESMA's Register of Central Securities Depositories.

The authorisation confirms that CD meets the requirements of the CSDR, plays an important role in creating a unified post-trading framework in the EU by introducing a common set of rules and reducing regulatory complexity in the European financial market caused by different national rules. The new EU rules are intended to increase the transparency, safety and efficiency of DC settlement operations and registry services.

The post-trade infrastructure upgrade took place in the context of the BVB's classification as an emerging market by FTSE Russell in 2019, and from the end of September 2020 the BVB was promoted to "emerging market" status following a decision by financial rating agency FTSE Russell. At the same time, DC is the only institution in Romania authorized to issue LEI27 codes for legal entities in Romania.

Central Counterparty CCP.RO Bucharest - S.A. was established in 2019, with a share capital of RON 79.8 million, by the majority shareholders BVB - 59.52% and OPCOM - 19.06%, as well as ENEL - 9.52%, TIMAR - 2.97%, Banca Transilvania - 2.97%, three financial investment companies - SIF1, SIF3, SIF - each holding 1.79% and SSIF Broker - 0.59%. Currently, the CCP is not yet operational.

However, in 2020, the Stock Exchange entered into a partnership with Cassa di Compensazione e Garanzia - CC&G, one of the post-trade service providers and part, at the time, of the London Stock Exchange Group - LSEG. CC&G subsequently changed its name to Euronext Clearing. Through this partnership Euronext Clearing provides both consultancy on the establishment of the Central Counterparty in Romania and technological support specific to the clearing and risk management services to be provided by Euronext Clearing.

After obtaining all necessary authorizations, CCP.RO Bucharest - S.A. will provide the infrastructure that will allow the relaunch and development of the derivatives market in Romania and will provide new mechanisms for risk mitigation and transfer at the level of the markets served, namely the markets operated by BVB and OPCOM - S.A. respectively, contributing to the increase of confidence and activity in these markets.

Segments of the BVB regulated market

The BVB is authorised by ASF to administer two markets: RM and MTF, the trade name used by BVB for the main segment of this system being AeRO.

The regulated market is the BVB's main spot market for large companies. To become listed on the main market, companies must be incorporated as a joint-stock company and have a minimum market capitalisation of EUR 1 million. In addition, companies must have at least 25% free float and a financial reporting history of at least 3 years. For the three main market tiers: Premium, Standard and International there are specific requirements.

In terms of the listing process on the main market of BVB, there are three methods: initial public offering/IPO, private placement and technical listing.

Since 2015, the equity segment of BVB's alternative trading system - the AeRO market, designed to allow the listing of financial instruments issued by SMEs and start-ups - has been operational.

In order to become listed on the AeRO market, companies must be established as a joint-stock company (S.A.), have equity capital of at least EUR 250 thousand and a free float of 10% or have at least 30 shareholders.

Table 3 Evolution of the number of listed companies together with capitalisation and number of intermediaries

Regulated market administered by BVB				MTF administered by BVB - AeRO			
	Capitalisation	No. of listed companies	No. of intermediaries		Capitalisation	No. of listed companies	No. of intermediaries
2022	210,956,880,664	83	26	2022	14,766,230,070	296	19
2021	229,078,499,225	82	26	2021	19,801,809,297	298	19
2020	154,365,399,699	83	27	2020	9,739,356,237	288	20
2019	180,853,631,502	83	27	2019	8,927,502,703	298	20
2018	142,986,113,235	87	27	2018	7,392,354,754	310	22
2017	164,376,159,957	87	34	2017	6,215,611,962	316	28
2016	146,549,746,292	86	38	2016	4,241,612,026	292	32
2015	146,002,473,957	84	38	2015	3,854,076,943	306	33
2014	129,958,141,655	83	40	2014	0	36	34
2013	133,829,707,066	83	43	2013	0	29	36
2012	97,720,863,603	79	54	2012	0	27	45
2011	70,782,200,350	79	61	2011	0	10	48
2010	102,442,620,945	74	65	2010	0	1	45
2009	80,074,496,090	69	71				
2008	45,701,492,619	68	76				
2007	85,962,389,149	59	73				
2006	73,341,789,546	58	73				
2005	56,065,586,985	64	70				
2004	34,147,400,000	60	67				
2003	12,186,600,000	62	73				

Sursa: BVB
Source: BVB

To list shares, companies have to pay various fees and administrative charges/fees charged by intermediaries, consultants, auditors, i.e. BVB, ASF and DC.

Companies/Tenderers will pay to ASF a fee applied as a percentage of the value of the public offer they make, a fee for the approval of the prospectus drawn up for admission to trading on a regulated market, if the admission is not preceded by a public offer, and a share registration fee.

The fees paid to BVB are composed of a fixed processing fee, a variable admission to trading fee - prior to listing and a continued trading fee - annual fee after the first year of listing.

Table 4 Fees charged by BVB

Fee	Description		Payment
1. Processing fee	Fee for processing documentation for admission to trading or promotion of a company from one category to another or from another payment		A single payment, made no later than the date of registration with BVB of the application for admission to trading or promotion
2. Admission to trading fee	One-time fee for admission to trading on RM		within 10 working days from the date of receipt of the decision of admission to trading
3. Maintenance fee	Annual fee paid for maintaining financial instruments on RM		within 10 working days from the end of the previous 12-month trading period
4. Promotion fee	Fee for promoting the financial instrument to a higher category on the Regulated Market		within 10 working days from the date of receipt of the promotion decision
	Processing fee	Admission to trading fee	Maintenance of trading fee
Premium Category	1,200	11,100 – 21,000	25,000 – 50,000
Standard Category		3,600- 7,500	12,000 – 25,000
International Share Category		3,600 – 7,500	12,000 – 50,000

Overview of the listed corporate sector

From 1996 to 2015, the Romanian market had an alternative stock exchange where about 5,000 Romanian companies resulting from the mass privatization program were listed, called Rasdaq market. Many of the listed companies were unable to meet the listing requirements and subsequently withdrew from the market. In December 2005, BVB acquired Rasdaq and transformed it into an electronic over-the-counter (OTC) exchange. Thus, after the BVB acquisition, there were only 8 new listings and over 3,000 delistings until its dissolution in 2015, when almost 300 companies were transferred to the AeRO market.

Since 2000, 31 new listings and 52 delistings have taken place on the main market of BVB. By 2007, no company had been delisted. However, since then delistings have largely outnumbered new listings, and since 2018, when an issuer based in another EU Member State was admitted to trading following acceptance of the delegation of prospectus approval given the delegation received from the Cyprus authority, no new listings have taken place until 2021. 2021 was marked by 4 initial public offerings of shares, 3 of which were carried out for admission to trading on the RM and one offering was carried out for admission to trading on the MTF - AeRO market. Since its establishment in 2010, the MTF - AeRO market has had 17 new company listings. In 2020, listings on the AeRO market were at a historic low, with only 3 new company listings and 12 delistings, but 2021 brought 21 new issuers.

The two segments of BVB are each divided into three categories, the main market Standard, Premium and International and the MTF - AeRO which includes AeRO Base, AeRO Standard and AeRO Premium.

The main market has 82 listed companies (at the end of 2021), of which 51-62% are listed in the Standard category, 28-34% in the Premium category, and 3-4% in the International category.

The main market capitalization is RON 225.02 billion, with RON 11.08 billion in Standard, RON 125.93 billion in Premium and RON 88.02 billion in International.

At the end of 2021, the AeRO market will have 298 listed companies, of which 222-92% are at the Standard level. The market capitalisation of this segment totals EUR 1.2 billion.

Table 5 Number of listed companies as at 31.12.2021

Segment	Category	No. of listed companies	Capitalisation –Billion RON
Main Market	Standard	51	11,08
	Premium	28	125,93
	International	3	88,02
MTS	AeRO Base	3	3
	AeRO Standard	222	1 021
	AeRO Premium	17	159

In terms of the sectoral distribution of BVB listed companies, financial intermediation and insurance account for 60%, followed by the mining industry with 19% and energy production and supply with around 7%.

Table 6 Industry classification of listed companies as at 31 December 2021

Sector	Market Capitalization – million RON -	Share
Financial intermediation and insurance	138,096	60.3%
Mining industry	43,420	19.0%
Production and supply of electricity, gas, heat, hot water and air conditioning	15,827	6.9%
Manufacturing industry	12,428	5.4%
Transport and storage	4,408	1.9%
Professional, scientific and technical activities	4,060	1.8%
Health and social work	3,176	1.4%
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,344	0.6%
Construction	1,123	0.5%
Hotels and restaurants	338	0.1%
Information and communication	162	0.1%
Other sectors	4,698	2.1%
Total	229,078	100.0%

Source: BVB

Initial Public Offerings - IPOs

Companies wishing to raise capital from investors to fund themselves and grow their business can list on one or more stock exchanges by making an initial public offering - IPO.

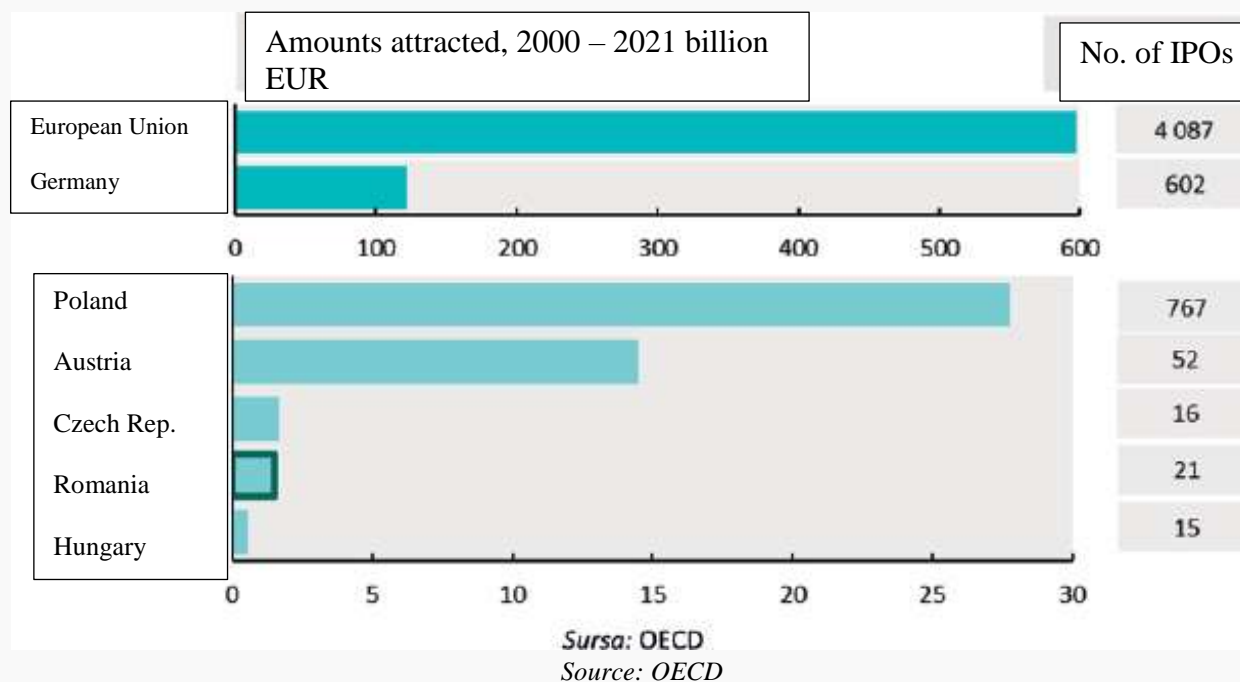
Since 2000, 22 Romanian companies have financed themselves through IPOs and together attracted EUR 1.4 billion.

While from 2000 to 2009 11 companies were listed on the stock exchange, the amounts attracted represented only 10% of the amount raised between 2000 and 2021. In the period 2010-2017, 7 companies attracted 74% of the total amount raised - EUR 1.04 billion - through IPOs. In

2018 there was only one IPO and no listings in the period 2019-2020. In 2021 there were 3 IPOs on the main market, totalling EUR 185.2 million and 20 listings on the AeRO market.

Although IPO activity has been more dynamic in Romania over the last 10 years compared to the early 2000s, the market has not yet fully developed and the number of companies using IPOs to raise finance remains limited and lags behind other regions such as the Czech Republic, Austria, Poland and Germany. Romanian IPOs accounted for only 0.254% of the total funds raised by EU companies through IPOs between 2000 and 2021.

Figure 12 Initial public offerings over the period 2000-2021



The largest IPO of a Romanian company took place in 2014, when the electricity distribution and supply company Electrica - S.A. raised a record EUR 460 million, with a primary listing on the BVB and a secondary listing on the London Stock Exchange. The natural gas production company SNGN Romgaz SA raised almost EUR 400 million through IPO in 2013, with a primary listing on the BVB and a secondary listing on the London Stock Exchange. Of the 22 Romanian IPOs, 5 were carried out by companies in which the state is a majority shareholder, representing almost 73% of the total amounts raised since 2000.

Table 7 IPOs completed in Romania

Issuer name	Economic sector	State-owned companies	Year	Amounts attracted thousands EUR
Electrica SA	Utilities	Yes	2014	456,234
SNGN Romgaz SA	Energy	Yes	2013	398,928
Societatea Națională Nuclearelectrica SA	Utilities	Yes	2013	75,717
Aquila Part Prod Com SA	Industrial	No	2021	74,089
Transgaz SA	Utilities	Yes	2007	69,112
Sphera Franchise Group SA	Cyclical consumption	No	2017	63,999
Transport Trade Services SA	Industrial	No	2021	58,538
One United Properties SA	Industrial	No	2021	52,666
MedLife SA	Health	No	2015	43,388
Purcari Wineries Public Company Limited SA	Non-cyclical consumption	No	2018	39,935
Transelectrica SA	Utilities	Yes	2006	34,380
SC Teraplast SA	Cyclical consumption	No	2008	14,938
Flamingo International SA	Technology	No	2008	12,288
Alumil Rom Industry SA	Cyclical consumption	No	2006	8,892
Contor Group	Industrial	No	2008	3,258
Casa de Bucovina Club de Munte SA	Cyclical consumption	No	2007	2,747
Transilvania Broker de Asigurare SA	Financial	No	2017	1,961
M.J. Maillis Romania SA	Commodities	No	2001	1,579
SC AAGES SA	Industrial	No	2017	1,210
Vrancart SA	Raw materials	No	2005	712
BRD Groupe Société Generale SA	Financial	No	2002	31
SSIF BRK Financial Group SA	Non-cyclical consumption	No	2005	3

Note: A company is considered to be state-owned if the public sector owns more than 20% of its capital.

Source: OECD

Public offerings made after the initial admission to trading of securities - shares

Companies that are already listed can raise additional capital through post-admission offerings, i.e. SPOs or follow-on offerings. A company can use this source of recapitalisation more than once, depending on its funding needs. The money raised through SPOs can be used for a variety of purposes and can help companies to recover temporarily. SPOs have played an important role in financing companies following the 2008 financial crisis and the COVID-19 crisis in 2020.

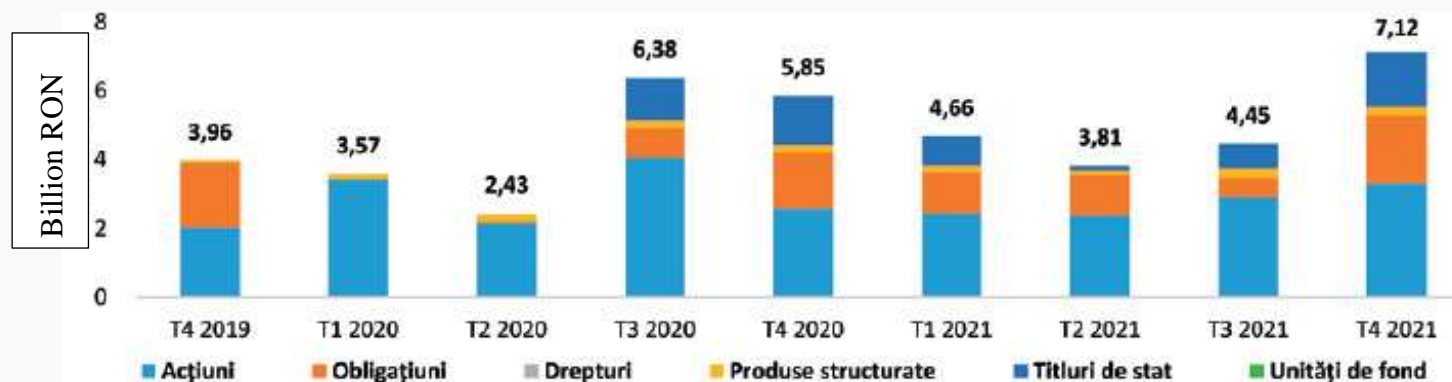
Since 2000, Romanian companies have conducted 28 SPOs, raising a total of EUR 1.9 billion. Until 2008, SPO activity in Romania was non-existent, with the exception of one company in the cyclical consumer category since 1996. Since 2008 there have been on average 2 SPOs per year. In terms of amounts attracted, 2011 saw a record EUR 554 million, largely due to the first SPO by OMV Petrom SA, a state-controlled

energy company. In 2016 there was the second SPO of OMV Petrom SA and the SPO of SNGN Romgaz SA, also a Romanian state-controlled company in the energy sector. The two SPOs raised a total amount of EUR 305 million. In 2018 and 2019, only one company chose to finance itself through the SPO, and in 2020 and 2021 there was no SPO.

Local capital market liquidity

The total value traded on the RM in 2021 increased compared to the same period of 2020 and accounted for RON 20.04 billion. Approximately 93% of the total value of transactions took place on the RM of BVB, the remainder being carried out on the MTF. In addition to equities, transactions in government securities and EUR-denominated bonds had significant shares in the value traded on BVB in recent quarters.

Figure 13 Quarterly structure of transactions on the RM in Q4 2019 - Q4 2021



Sursa: prelucrare ASF după datele BVB

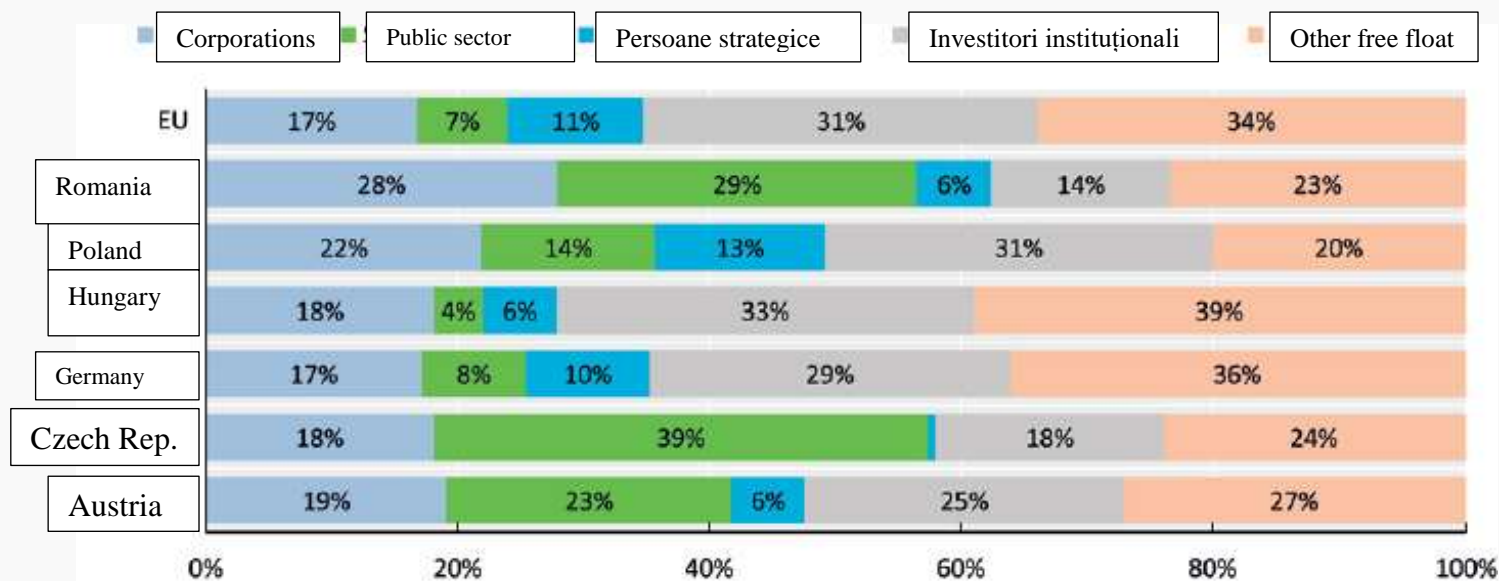
Q4 2018 Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021 Q3 2021 Q4 2021
 Shares Bonds Rights Structured products Government securities Fund units

Source: ASF processing based on BVB data

Investors and ownership structure

The shareholding structure of companies listed on BVB is quite concentrated. In six out of ten listed companies, the largest single shareholder holds more than 50% of the share capital. This level of control and concentration is much higher than in other European countries. Corporations and holding companies hold on average 54% of the equity in almost 40% of listed companies. At the same time, the public sector is an important shareholder, but in fewer companies, holding for 17% of listed companies on average 56% of the capital.

Figure 14 Shareholding structure, 2021



Sursa: OECD
Source: OECD

In terms of institutional investor holdings, two-thirds were held by local investors and one-third by foreign institutions.

Romania has the largest number of state-owned companies in Europe. According to a 2019⁴ IMF analysis, compared to state-owned companies in many countries in the region, Romanian state-owned companies accounted for a high share of total employment and contribution to total value added. The government is also a majority shareholder in 10 listed companies. At industry level, public sector holdings are concentrated in companies in the utilities and energy categories. At the end of 2020, almost half of the market capitalisation of the energy sector, the largest listed industry, was held by the public sector.

⁴ IMF (2019b), “Reassessing the Role of State-Owned Enterprises in Central, Eastern, and Southeastern Europe”, IMF Working Paper, vol. 19/11.

4. Corporate bond market

Over the past decade, corporate bond markets have become an increasingly important source of funding for non-financial companies, playing a key role when lending institutions tightened credit conditions after the 2008 financial crisis and during the market downturn of 2020. During these two periods, many companies around the world were able to take advantage of the corporate bond market to refinance their existing debt, build financial reserves to weather an economic crisis, or use the proceeds immediately to meet their obligations to employees, suppliers and customers.

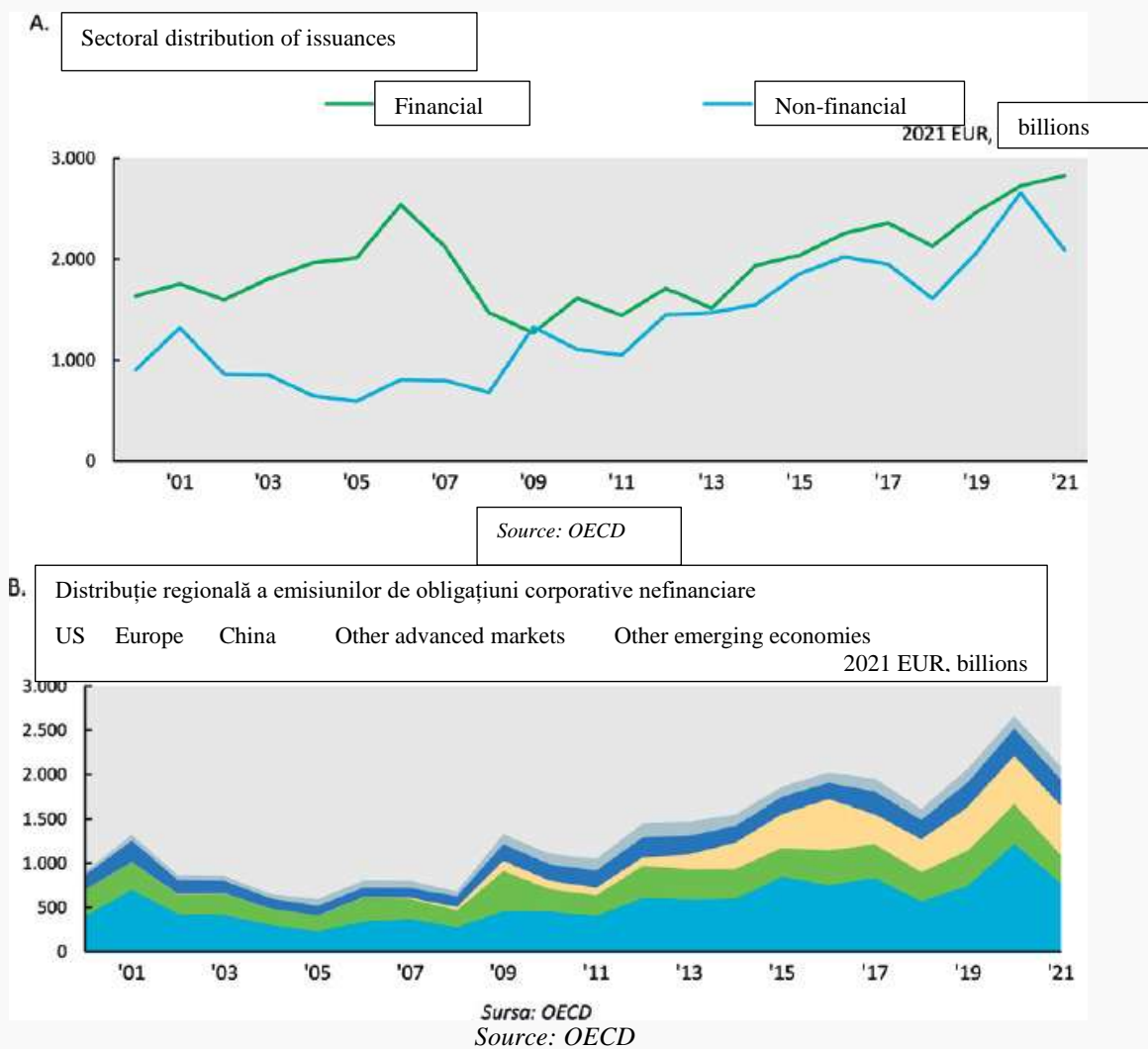
At the same time, because corporate bonds usually allow the borrower to issue debt at longer maturities than bank loans, they are also suitable for financing long-term investments.

Trends in corporate bond issuance

The last two decades have seen a significant increase in global debt levels and corporate bonds have followed the same trend. Non-financial companies in particular have seen a steady increase in bond issuance. In line with the significant decline in bank lending to non-financial companies during and after the global financial crisis, non-financial companies have turned to corporate bonds as an alternative source of funding.

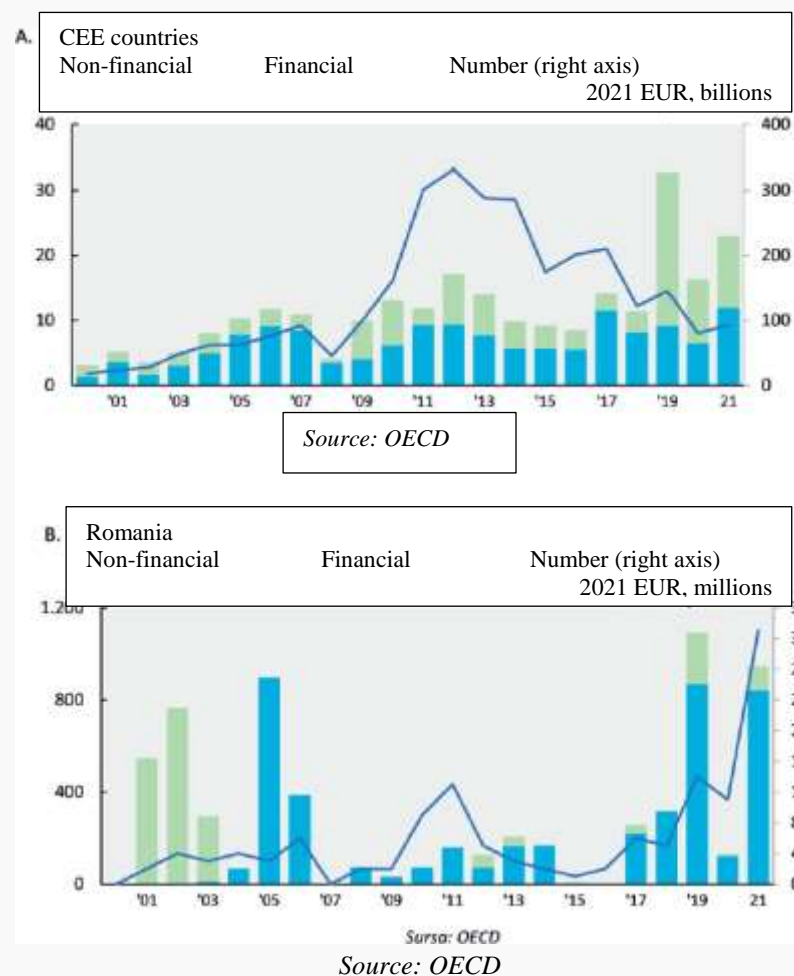
According to OECD data, non-financial corporations raised on average EUR 1.46 trillion annually between 2008 and 2021, which is almost double the EUR 849 billion they raised annually between 2000 and 2007. In terms of the regional distribution of the bond market, Europe has experienced relatively slow nominal growth compared to other regions and thus the share of proceeds has declined from around 30% of the overall amount issued before the 2008 crisis to 15% in 2021.

Figure 15 Global bond issuance



In 2012, corporate bond issuance in CEE countries totalled more than EUR 17 billion from 332 companies, the third highest amount in the period 2009-2021. The corporate bond market has remained relatively small in Romania, where non-financial companies have raised only EUR 489 million over the last decade. The number of companies issuing corporate bonds decreased significantly after 2011, with only one company issuing bonds in 2015. Since the launch of the AeRO market in 2015, which targets SME financing, the number of issues has seen a significant increase. In 2021, a record 33 companies issued corporate bonds, attracting a total amount of EUR 947 million.

Figure 16 Corporate bond issuance in the CEE region and Romania, 2021



Corporate bond issuance activity in the CEE is lower compared to the rest of Europe, with an average issuance of around 0.4% of GDP. In Romania, the amount of corporate bond issuance between 2009 and 2021 represented only about 0.02% of GDP, compared to 0.5% in Hungary and Poland.

Figure 17 Corporate bonds issued by non-financial companies in Romania and other European countries, 2021

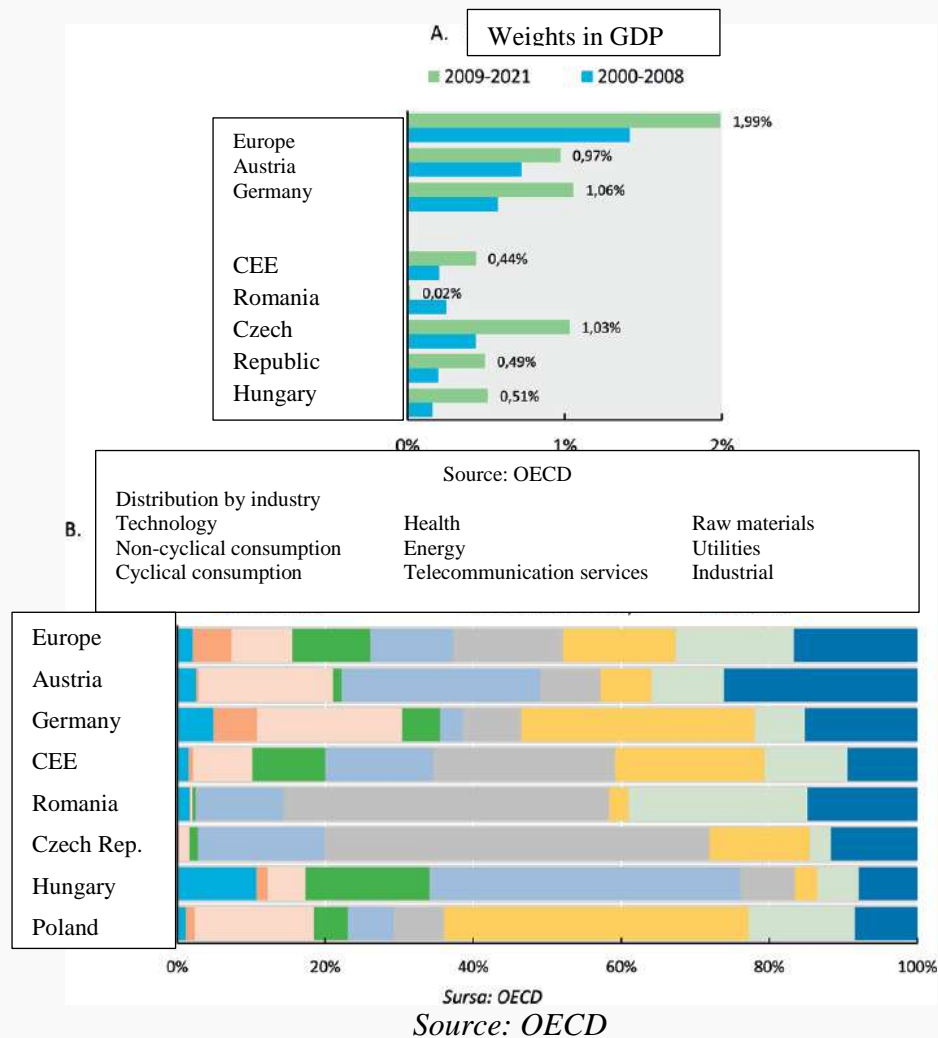


Table 8 Distribution by industry of corporate bonds issued by non-financial companies in Romania and other European countries

	Poland	Hungary	Czech Rep.	Romania	CEE	Germany	Austria	Europe
Technology	1%	11%	0%	2%	2%	5%	3%	2%
Health	1%	2%	0%	0%	1%	6%	0%	5%
Raw materials	16%	5%	1%	0%	8%	20%	18%	8%
Non-cyclical consumption	5%	17%	1%	1%	10%	5%	1%	11%
Energy	6%	42%	17%	12%	15%	3%	27%	11%
Utilities	7%	7%	52%	44%	25%	0%	8%	15%
Cyclical consumption	41%	3%	14%	3%	20%	32%	7%	15%
Telecommunication services	14%	6%	3%	24%	11%	7%	10%	18%
Industrial	8%	8%	12%	15%	9%	15%	26%	17%
Financial	73%	83%	82%	57%	68%	52%	74%	49%
Non-financial	27%	17%	18%	43%	32%	48%	26%	51%

Source: OECD

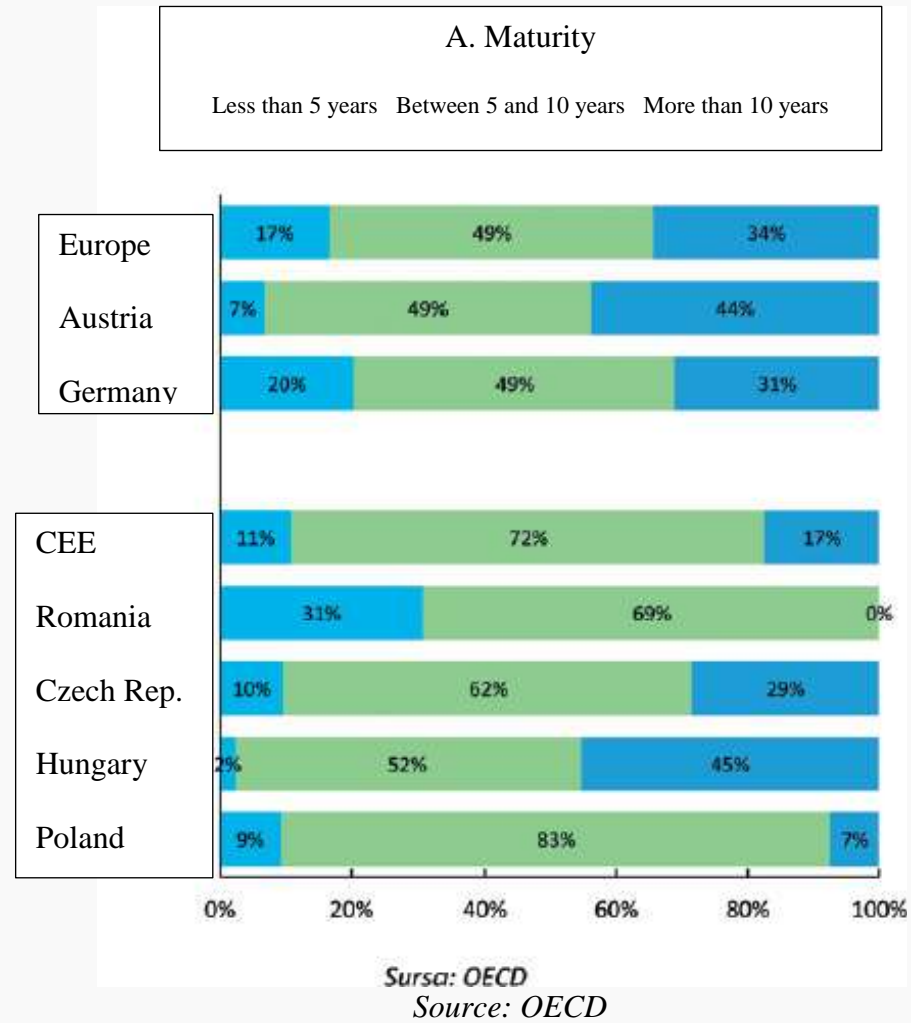
The sector structure of non-financial companies in Europe issuing corporate bonds is more evenly distributed compared to the structure of companies in CEE countries, where around 59% of the amounts raised come from three categories: utilities, consumer cyclicals and energy. In the case of Romania, almost 68% of the amounts raised come from companies in the utilities and telecommunication services sectors. Since the launch of the AeRO market there have been a few technology companies issuing corporate bonds, but the amounts attracted are relatively small.

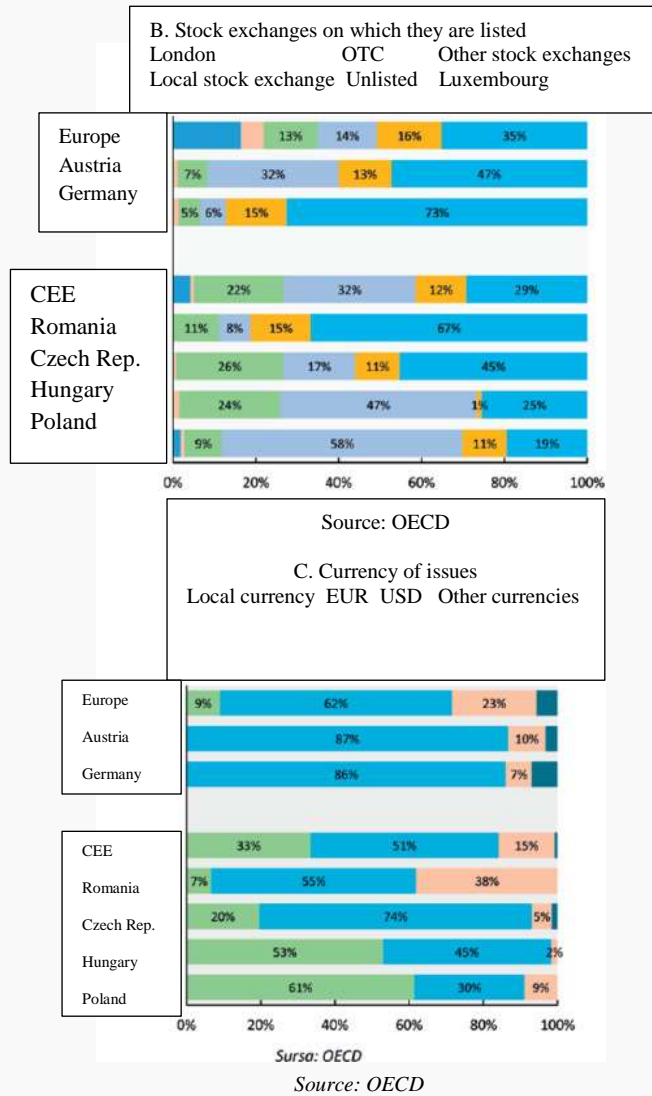
In Romania, in the period 2000-2021, the share of bond issues with a maturity of less than 5 years was 31%, compared to 2% and 9% for issues by companies in Hungary and Poland. At the same time, there were no issues of corporate bonds with a maturity of more than 10 years on the Romanian market.

Compared to countries such as Hungary and Poland, where 47% and 58% respectively of non-financial corporate bonds are listed on local stock exchanges, in Romania only 8% are listed on BVB.

The majority of Romanian corporate bonds issued are listed on foreign stock exchanges and are also issued in foreign currency. Romania is the country with the lowest ratio - 7% of corporate bonds denominated in local currency, 54% of which are denominated in euros and 38% in US dollars. By contrast, in Poland and Hungary 61% and 53% respectively of corporate bonds are issued in local currency. RON-denominated issues listed on foreign exchanges were also non-existent, while for all other equal CEE countries, between 2-6% of local currency-denominated corporate bonds are issued in foreign currency.

Figure 18 Characteristics of corporate bonds, 2000-2021





Investors in non-financial corporate bonds

In Romania, the number of local investors in the corporate bond market is very low, with only 16% investing in non-financial corporate bonds, compared to 78% in Poland and Hungary.

In most countries, credit institutions, insurance companies and pension funds hold a large share of corporate bonds issued by non-financial corporations, 85% in Hungary, 48% in Germany and 33% in Austria.

Romanian credit institutions hold only 15% of the domestic non-financial corporate bond market, while domestic insurance companies and pension funds have no holdings in these instruments. Investment funds hold 41% of non-financial corporate bond issues in Romania.

Market segments for corporate bond listings in Romania

BVB offers two segments for the listing of corporate bonds: the main regulated market and the alternative trading system, the AeRO market. Companies can issue bonds on both segments, with the main market dedicated to larger companies and the AeRO market for SMEs. As there is no minimum issue size and no prospectus requirement, the AeRO market offers smaller companies an easier way to access the corporate bond market.

Table 9 Listing requirements and potential investors targeted

	Main market	AeRO
Listing requirements	The minimum amount of the issue must be the equivalent in RON of EUR 200 000. If the amount is lower than this threshold, ASF may issue a special listing approval Issue prospectus required	<ul style="list-style-type: none"> There is no minimum value for issues No prospectus required
Potential investors targeted	Local and international institutional investors Local and international individual investors	Smaller, specialised investment funds targeting SMEs, individual investors

Source: BVB and OECD report

5. The private equity market

Private equity and venture capital are alternative sources of financing for non-financial companies, especially start-ups, medium-sized private companies, companies in financial difficulty and public companies seeking buyout financing.

Private equity markets have seen significant growth in recent years. Globally, total cumulative assets by the end of June 2019 reached USD 6.5 trillion globally.

According to an analysis⁵ by global management consultant McKinsey & Company, private equity is the largest asset class in the private equity market, with global net asset value increasing eightfold since 2000 and private equity funds' assets under management (AUM) reaching \$3.9 trillion by the end of June 2019.

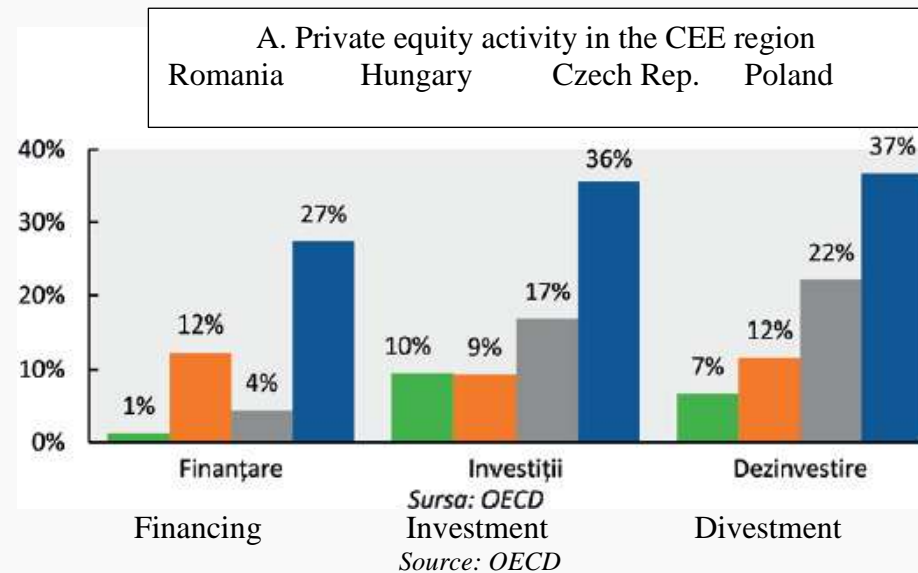
⁵ McKinsey (2020), 'A new decade for private markets', McKinsey Global Private Markets Review 2020, February 2020, www.mckinsey.com/.

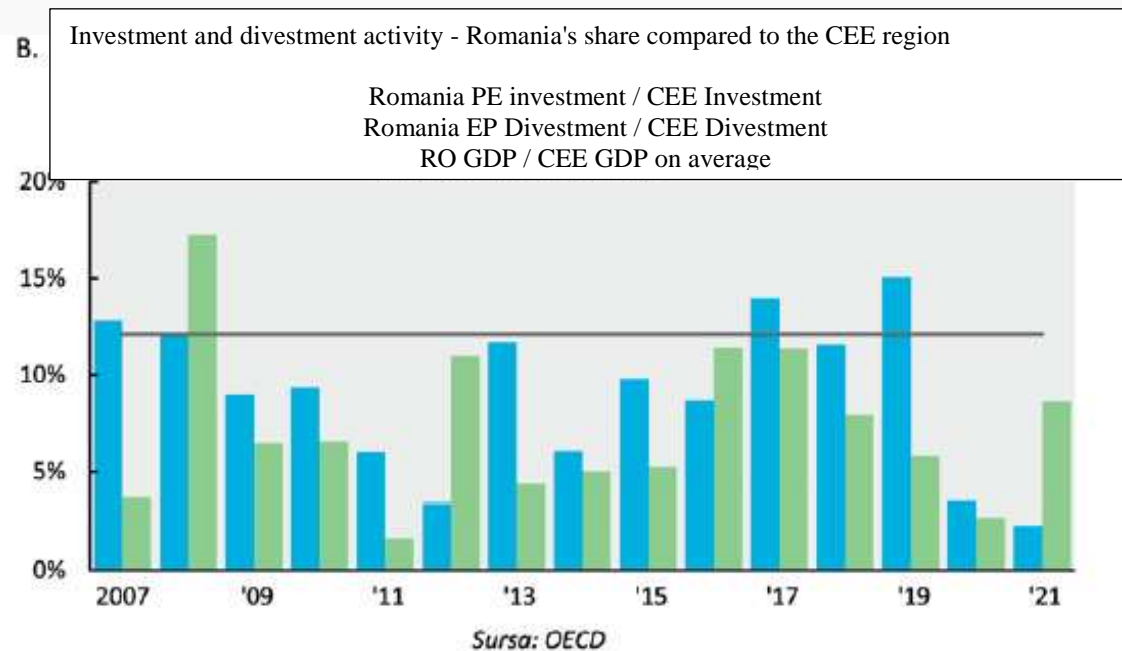
Overview of private equity activity in Romania

The private equity market in Romania is still in a development stage. Between 2007 and 2021, private equity firms in Romania attracted EUR 294 million. This represented only 1.3% of the total amount of private equity in the CEE region and was well below Romania's average annual share of CEE GDP for the same period - 12.1%. Moreover, during this period, fundraising activity in Romania was concentrated over a period of eight years. However, over the last five years, private equity firms have managed to raise an annual average of EUR 32 million. Poland and Hungary ranked first and second in fundraising activity in CEE and together accounted for almost 40% of total funds raised in the region.

In Romania, the number of private equity investments relative to the volume in the CEE region was significantly higher. Between 2007 and 2021, private equity investments in Romania amounted to EUR 3.25 billion, on average EUR 217 million per year, representing 10% of the regional total, slightly below the share of GDP in CEE, with the largest increases since 2012. At the same time, divestments amounted to EUR 1.11 billion over the period 2007-2021, representing 7% of the CEE total. Poland and the Czech Republic ranked first in the CEE region in terms of investments - 52% and divestments by private equity firms - 59%.

Figure 19 Private equity activity in Romania and CEE, 2007-2021





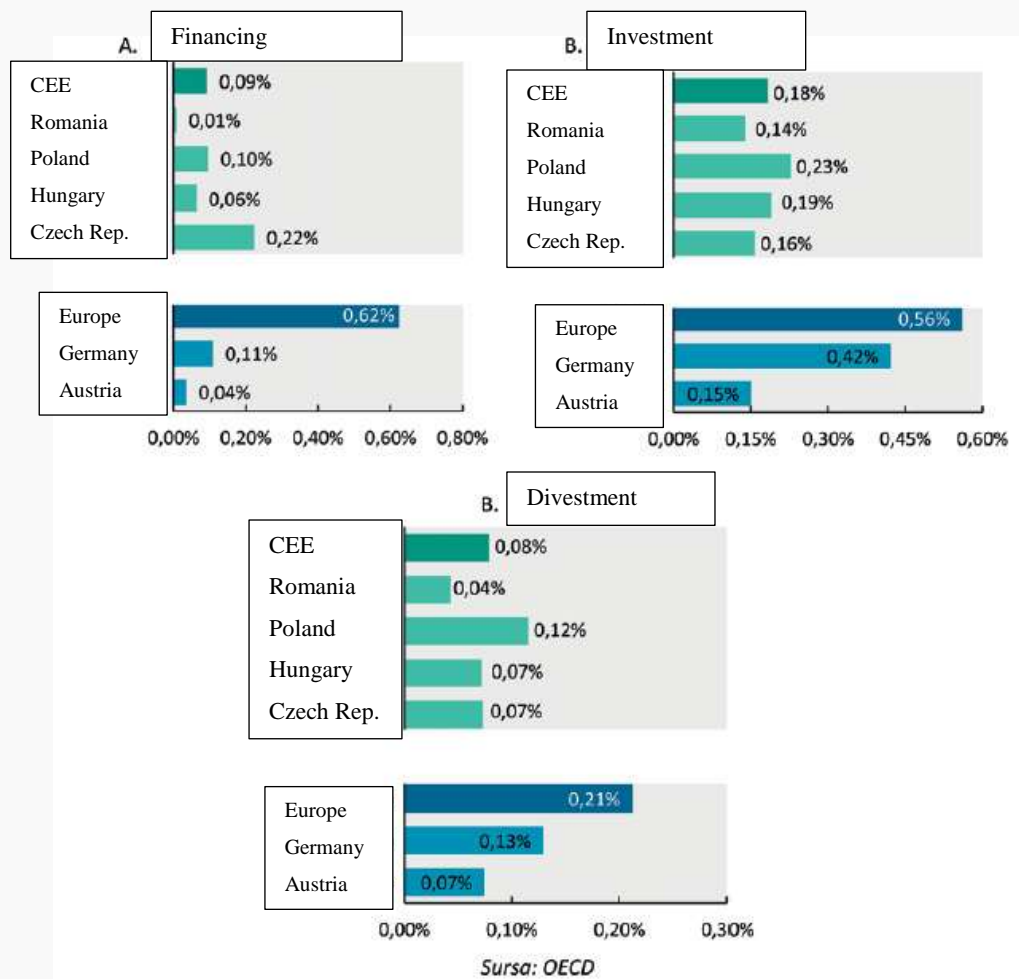
*În panelul A, regiunea ECE include fonduri atrase în valoare de 8 miliarde EUR, pentru care nu sunt specificate informații referitoare la țara destinatară a sumelor.

Source: OECD

* In panel A, the CEE region includes EUR 8 billion of attracted funds, for which no information on the recipient country is specified

Compared to selected peer countries, private equity activity in Romania has lagged behind in the area of financing and divestment over the last five years. In the Czech Republic and Poland, between 2017-2021, private equity funding represented on average 0.22% and 0.10% of their GDP respectively, while in Romania it represented only 0.01% of GDP. Moreover, private equity divestments in the same period represented only 0.04% of Romania's GDP, below the CEE average of 0.08%. Private equity investment represented 0.14% of GDP, also below the CEE average of 0.18% of GDP.

Figure 20 Private equity activity in Romania and other countries in the region, % GDP, last 5 years - 2017-2021



Notă: Ponderile reprezintă media pe 5 ani a valorilor din perioada 2017 – 2021. În panelul A, regiunea ECE include fonduri atrase în valoare de 8 miliarde EUR, pentru care nu sunt specificate informații referitoare la țara destinată a sumelor.

Source: OECD

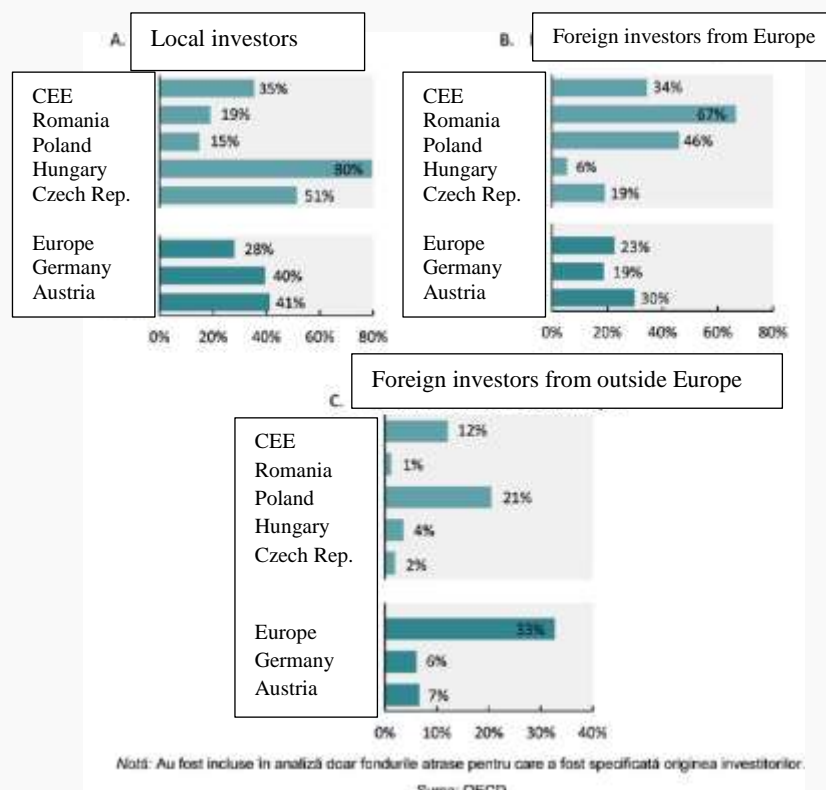
Note: The weights represent the 5-year average of the values from 2017 to 2021. In panel A, the CEE region includes EUR 8 billion of attracted funds, for which no information on the recipient country is specified.

Trends in fundraising, investment and divestment

Compared to the volume of private equity financing in the CEE region, the volume in Romania is modest and mostly oriented towards foreign investors. Between 2007 and 2021, 67% of the funding in Romania was from European investors, almost twice as much as the overall 34% CEE extra-European share. Moreover, funding from non-European investors was modest, while for the CEE region about 12% of funding was from non-European investors.

In Poland, 46% of funding came from other European countries and 22% from non-European countries. However, other CEE countries rely heavily on their domestic market, especially Hungary, where 80% of funding comes from local investors. In general, CEE countries rely heavily on their domestic market and other European markets, which together account for 66% of total funding, while for Europe the corresponding share is 51%.

Figure 21 Private equity financing structured by origin of investors in Romania and other comparable countries - 2007-2021



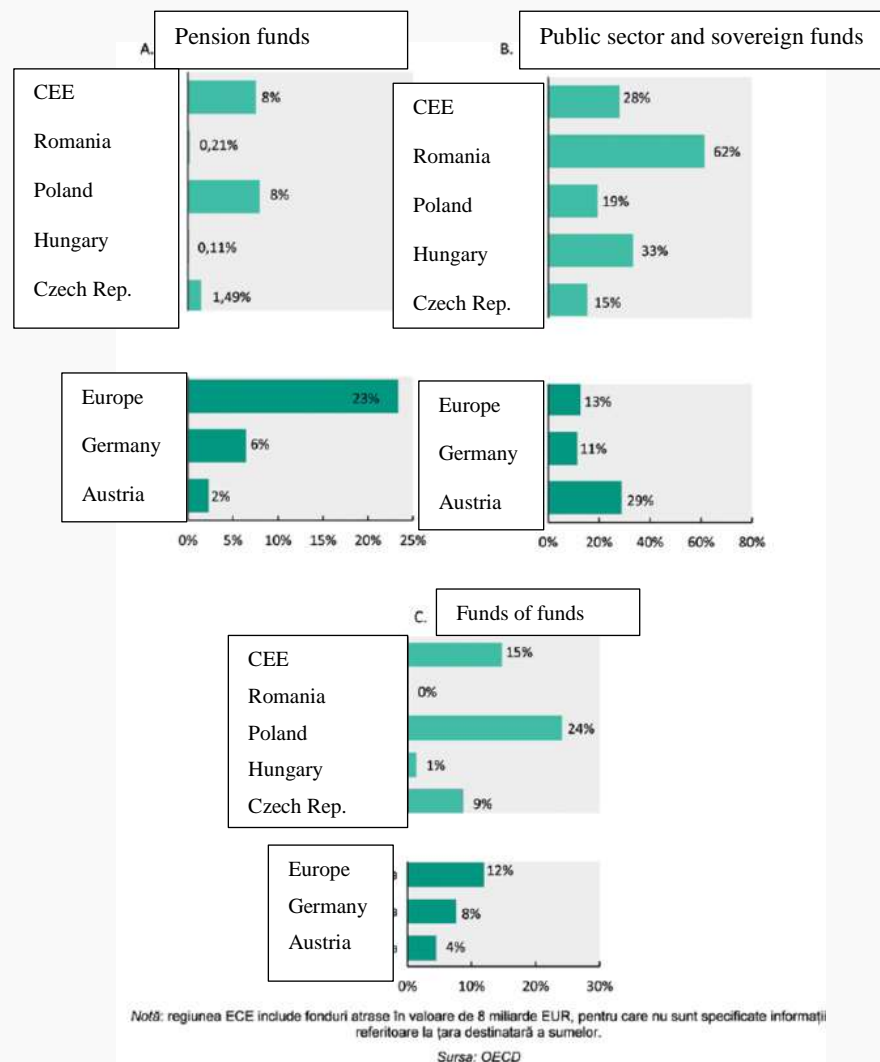
Note: Only funds attracted for which the origin of the investors was specified were included in the analysis.

Source: OECD

Between 2007 and 2021, pension funds were the largest investors, providing 23% of all funding in Europe. For the CEE region, however, pension funds provided only 8% of total funding raised, while government agencies and sovereign wealth funds were the largest source of funding, contributing 28% of total funding. The situation is even more pronounced in Romania, where government agencies account for 62% of total funding between 2007 and 2021, as a result of increased private equity activity by government agencies in Eastern Europe, including Romania, to compensate for investment outflows following the global financial crisis in 2008 and the euro crisis in 2012⁶. In addition, in Romania individual investors and credit institutions provided 17% and 4% of funding respectively. Funds of funds have not been active in the private equity market in Romania, unlike in Europe where they play a significant role.

⁶ Mihai, P. (2015), "What drives private equity investment in Romania", *Studia Universitatis "Vasile Goldis" Arad. Economics Series Vol 25 Issue 4/2015*, ISSN 1584-2339, Pages 25-42.

Figure 22 Private equity financing by type of investor in Romania and other comparable countries - 2007-2021



Note: The CEE region includes EUR 8 billion of attracted funds for which no information on the recipient country is specified.

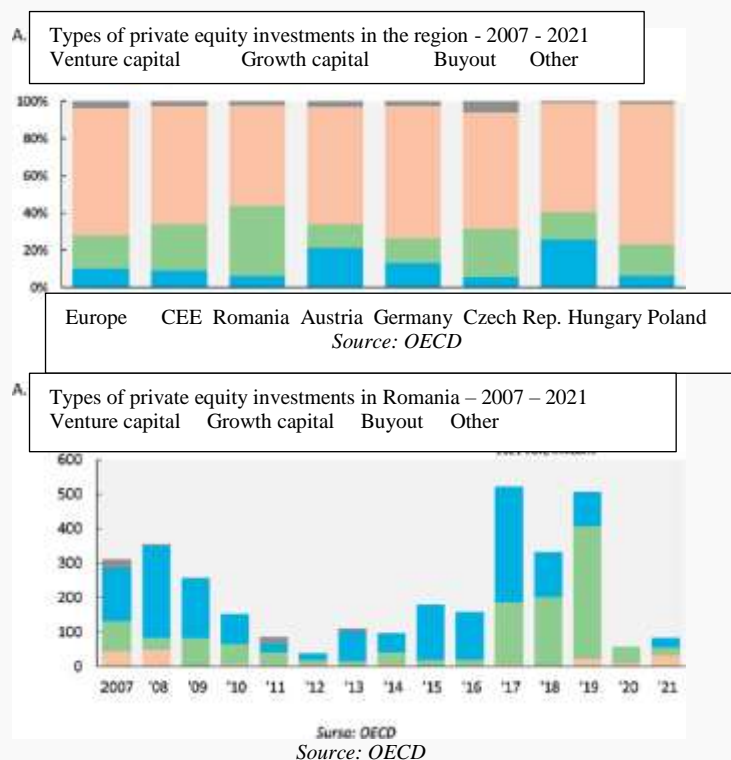
Source: OECD

Growth investments accounted for 38% of total private equity investments in Romania between 2007 and 2021, with this type of investment having the highest share compared to other countries in the region. Venture capital also accounted for 6% over the whole period, a modest level compared to 26% in Hungary and 21% in Austria.

Among the various reasons for the low level of private equity activity in Romania is the overall intensity of research and development - R&D, measured in gross R&D expenditure in GDP, which has been shown to be closely related to the early stages of venture capital activity in Romania⁷. Companies are creating a demand for venture capital for their innovative projects, thus creating activity in the venture capital market. However, compared to most countries in Europe, Romania has by far the lowest level of R&D as a share of GDP, which could partly explain the low level of venture capital activity in the country.

⁷ Diaconu, M. (2012), “Characteristics and drivers of venture capital investment activity in Romania”, Theoretical and Applied Economics, Volume XIX, No. 7(572), pg. 111-132.

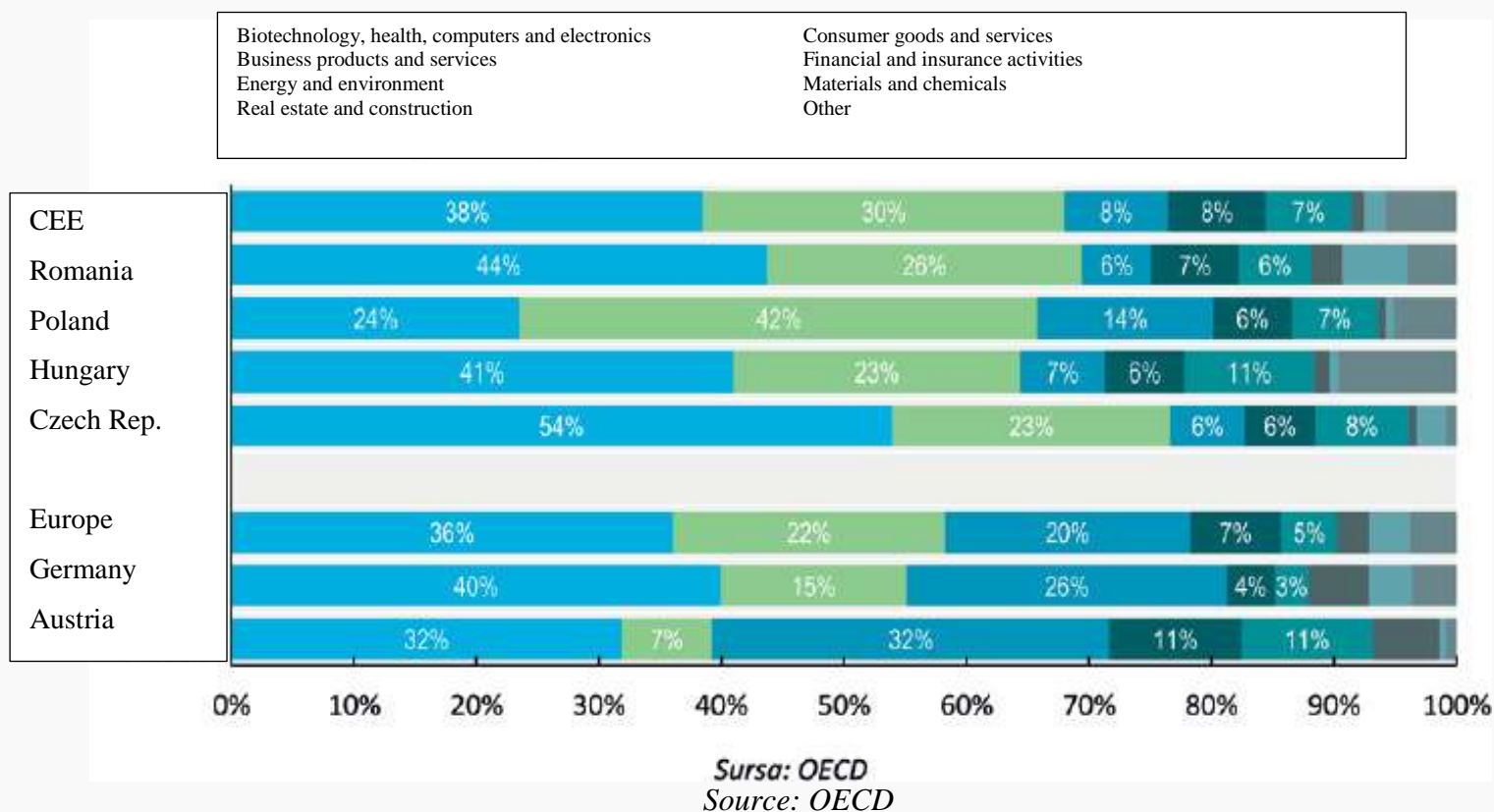
Figure 23 Types of private equity investments in Romania and other European countries



Over the period 2007-2021, most private equity investment in Europe and the CEE region was concentrated in three industries: technology, including biotech, healthcare and IT; consumer goods and services; and business products and services.

These three industries accounted for more than 78% of total private equity investments in Europe as well as in the CEE region, with Europe in general being more concentrated in the business products and services industry compared to the CEE region. In Romania, the largest industry is technology, which attracted 44% of total private equity investments between 2007 and 2021.

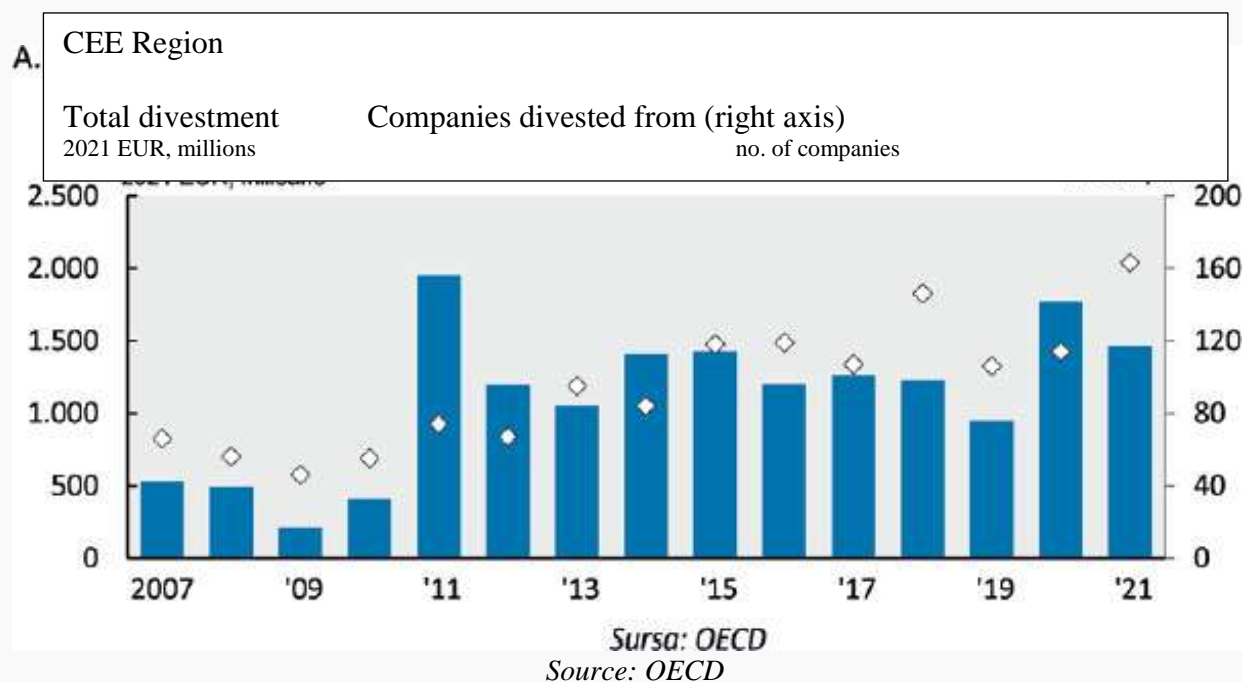
Figure 24 Private equity investments by industry in Romania and other countries in the region - 2007-2021

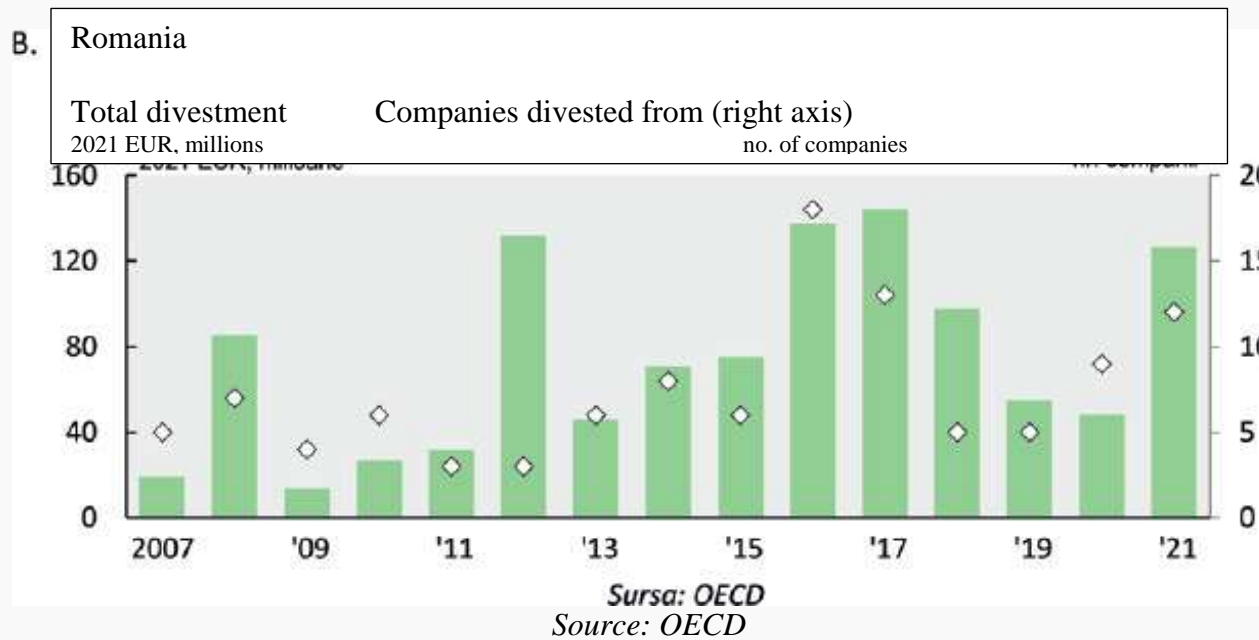


The final stage of private equity investing is divestment, when private equity funds liquidate their investments at the end of the fund's life cycle. There are several forms of divestment, including sale through public offerings, sale to other private equity firms or to financial institutions, redemption by managers or shareholders, repayment of preference shares/loans and debt write-offs.

Divestment activity in the CEE region increased strongly in 2020 and 2021 compared to the low level in 2019. In 2020 and 2021, total divestments in the CEE region amounted to EUR 1.77 billion and EUR 1.46 billion respectively. The increase in 2020 was contrary to the decreasing divestment trends observed in Europe, where divestments decreased by 27% in 2019-2020. However, in 2021, divestment activity returned to an upward trend in Europe, i.e. 55%, compared to 2020. Divestments in the CEE region accounted for 4.4% of the European total in 2021, during which time their level in Romania stood at EUR 126 million, after the very low divestment value in 2020. These figures placed Romania in 4th place in the region, after Serbia, Poland and the Czech Republic.

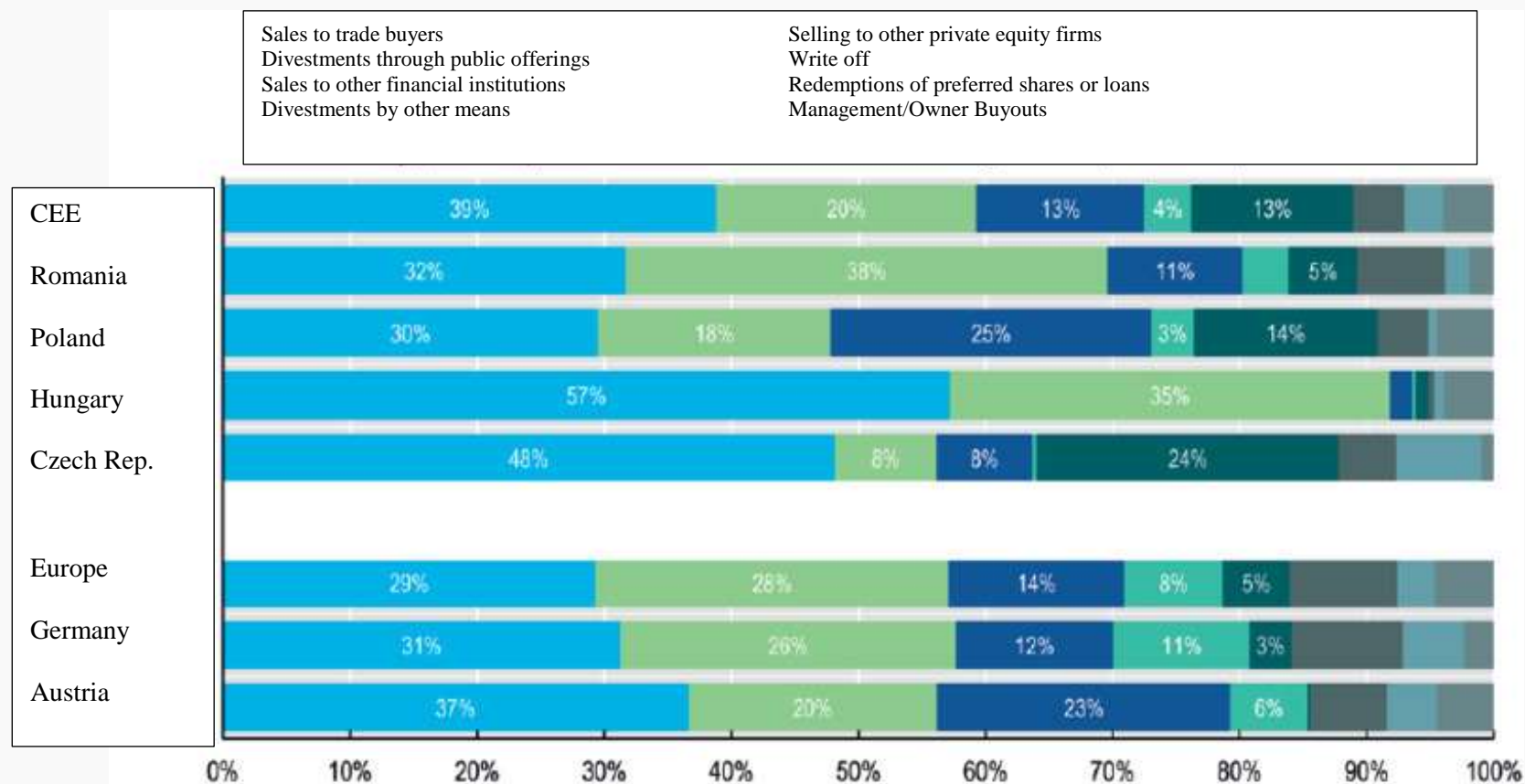
Figure 25 Private equity divestment volumes in the CEE region and Romania





Of the different forms of divestment, sale to another private equity firm and to trade buyers are the most common forms, accounting for 57% and 59% of the total value of divestments for Europe and the CEE region respectively. In Romania, these two forms of divestment account for 70% of all divestments. In particular, divestment by sale to another private equity firm accounts for more than 38% of the total value, while divestment through a public offering accounts for 14%, 13% and 11% of the total exit value for Europe, the CEE region and Romania respectively. The percentage for Romania has increased greatly in the context of many divestitures through public offerings in 2021, which accounted for 70% of total divestment activity.

Figure 26 Private equity divestments by exit type in Romania and other countries in the region - 2007-2021



Sursa: OECD
Source: OECD

VI. General and specific objectives for capital market development

General Objective I: Improved conditions for capital market listings

Market characteristics

BVB has seen a sharp decline in the number of listed companies in recent years, with the Romanian stock market remaining small and lacking dynamism. At the end of 2021, the domestic market capitalisation in Romania was EUR 28.51 billion, up 22% from the same period last year - source: FESE. Since 2008, 13 companies have listed on the main market of BVB, compared to 45 delistings.

Although more capital was attracted through initial public offerings (IPOs) in the period 2010-2021 compared to the previous decade, in Romania the figures remain low compared to other countries in the region. The combination of a declining number of listed companies and slow growth in total IPO proceeds has led to a situation where the Romanian capital market has been increasingly dominated by a small number of large companies.

The local capital market could perform significantly better, currently underperforming, with many firms eligible for listing on tBVB and showing strong financial results, which could significantly improve the profile of the capital market. The minimum criteria for listing on BVB are: equity ownership or an anticipated market capitalisation of at least EUR 1 million, a free float of at least 25% and a minimum of 3 years of financial reporting. Using equity capital, 91% of large unlisted companies in Romania meet the equity size criteria. In addition to meeting the minimum criteria, many large unlisted companies outperform currently listed companies in terms of both size and profitability.

In addition to the main issue of low market liquidity, there are a number of relevant infrastructure and governance issues that affect stock market performance - if the fees charged by the exchange for listing shares are excessive or their structure is particularly complex, they can be a barrier. The biggest costs associated with an IPO are generally high consultancy and post-listing costs, as well as increased compliance requirements.

Another important factor in the quality and performance of a capital market is corporate governance standards. To increase efficiency and prevent over-regulation, corporate governance regulation must be flexible enough to respond to the needs of companies without compromising the focus on maintaining economic performance and market integrity - source OECD, 2018. BVB adopted the current Corporate Governance Code in 2015 and recently launched an educational programme to promote better corporate governance with partner organisations - source.

A number of state-owned companies that are already listed have low free-float rates, and a complementary measure to issuing minority shares in financially significant unlisted state-owned enterprises would therefore be to increase this rate by reducing government shareholdings. Increasing the free-float would help improve stock market activity and support the attempt to move state-owned companies listed on the AeRO alternative market to the main market. Another way to increase the size of investable securities in Romania would be to promote the establishment of a number of listed investment companies actively focusing on investments in unlisted companies, with the advantage of linking unlisted companies to the public equity market. To promote the listing of unlisted companies, other markets have launched programmes/campaigns to provide companies with information, support, guidance and connections with potential investors.

There is still great potential for expanding the capital market through the public listing of minority stakes in financially significant state-owned enterprises, which could play an important role in improving the profile of the Romanian stock market, with the double benefit of significantly increasing the size of the market and improving financial performance.

Romania's national recovery and resilience plan following the COVID-19 pandemic crisis, approved by the EU Council on 28 October 2021, includes a section that focuses specifically on private sector aid schemes, which are aimed at companies wishing to list publicly and diversify their

sources of financing - source MFE, 2021. A well-functioning capital market that can mobilise funds and allocate them productively will be particularly important in the recovery from this crisis.

Specific objectives to improve listing conditions

- Specific objective I.1: Review of the regulatory framework applicable to the capital raising procedure, both for initial public offerings and for those conducted after the securities are admitted to trading, with a view to simplifying the procedures and reducing the time needed to raise capital
- *Specific objective I.2: Improvement of corporate governance standards by:*
 - *adherence of state-owned companies listed or to be listed to the highest standards of corporate governance.*
- *Specific objective I.3: Extension and diversification of the typology of instruments tradable on the capital market by:*
 - *listing shares representing minority shareholdings in large state-owned companies and increasing the free-float for such companies already listed;*
 - *encouraging the transfer to the regulated market of state-owned companies listed on the MTF administered by BVB by strengthening and complying with corporate governance principles and improving transparency requirements.*
- *Specific objective I.4: Introduction of a national campaign targeting both public and private companies to encourage companies to use capital market financing, informing company management and other relevant stakeholders of the many opportunities available*
- *Specific objective I.5: Intensification of efforts to meet the requirements for the authorisation and operation of a CCP*
- *Specific objective I.6: Encouraging the listing of companies on the MTF administered by BVB, including by:*
 - *simplifying the listing procedures;*
 - *implementing the use of an electronic platform that can be accessed by the issuer and the authorities/institutions responsible for approving the listing application to ensure the speed of the process.*

General Objective II: Increase liquidity in the secondary market

Well-developed capital markets depend to a large extent on active secondary markets, where financial instruments are traded frequently, allowing an efficient price formation process and a positive correlation between secondary market liquidity and capital market size.

Capital market development also depends on a well-functioning financial sector, including a diversified institutional investor base, which can channel savings into capital markets and contribute to the stability and liquidity of the sector. Given the nature of their investment horizon, pension funds provide a long-term source of funds to capital markets, but because they mostly follow buy-and-hold investment strategies, they do not stimulate market liquidity growth, unlike investment funds.

A more detailed analysis of the Romanian capital market shows that both the core and AeRO segments are characterised by low levels of liquidity. Low liquidity on BVB, especially in the AeRO segment, is also driven by many inactive stocks. In the main segment, the average free-float level of the Premium category is almost twice that of the Standard category, and the number of transactions in Premium is seven times higher than in Standard.

Secondary offerings - SPOs are not only an important source of new capital for companies, but also allow them to increase their free-float levels whenever new shares are issued. Currently, Regulation (EU) 2017/1.129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive

[2007/71/EC](#), hereinafter Regulation (EU) [2017/1.129](#), which must be published when securities are offered to the public or admitted to trading on a regulated market allows for a simplified prospectus for secondary public offerings and increases the threshold for issuing equity without a prospectus. While the prospectus remains a key document for investors as it provides qualitative and comprehensive information, for secondary public offerings it could be burdensome as companies already publish information to the market on a regular basis. Issues of securities up to a total value threshold of between EUR 1 million and EUR 8 million are exempt from publishing a prospectus, and states can adjust their national thresholds to encourage both smaller company listings and secondary public offerings. However, Romania has not yet changed the threshold.

One possible reason for the low liquidity of some shares on the Romanian market is the existence of inactive retail accounts holding shares allocated to citizens under the 1995-1996 mass privatisation programme. The lack of activity of the holders of these shares not only affects liquidity in the market, but also the brokers, BVB and DC, who cannot take advantage of the opportunity to earn income from otherwise possible transactions. In recent years, BVB and DC have proposed awareness programmes to reach inactive shareholders, but the situation has not improved significantly.

The gap between the number of transactions, value and frequency of trading between the main market and the AeRO segment can be partly explained by the large information gaps.

The availability of market research for companies gives them visibility to investors and helps generate more information that supports efficient capital markets and informed trading. This is mainly the result of regulatory changes introduced by MiFID II in 2018, which aims to separate research costs from execution costs - the cost of research to be separated from trading commissions paid to brokers and has had a particular impact on smaller listed companies.

In February 2021, as part of the capital markets recovery package approved in response to the COVID-19 pandemic, the EC approved a waiver from the MiFID II framework to waive the unbundling rules for equity research on companies with a market capitalisation of less than EUR 1 billion in the last 36 months. This exemption is intended to support liquidity and increase the visibility of small and mid-cap companies at a time when funding may be needed.

Long-term investors can use derivatives to manage their portfolio risk exposures. However, in many countries, pension regulations constrain investment in derivatives. In Romania, investment in derivatives is allowed only to the extent that they contribute to reducing investment risks solely by reducing currency or interest rate risk. At the end of 2021, derivatives were almost non-existent in the total assets of private pension funds. However, the share of foreign currency-denominated assets in the total assets of Romanian privately managed funds is around 10%, most of which are denominated in euro - source: ASF. While currency risks are managed in line with the risk management strategy of pension funds, the limited use of foreign currency derivatives to hedge currency exposures could be a consequence of the lack of a well-functioning derivatives market in Romania. Until 2018, SIBEX - Sibiu Stock Exchange S.A. - SIBEX was the market operator and administrator of the derivatives market in Romania (1996-2017), the operator of a regulated spot market - 2010-2017 and of an alternative trading system - 2010-2017. In January 2018, the merger by absorption between BVB, as the absorbing company, and SIBEX, as the absorbed company, was implemented. Subsequently, BVB announced its intention to expand its operations by relaunching the derivatives market in order to contribute to increasing the liquidity of the local capital market and, in particular, to achieve its goal of doubling the average daily trading value over a ten-year period.

As a first step, in November 2019, BVB together with eight other shareholders set up a company with the aim of being authorised as a CCP and providing clearing services for the Romanian capital and energy markets. The first stage of the operation of this entity after authorisation also aims at clearing derivatives consisting of equity futures, index futures and energy futures.

In 2020, BVB has introduced a pilot market making programme that further improves the already existing mechanism for increasing liquidity. Following the improvement of the market making mechanism, an improvement in liquidity on the main segment of the Romanian stock exchange could be explained by the increase in liquidity induced by the upgrade of Romania's status from frontier to emerging secondary market - in September 2020.

Pension funds in Romania are still in an accumulation phase and it is expected that in the future a larger share of their assets under management will be allocated to foreign investments in order to diversify the portfolio, which would require well-functioning derivatives markets. It is expected that there will be a greater demand for foreign currency derivatives from non-financial companies as they are highly currency dependent.

In order to increase the liquidity of the BVB market and to attract new categories of retail investors, it is recommended to implement an open trading system for investment funds through the BVB system. This can be done in a similar way to that offered by Euronext Fund Services, which is a market value trading system.

Specific objectives for increasing liquidity in the secondary market

- Specific objective II.1: Support the development of the existing programme - "BVB Research Hub" - which provides market participants with low-cost independent quantitative research on listed companies and supports financial investment services companies in providing this research to the market

- Specific objective II.2: Carry out a national campaign to inform inactive shareholders who have benefited from the mass privatisation programme carried out since the 1990s with the aim of liquidating their holdings; grant an exemption from the payment of any transaction fee

This approach to informing the population on a large scale about inactive holdings resulting from the mass privatisation process is foreseen in the draft Law on the regime of inactive holdings resulting from the mass privatisation programme, a project carried out with the assistance of the European Bank for Reconstruction and Development, financed by the EC through the Structural Reform Support Programme and currently under inter-ministerial review. The promotion and adoption of this draft law will thus also be the basis for the information campaign.

- Specific objective II.3: Assess the regulatory framework and operational requirements in the market to stimulate post-admission offerings of securities to encourage companies to increase their free-float by providing assistance to cover part or all of the cost of such offerings

- Specific objective II.4: Strengthen and continue efforts to create and develop a derivatives market

- Specific objective II.5: Stimulate the development of lending operations of financial instruments by streamlining collateral management processes

- Specific objective II.6: Stimulate trading in units of open-ended investment funds (UCITS) through market trading systems

General Objective III: Support the development and growth of the SME market

SMEs in Romania face significant obstacles in accessing finance. Low levels of capitalisation, significant credit constraints and limited sources of external finance have prevented them from taking advantage of growth opportunities. Thus, in addition to other measures aimed at supporting SMEs at national level, such as the measures provided for in Government Decision [No 1.204/2022](#) on the establishment, organisation and functioning of Banca de Investiții și Dezvoltare - S.A., as amended, well-functioning public capital markets targeting SMEs as well as private capital markets can play an important role in supporting their growth.

In terms of financing structure, SMEs, compared to larger companies, are generally more dependent on internal financing and bank loans. The higher risk profile of SMEs makes them less suitable for external financing. This financing structure makes SMEs financially vulnerable, especially in times of crisis, when the availability of credit, especially bank loans, tends to contract rapidly, leaving them with fewer financing options.

In 2015, BVB launched an alternative/multilateral trading system whose main segment is known as the AeRo market, dedicated to the financing, growth and promotion of SMEs. Compared to the main market, the AeRO market has less demanding standards for issuers, being composed of both an equity and a corporate bond segment.

Private equity is also an important tool for financing SMEs. Not only can it provide funding for the company, it can also bring expertise to improve management practices and operational efficiency. Private equity investment is playing an increasingly important role for companies in Romania. Developing a research and innovation strategy will require support from market funding.

Specific objectives for SME market development

- *Specific objective III.1: Intensify cooperation between BVB and CCIR and organise workshops, seminars, conferences to promote capital market financing methods among SMEs;* as CCIR represents over 15,000 companies in the country, it could play a key role in reaching those SMEs that have the potential to grow but lack the necessary financing. As part of a national campaign targeting both public and private companies, experts from the fellowships could run seminars and training sessions on market finance for selected SMEs. Such programmes can help raise awareness among SMEs of the benefits of market-based financing.

- *Specific objective III.2: Assess the adequacy of the threshold below which public offers of securities are exempted from the obligation to publish a prospectus;* although the AeRO market has been established, share offerings have been limited and almost all offerings have been conducted as private placements. Regulation (EU) 2017/1.129 gave EU Member States the flexibility to waive the prospectus requirement if the issue is below EUR 8 million. In Romania, the current threshold is only EUR 1 million, which is significantly lower than the threshold set in other Member States. In order to encourage SMEs to make public offerings to reach a wider group of investors, consideration could be given to increasing this threshold, which could facilitate the use of public offerings and allow companies to reach a wider group of investors.

- *Specific objective III.3: Support intermediaries by reducing fees and charges to support small companies in assessing financial prospects and admission to the MTF administered by BVB*

- *Specific objective III.4: Develop a mechanism to incentivise companies listed on the MTF administered by BVB that meet the legal requirements to transfer to the regulated market;* as the BVB-administered MTF has developed, a number of companies have seen significant growth and may begin to plan, with the help of the exchange, for a future transfer to the main market. It is important to design a mechanism so that companies listed on the BVB-administered MTF eventually transfer to the main market and do not remain listed on the alternative market indefinitely. As well as helping to position the BVB-administered MTF for smaller companies, the prospect of moving to the main market could also be seen as an incentive for some SMEs to list on this market.

- *Specific objective III.5: Stimulate the establishment of IPO Fund investments to support SME financing. Support SMEs to access finance offered through the "EU fund to help promote SME IPOs"*

- *Specific objective III.6: Establishment by BVB of a growth market for SMEs*

General Objective IV: Promote savings among retail investors and increase participation of individual investors and the business environment in the capital market

One of the main obstacles to the expansion of capital markets in Romania is the limited level of savings among individual investors and their low allocation to equities.

The financial assets of individual investors in Romania have doubled from EUR 71 billion in 2010 to EUR 178 billion in 2020. Their financial assets amount to 82% of Romania's GDP, which is less than in Germany, Austria, Czech Republic, Hungary, Poland. In terms of the composition of these financial assets, currency and deposits represent about 37% of total financial assets in Romania - source: Eurostat.

According to Standard & Poor's Ratings Services' Global Financial Literacy Survey, Romania has the lowest financial literacy rate in the EU, with only 22% of the population financially literate - source: Klapper, Lusardi, and Oudheusden, 2016.

In this context, the Strategy has proposed objectives aimed at raising awareness of the benefits of savings for individual investors and their appropriate placement in various investment products. Thus, measures are envisaged to ensure greater protection for this category of investors and to increase their confidence in financial markets and in investing in financial instruments.

Specific objectives for promoting savings among retail investors and increasing participation of retail investors and the business community in the capital market

- *Specific objective IV.1: Increase the segment of the population with access to a bank account and the implementation of digital cost-saving tools, as well as the awareness among potential individual investors and the business community about the alternative of investing/placing in financial instruments in order to increase the level of investment in the capital market, by:*

- *raising awareness about the advantages of saving and investing them appropriately in various investment products;*

- *conducting a national information campaign for individual investors and the business community on the ways and opportunities of investing in the capital market*

- *Specific objective IV.2: Reassess the applicable regulatory framework in the field of capital markets with a view to identifying possible additional measures to ensure enhanced protection of retail investors*

- *Specific objective IV.3: Increase the confidence of potential individual investors in financial instruments markets and investments in financial instruments*

General Objective V: Increase the role of institutional investors

Institutional investors play an important role in the development of capital markets, being able to channel a significant amount of finance to the real sector for investment and growth. In Romania, assets under management by institutional investors amounted to EUR 33.7 billion at the end of 2021. Among institutional investors, the largest category is pension funds, both privately managed and voluntary funds, with assets under management of EUR 18.7 billion, followed by investment funds with EUR 10.1 billion and insurance companies with EUR 4.9 billion (source: ASF).

Pension funds

Romania's pension system is made up of four pillars, with the voluntary savings scheme - pillar III being implemented in 2007 and the mandatory scheme - pillar II in 2008. Both Pillar II and Pillar III are privately administered by pension fund management companies. The fourth pension

pillar was set up in 2020, with only one administrator authorised so far in this segment. At the end of December 2021 there were ten private pension fund management companies managing a total of EUR 18.01 billion for Pillar II and EUR 690 million for Pillar III - source ASF.

Private pension funds in Romania follow a generally conservative investment strategy, as most of their assets are invested in fixed income securities. At the end of December 2021, 60% of assets were allocated to government securities, 2% to deposits and a further 2% to supranational bonds – source: ASF.

Given the purpose and nature of private pension funds in Romania, in order to protect participants, regulations have imposed investment limits on the types of assets: a maximum of 50% for investing their assets in shares and 30% in bonds issued by the private sector. In addition to the restriction on investment limits, the current regulation in force, i.e. ASF Rule no. 11/2011 on the investment and valuation of private pension fund assets, as subsequently amended and supplemented - Chapter VII, requires pension funds to fall into a set of predefined risk categories - low, medium and high risk.

Despite the increasing amount invested in equities by Romanian pension funds, their participation in the stock market is still relatively modest compared to Poland, Hungary and Austria - source: OECD report. Private pension fund management companies in Romania charge fees to pension fund participants in return for managing pension savings. The current system charges two types of fees: the contribution management fee, equivalent to 0.5% of each monthly contribution to the fund, of which 0.1 percentage points of the total amount of the financial transaction made for each privately managed pension fund should be transferred to the National Public Pension House, and the asset management fee - a monthly deduction from the total net assets of the funds, ranging from 0.02% to 0.07%.

Investment funds

The investment fund industry in Romania has developed around large banking groups. At the end of December 2021, the top 5 investment management companies were affiliated to banks and concentrated 92.91% of the total investment fund industry assets. Another feature of the industry is the clear dominance of open-ended funds - source: ASF.

Almost half of the investment in shares of Romanian investment funds corresponds to the investments of the Property Fund, representing shares granted to people whose property was expropriated by the communist regime.

In the case of alternative investment funds, more than 70% of their investments correspond to listed shares and only about 16% in the case of the Property Fund. Investments in corporate bonds are generally low. Open-end funds allocate 19% to corporate bonds, while hedge funds and financial companies invest only 2.6% and 1.5% respectively - source: ASF.

Insurance companies

Total assets of Romanian insurance companies amounted to EUR 4.9 billion in 2021, representing about 2% of Romania's GDP. In terms of asset composition, insurance companies allocate 77% of their assets to government bonds - the European average being 31%. UCIs account for 2% of assets in 2021 - the European average being 22%. In addition, as Romanian insurance companies are part of international groups, UCIs are generally seen in cross-border funds rather than in the Romanian capital market. Moreover, Romanian insurance companies allocate 7% of their assets to corporate bonds compared to, for example, 70% in Estonia - source: ASF, EIOPA Insurance statistics.

Specific objectives for increasing the role of institutional investors

- *Specific objective V.1: Continue the process of simplification, de-bureaucratisation and streamlining of operations/procedures for the authorisation/registration of UCITS/AIFs/private/occupational pension funds, including by revising secondary legislation and standardising some of the necessary documents*

- *Specific objective V.2: Prioritise the awareness campaign on the need to increase the savings rate while promoting long-term investment products*

- *Specific objective V.3: Raise awareness among public and private sector employers of the opportunities offered by the establishment of occupational pension funds - incentivise/retaining employees; increase pension savings accounts through the 4th pillar activity; employees can contribute together with employers to personal occupational pension accounts.*

Assess the opportunity and initiate the setting up of occupational pension funds by employers in different economic sectors, e.g. occupational fund for employees in the IT industry/financial sector/agriculture/automotive industry/public administration etc.

General Objective VI: Facilitate long-term financing through market mechanisms

The Romanian corporate bond market is undersized. The general lack of access to finance is a barrier to corporate investment and growth, and the over-reliance on bank borrowing compared to market-based financing is a potential impediment to financial stability.

The lack of an optimally functioning corporate bond market has not only led to significant restrictions in access to finance for substantial segments of the Romanian corporate sector, but has also led to high exposure to Romanian government securities among institutional investors.

Another important aspect is also to stimulate the development of a bond market in general, including by encouraging investments issued by non-financial companies and local public authorities admitted to trading on BVB.

Several market participants expressed concern about the time taken to issue a bond, stressing the need to reassess the requirement to hold an extraordinary general meeting to issue a bond.

Specific objectives to facilitate long-term financing through market mechanisms

- *Specific objective VI.1: Analyse the applicable regulatory framework and operational processes with a view to identifying changes needed to streamline the corporate bond listing process*

- *Specific objective VI.2: Stimulate the development of the bond market including by encouraging investment in bonds issued by non-financial corporations and local public authorities admitted to trading on BVB by reducing/eliminating trading fees/rates*

- *Specific objective VI.3: Development of public-private partnership projects in which, following a competitive procedure, a company or entity is created - for the purpose of executing infrastructure projects, which could be financed by issuing corporate bonds*

General objective VII: Support digitisation and financial innovation

According to the European Central Bank's definition, fintech is "technology-based financial innovation that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services".

Fintech has the potential to improve access to financial services for individuals and firms, and to lead to new financial products that better serve the needs of financial market participants. Fintech activity can be divided into two main strands - financial service providers and technology and support service providers.

On 24 September 2020, the EC - EC adopted a digital finance package, which includes a digital finance strategy and legislative proposals on crypto-assets and digital resilience. With this package, the EC aims to support the competitive development of the EU financial sector and provide consumers with access to innovative financial products, while ensuring consumer protection and market stability.

In the case of non-bank financial markets, the current state of the markets suggests that there is an opportunity to stimulate digitisation and innovation in the financial sector, and the Authority can play an important role in this.

In line with international best practice, ASF encourages financial markets that provide consumers with competitive and secure financial services. To this end, the Authority is actively involved in supporting technological innovation in the financial sector, with the aim of leading to an enabling environment and modern regulation, while maintaining market stability and protecting consumer rights.

Specific objectives for supporting financial innovation

- *Specific objective VII.1: Support non-bank financial market participants in the implementation of the EU digital finance framework*
- *Specific objective VII.2: Increase the competitiveness of the Romanian capital market through the use of new DLT technologies among entities providing market infrastructure by developing and implementing a pilot project for a trading and settlement system based on distributed ledger technology - DLT, in line with the relevant European framework in force*

General Objective VIII: Support the development of the local private equity and venture capital market

Established AIFs using private equity or venture capital - VC investment strategies represent a new segment within the alternative investment fund industry in Romania, which is why the Authority has been actively involved since 2021 in the development of this segment, which is essential to meet the financing needs of SMEs and which do not yet meet the eligibility requirements for listing on a regulated market or an MTF, such as AeRO.

In the first stage, ASF Regulation [No. 11/2021](#) was issued to amend and supplement the Financial Supervisory Authority Regulation [No. 10/2015](#) on the management of alternative investment funds, as amended. This regulation facilitated the registration process for AIFMs managing AIFs for professional investors, entitled “AIFMD Light Regime”. As a result, in the period 2021-2022, 3 new managers were registered under this new type of license, so that the number of managers established in Romania increased by about 15%.

Next, in the second phase in 2022, the Authority is reviewing the regulatory framework for AIFs to facilitate the creation of investment vehicles dedicated to the needs of professional and semi-professional investors. To this end, in collaboration with an advisory group of local industry representatives, the Authority is developing a draft regulatory act dedicated to AIF reform.

Specific objectives to support the development of the local private equity and venture capital market

- *Specific objective VIII.1: Review national primary and secondary legislation to facilitate the establishment of registered AIFs - “AIF Light Regime”.*

General Objective IX: Stimulate green investment

Sustainable (or sustainable) finance is a key element in meeting the policy objectives of the European Green Deal launched by the EC in 2019, as well as the EU's international climate and sustainability commitments, helping to channel private investment into the transition to a climate-neutral, climate-resilient, resource-efficient and equitable economy. At the same time, following the impact of the COVID-19 pandemic, EU funds allocated to Member States through the European Recovery and Resilience Mechanism are linked to objectives on sustainable economies and digitisation.

In order to implement the objectives of the European Green Pact, on 29 July 2021 the "European Climate Act", Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 amending the framework for achieving climate neutrality and amending Regulations (EC) No. 401/2009 and (EU) 2018/1999, entered into force at EU level. This law will ensure that all EU policies contribute to this objective and that all sectors of the economy and society are involved.

Sustainable finance aims to improve the financial sector to support sustainable development in the context of the fight against climate change. It involves financial sector entities taking into account environmental, social and governance (ESG) factors, thus aiming to focus longer-term investments in sustainable economic activities and projects.

In addition to financing mechanisms to support sustainable projects offered through banking and financial instrument markets, institutional investors such as investment funds, private pension funds and insurance companies have an important role to play in the transition to a green economy by placing medium and long-term financial assets.

Specific targets for stimulating green investment

- Specific objective IX.1: Issuance of government/green/sustainable bonds

The green bond market is very dynamic; its volume has grown exponentially in recent years, and investor appetite for green bonds recommends these instruments as a benchmark for the direction of evolution of innovative and sustainable financing instruments, both corporate and sovereign. The dynamics and prospects of the green bond market are driven by the attractiveness of sustainable development - ESG - investments, which offer broad opportunities for diversifying investment portfolios in a large and growing field.

By issuing Green Bonds, issuers are making and demonstrating to investors and society their commitment to financing or developing sustainable projects with a positive impact on the environment. The development of the financing framework for green projects at governmental level and the development of the private sector financing framework require the combined efforts of all stakeholders involved in this process to develop the capital market, which can contribute to the financing of domestic companies. In this regard, the MF aims to create a general framework for the issuance of green bonds at sovereign level in the coming period. Green bonds are issued on the basis of a framework containing a description of the issuer's sustainability strategy, the projects eligible for financing and the internal governance framework for managing these projects.

MF, as public debt manager, will coordinate the process of preparation and effective launch of green bonds, in line with the principles of the EU Taxonomy and the European Green Bond Standard - EuGB, and regular reporting to the investment community of the funds allocated for eligible expenditure, which will take place over the medium term and will contribute to the achievement of the strategic objectives of diversifying financing instruments.

- *Specific objective IX.2: Raise awareness among potential investors of the opportunities offered by investing in products that promote environmental and/or social features or aim at sustainable investment*

- *Specific objective IX.3: Raise awareness among issuers on aligning with Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2.088 and increasing the quality of non-financial reporting*

VII. Programmes - the action lines that will support the achievement of the objectives and implementation of the strategy

The following broad lines of action will be pursued to achieve the nine general objectives and the specific objectives related to each of them:

- revision/completion/modification of the regulatory framework;
- organisation of promotion/information/awareness campaigns;
- providing advice/consulting;
- development of electronic platforms;
- organising discussion meetings to identify certain problems and optimal solutions.

A detailed presentation of the action plans for each specific objective can be found in the Annex.

VIII. Expected results

The implementation of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026 aims at achieving several expected results:

Table 10 - Summary of the main expected results following the implementation of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026

General objectives	Expected results
I. Improving the conditions for listing on the capital market	<ul style="list-style-type: none"> - Increase the number of issuers listed on all BVB categories - Increase market capitalisation - Increase liquidity - Develop the bond market - Develop the securities lending market - Develop the derivatives market
II. Increasing liquidity in the secondary market	<ul style="list-style-type: none"> - Increasing the number of institutional investors and the attractiveness of the local capital market externally

III. Promoting, developing and growing an active SME market	<ul style="list-style-type: none"> - Increase in the number of SMEs financed through the capital market - Increase and diversification of investors providing finance to SMEs
IV. Promoting savings among retail investors and increasing participation of individual investors and the business community in the capital market	<ul style="list-style-type: none"> - Increasing the number of retail investors active in the capital market - Increasing long-term savings - Increasing the attractiveness of investments in investment funds - Increasing the use of digital financial services - Increasing financial inclusion
V. Increasing the role of institutional investors - Promoting occupational pension fund opportunities to employers	<ul style="list-style-type: none"> - Developing the occupational pension funds market - Increasing the attractiveness of voluntary pension funds
VI. Facilitating long-term financing through market mechanisms	<ul style="list-style-type: none"> - Increasing the number of listed bonds and diversifying the areas of activity of their issuers
VII. Supporting digitisation and financial innovation	<ul style="list-style-type: none"> - Improved understanding and implementation of the European legislative framework in the area of digital finance - Use of DLT technologies among entities providing local capital market infrastructure - Risk mitigation
VIII. Supporting the development of the local private equity and venture capital market	<ul style="list-style-type: none"> - Development of the registered AIF market
IX. Stimulating green investment	<ul style="list-style-type: none"> - Increased investor interest in green financial instruments - Increased number of listed green bonds - Improved transparency on sustainability

IX. Indicators for measuring progress in the implementation of the Strategy

The Action Plan annexed to this Strategy contains a series of indicators used to monitor progress and to assess the status of implementation of the Strategy, which relate to quantifiable objectives/actions. For all the activities carried out, the institutions involved will present the detailed progress in their annual reports, in accordance with point X of the Strategy.

X. Procedures for monitoring and evaluating the implementation and impact of the Strategy

MF and ASF undertake to achieve the objectives and actions included in the Strategy, in accordance with their powers and duties under the law. The monitoring of the Strategy and of the implementation of the measures set out in the Action Plan annexed to the Strategy shall be carried out at the level of each responsible public authority or institution, according to the legal powers.

The institutions responsible for implementing the general and specific objectives shall report annually to ASF and MF on the status of their implementation, using, where possible, the indicators set out in the Action Plan. The reporting deadline is 15 February for the previous year.

XI. Responsible institutions

The institutions involved in the implementation of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026 and in the achievement of the objectives, according to the Action Plan attached to this strategy are:

- Financial Supervisory Authority;
- Ministry of Finance;
- Ministry of Economy;
- Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP*;
- * AMEPIP will be the responsible authority after its establishment in accordance with the law.
- relevant state companies;
- Bucharest Stock Exchange;
- shareholders of the central counterparty;
- central counterparty;
- the central repository;
- Association of Fund Managers;
- Association of Romanian Users of Financial Services;
- Brokers Association;
- Romanian Investor Relations Association;
- Chamber of Commerce and Industry of Romania;
- Institute of Financial Studies;
- Romanian Association of Banks;
- Association for Privately Administered Pensions in Romania;
- investment management companies;
- alternative investment fund managers;
- other relevant private and public stakeholders.

XII. Budgetary implications and sources of funding

The financing of the general and specific objectives, carried out through the Action Plan set out in the Annex to this National Strategy for the Development of the Romanian Capital Market for the period 2023-2026, which fall under the responsibility of public institutions or authorities, shall be provided from the approved budget of each responsible or involved public institution or authority.

XIII. Implications for the legal framework

In order to achieve the general and specific objectives of the Strategy for the development of the capital market, the competent authorities and institutions will revise/complete/amend secondary regulations and codes related to the BVB market operator. In the event that the implementation of the actions and steps set out in the attached Action Plan should require the revision of primary legislation, the necessary initiatives will be taken.

**ACTION PLAN
for the implementation of the National Strategy for the Development of the Romanian Capital Market for the period 2023-2026**

Specific objectives	Main actions	Participating authority/institution	Responsible authority/institution	Deadline for implementation	Monitoring indicators/Expected result
0	1	2	3	4	5
General Objective I: Improved conditions for capital market listings					
<p>Specific objective I.1: Review of the regulatory framework applicable to the capital raising procedure, both for initial public offerings and for those conducted after the securities are admitted to trading, with a view to simplifying the procedures and reducing the time needed to raise capital</p>	<p>1. Conduct an analysis of the regulatory framework applicable to the capital raising procedure, both for initial public offerings and for those conducted after the securities are admitted to trading, with a view to identifying potential amendments and additions to the legal provisions aimed at simplifying the procedures and reducing the time required for raising capital 2. Initiate the process of drafting a regulatory act - primary legislation and/or secondary regulations of ASF, including the amendments and additions identified in point 1.</p>	<p>ASF Association for Investor Relations in Romania</p>	<p>ASF Association for Investor Relations in Romania</p>	<p>31 December 2024: - completion of the analysis under point 1 of the column Main actions - drafting of normative acts</p>	<p>In the case of secondary regulations of ASF - which do not require amendment of primary legislation - adoption by ASF of secondary regulations 2. In the case of primary legislation - sending the draft regulatory act to the Ministry of Finance with a view to initiating its promotion process</p>

<p>Specific objective I.2: Improvement of corporate governance standards by:</p> <ul style="list-style-type: none"> - adherence of state-owned companies listed or to be listed to the highest standards of corporate governance 		<p>MF/ Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Relevant state-owned companies * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>MF/ Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Relevant state-owned companies * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>31 December 2024</p>	
<p>Specific objective I.3: Extension and diversification of the typology of instruments tradable on the capital market by:</p> <ul style="list-style-type: none"> - listing shares representing minority shareholdings in large state-owned companies and increasing the free-float for such companies already listed; - encouraging the transfer to the regulated market of state-owned companies listed on the MTF administered by BVB by strengthening and complying with corporate governance principles and improving transparency requirements 	<ul style="list-style-type: none"> - BVB: annual assessment of companies traded on the MTF to identify those that meet conditions for transfer to the regulated market; providing support/assistance on governance and transparency requirements for listing on the RM 	<p>Relevant state companies MF/ Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Ministry of Economy BVB * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>Relevant state companies MF/ Agency for Monitoring and Evaluating the Performance of Public Enterprises - AMEPIP* Ministry of Economy BVB * AMEPIP will be the responsible authority after its establishment in accordance with the law.</p>	<p>31 December 2026</p>	<ul style="list-style-type: none"> - Increase the free-float of large listed companies in which the state has minority BVB holdings: - annual preparation of a list of companies traded on the MTF administered by BVB that have been identified as meeting the conditions for admission to trading on the RM and notification, no later than 31 March of each year, of those companies on the fulfilment of those conditions, in order to allow the companies to consider the opportunity to make a decision to list on the RM

<p>Specific objective I.4: Introduction of a national campaign targeting both public and private companies to encourage companies to use capital market financing, informing company management and other relevant stakeholders of the many opportunities available</p>	<p>- organising workshops/seminars and producing brochures and other materials to inform companies about capital market financing opportunities</p>	<p>MF ASF BVB Relevant private and public stakeholders Brokers Association</p>	<p>MF ASF BVB Relevant private and public stakeholders Brokers Association</p>	<p>31 December 2026</p>	<p>- information materials developed, campaigns/events and meetings organised to promote investment in the Romanian capital market - number of participants</p>
<p>Specific objective I.5: Intensification of efforts to meet the requirements for the authorisation and operation of a CCP</p>	<p>- monitoring the actions and operational processes necessary to complete the process of preparing the authorisation dossier in accordance with the legal requirements in force</p>	<p>CCP Shareholders</p>	<p>CCP Shareholders</p>	<p>31 March 2024</p>	<p>- compliance with the agreed internal timetable for monitoring the status of the project</p>
<p>Specific objective I.6: Encouraging the listing of companies on the MTF administered by BVB, including by: - simplifying the listing procedures; - implementing the use of an electronic platform that can be accessed by the issuer and the authorities/institutions responsible for approving the listing application to ensure the speed of the process.</p>	<p>- analysis of the specific secondary legislation issued by ASF and of the listing rules contained in the BVB code in order to identify possibilities for simplifying the listing procedures and, if necessary, their revision - development of an electronic platform accessible by the issuer and the authorities/institutions responsible for approving the listing application in order to ensure the speed of the process</p>	<p>ASF BVB</p>	<p>ASF BVB</p>	<p>31 December 2024</p>	<p>- approval of revisions to the regulatory framework - implementation and operation of the electronic platform</p>
<p>General Objective II: Increase liquidity in the secondary market</p>					

<p>Specific objective II.1: Support the development of the existing programme - “BVB Research Hub” - which provides market participants with low-cost independent quantitative research on listed companies and supports financial investment services companies in providing this research to the market</p>	<ul style="list-style-type: none"> - continue the programme of sponsoring the fundamental analysis and distributing it to all interested investors via the BVB Research Hub platform, by including new issuers 	<p>BVB</p>	<p>BVB</p>	<p>31 December 2026</p>	<ul style="list-style-type: none"> - the number of independent reviews of smaller companies and the number of financial investment services firms providing these reviews
<p>Specific objective II.2: Carry out a national campaign to inform inactive shareholders who have benefited from the mass privatisation programme carried out since the 1990s with the aim of liquidating their holdings; grant an exemption from the payment of any transaction fee</p>	<ul style="list-style-type: none"> - information events for inactive shareholders - information materials and publication on the Authority’s website and/or the institutions concerned - analysis of possible changes to the ASF regulations on fees charged 	<p>ASF DC BVB</p>	<p>ASF DC BVB</p>	<p>31 December 2026</p>	<ul style="list-style-type: none"> - approval of amendments to ASF regulations regarding the trading fee charged - materials produced/published and events organised, number of participants - number of inactive shareholders who liquidated their holdings during the national information campaign, according to information held by DC
<p>Specific objective II.3: Assess the regulatory framework and operational requirements in the market to stimulate post-admission offerings of securities to encourage companies to increase their free-float by providing assistance to cover part or all of the cost of such offerings</p>	<ul style="list-style-type: none"> - assessment of the specific regulatory framework to identify the need for revision - assessment of the provisions of the BVB code to identify the need for revision 	<p>ASF BVB</p>	<p>ASF BVB</p>	<p>31 December 2026</p>	<ul style="list-style-type: none"> - analysis of operational aspects of the market as well as of secondary regulations to identify the need for revision in order to increase the level of free-float, and to initiate, where appropriate, the process of revision of the regulatory framework - number of offers made after

					securities are admitted to trading
Specific objective II.4: Strengthen and continue efforts to create and develop a derivatives market	- drafting of documentation and application for approval of the regulated derivatives market - assistance in drafting documentation for approval of the derivatives market	BVB CCP ASF Other relevant stakeholders	BVB CCP ASF Other relevant stakeholders	31 December 2024	- the initiation of derivative transactions
Specific objective II.5: Stimulate the development of lending operations of financial instruments by streamlining collateral management processes	- review of specific risk management requirements, amendment and completion of the central depository/central counterparty code	ASF DC CCP	ASF DC CCP	31 December 2026	- the development of securities lending operations
Specific objective II.6: Stimulate trading in units of open-ended investment funds - UCITS through market trading systems	- organising discussions with UCITS managers to identify practical and regulatory issues that can contribute to increasing market trading of units issued by UCITS - analysing the legal framework to identify the need for revision to stimulate trading of units	BVB Other relevant stakeholders Association of Fund Managers ASF	BVB Other relevant stakeholders Association of Fund Managers ASF	31 December 2024	- increase in the number of UCITS units traded
General Objective III: Promote, develop and grow an active SME market					
Specific objective III.1: Intensify cooperation between BVB and CCIR and organise workshops, seminars, conferences to promote capital market financing methods among SMEs	- conclusion of a cooperation protocol; organisation of workshops, seminars, conferences	ASF BVB CCIR	ASF BVB CCIR	31 December 2024	- number of workshops, seminars and conferences organised
Specific objective III.2: Assess the adequacy of the threshold below which public offers of securities are exempted from the obligation to publish a prospectus	- assessment of the national market from the perspective of the values of public offerings in order to determine whether it would be appropriate to change the way in	ASF	ASF	31 December 2024	- evaluation report - determining the appropriateness of changing the way the national option is exercised

	which the national option is exercised under European legislation on exemptions from the obligation to publish the prospectus				
Specific objective III.3: Support intermediaries by reducing fees and charges to support small companies in assessing financial prospects and admission to the MTF administered by BVB	- revision of the applicable regulatory framework for granting deductions from the fees due to ASF/BVB for financial investment services companies/credit institutions that intermediate the procedure for admission to trading on the regulated market/MTF	ASF BVB	ASF BVB	31 December 2024	- approval of revisions to the regulatory framework
Specific objective III.4: Develop a mechanism to incentivise companies listed on the MTF administered by BVB that meet the legal requirements to transfer to the regulated market	- analysis of the current regulatory framework and the provisions of the BVB code in order to identify possible revisions to facilitate the transfer of eligible issuers from the MTF market to the RM and, if necessary, their revision	ASF BVB	ASF BVB	31 December 2024	- approval of revisions to the regulatory framework
Specific objective III.5: Stimulate the establishment of IPO Fund investments to support SME financing. Support SMEs to access finance offered through the "EU fund to help promote SME IPOs"	- complementing the existing regulatory framework and the provisions of the BVB code - organising information sessions directly addressed to SMEs in need of financing	ASF Association of Fund Managers BVB	ASF Association of Fund Managers BVB	31 December 2024	- approval of revisions to the regulatory framework - number of information sessions

<p>Specific objective III.6: Establishment by BVB of a growth market for SMEs</p>	<p>- preparation by BVB of the necessary documentation for the registration of an SME growth market and submission of the application for registration of this market to ASF - registration by ASF of the SME growth market - promotion to companies of listing opportunities on the SME growth market</p>	<p>BVB ASF</p>	<p>BVB ASF</p>	<p>31 December 2024</p>	<p>- submission by BVB - S.A. of the application for registration of the growth market to ASF - issuance of the individual act by ASF</p>
<p>General Objective IV: Promote savings among retail investors and increase participation of individual investors and the business environment in the capital market</p>					
<p>Specific objective IV.1 Increase the segment of the population with access to a bank account and the implementation of digital cost-saving tools, as well as the awareness among potential individual investors and the business community about the alternative of investing/placing in financial instruments in order to increase the level of investment in the capital market, by: - raising awareness about the advantages of saving and investing them appropriately in various investment products; - conducting a national information campaign for individual investors and the business community on the ways</p>	<p>- overseeing the implementation of digital tools; developing access to banking services via mobile phone - continuing the government securities programmes for the population: TEZAUR - through state treasury units and post offices and FIDELIS - through credit institutions and financial services companies - organising sessions/seminars/workshops</p>	<p>MF ASF/Institute of Financial Studies Romanian Association of Banks Association of Fund Managers Brokers Association Association of Romanian Users of Financial Services</p>	<p>MF ASF/Institute of Financial Studies Romanian Association of Banks Association of Fund Managers Brokers Association Association of Romanian Users of Financial Services</p>	<p>31 December 2024</p>	<p>- increase the number of people with access to a bank account through cooperative banks - diversify the institutional retail base for the government securities market - number of sessions/seminars/workshops organised; number of participants</p>

and opportunities of investing in the capital market					
Specific objective IV.2: Reassess the applicable regulatory framework in the field of capital markets with a view to identifying possible additional measures to ensure enhanced protection of retail investors	Conduct a review of the regulatory framework to identify potential changes and additions to ensure greater protection for individual investors 2. Initiate the process of drafting a piece of primary and/or secondary legislation, including the amendments and additions mentioned in point 1 above.	ASF	ASF	31 December 2024: - completion of the analysis under point 1 of the column Main actions - preparation of draft legislation	In the case of secondary regulations of ASF - which do not require amendment of primary legislation - adoption of secondary regulations by ASF 2. In the case of primary legislation - transmission to the MF of the draft regulatory act in order to initiate the process of its promotion
Specific objective IV.3: Increase the confidence of potential individual investors in financial instruments markets and investments in financial instruments	- expanding the capacity to monitor the conduct, on the territory of Romania, of activities requiring ASF authorisation under capital market legislation - intensifying actions to publicise unfair, abusive and fraudulent practices encountered in the capital market	ASF	ASF	31 December 2026	- increase the number of disclosures to potential investors on the practices of unauthorised entities
General Objective V: Increase the role of institutional investors					
Specific objective V.1: Continue the process of simplification, de-bureaucratisation and streamlining of operations/procedures for the authorisation/registration of UCITS/AIFs/private/occupational pension funds, including by revising secondary legislation and standardising some of the necessary documents	- revision of relevant primary and secondary legislation and standardisation of the necessary documentation - increased digitisation of the permitting process	ASF	ASF	31 December 2026	In the case of secondary regulations of ASF - which do not require amendment of primary legislation: - adoption of secondary regulations by ASF 2. In the case of primary legislation: - transmission to the MF of the draft regulatory act in

					order to initiate the process of its promotion
Specific objective V.2: Prioritise the awareness campaign on the need to increase the savings rate while promoting long-term investment products	<ul style="list-style-type: none"> - organisation of sessions/seminars/workshops - organisation of information campaigns for employers in various branches of the economy on occupational pension schemes 	<p>MF ASF Romanian Association of Banks Association of Fund Managers</p>	<p>MF ASF Romanian Association of Banks Association of Fund Managers</p>	31 December 2024	<ul style="list-style-type: none"> - number of workshops, seminars, conferences organised - number of information materials produced
Specific objective V.3: Raise awareness among public and private sector employers of the opportunities offered by the establishment of occupational pension funds - incentivise/retaining employees; increase pension savings accounts through the 4 th pillar activity; employees can contribute together with employers to personal occupational pension accounts. Assess the opportunity and initiate the setting up of occupational pension funds by employers in different economic sectors, e.g. occupational fund for employees in the IT industry/financial sector/agriculture/automotive industry/public administration etc.	<ul style="list-style-type: none"> - organising presentations/seminars/campaigns to inform employers in different branches of the economy about occupational pension schemes that can be set up under the new regulatory framework with a view to presenting the opportunity and initiating the establishment of occupational pension funds 	<p>ASF Association for Privately Administered Pensions in Romania Association of Fund Managers</p>	<p>ASF Association for Privately Administered Pensions in Romania Association of Fund Managers</p>	31 December 2024	<ul style="list-style-type: none"> - number of presentations/seminars organised; number of participants
General Objective VI: Facilitate long-term financing through market mechanisms					

<p>Specific objective VI.1: Analyse the applicable regulatory framework and operational processes with a view to identifying changes needed to streamline the corporate bond listing process</p>	<p>- assessment of the applicable regulatory framework and operational processes to identify necessary changes/demands</p>	<p>ASF BVB</p>	<p>ASF BVB</p>	<p>31 December 2024</p>	<p>- analysis report</p>
<p>Specific objective VI.2: Stimulate the development of the bond market including by encouraging investment in bonds issued by non-financial corporations and local public authorities admitted to trading on BVB by reducing/eliminating trading fees/rates</p>	<p>- revision of the regulatory framework for granting deductions from the fees due to ASF for incentives for corporate bond transactions</p>	<p>ASF</p>	<p>ASF</p>	<p>31 December 2024</p>	<p>- approval of revisions to the regulatory framework</p>
<p>Specific objective VI.3: Development of public-private partnership projects in which, following a competitive procedure, a company or entity is created - for the purpose of executing infrastructure projects, which could be financed by issuing corporate bonds</p>	<p>- MF will ensure the completion of the legal framework with guidelines and methodologies for the preparation/ award/monitoring of PPP projects and the amendment of GEO No. 39/2018 on public-private partnership, with subsequent amendments and additions, in the sense of introducing the possibility of financing projects addressed in the PPP regime by issuing corporate bonds - completion of art. 10 - contracting authorities/entities - ministries, national companies, local public authorities will initiate projects in the public-private partnership regime</p>	<p>MF Authorities/Contracting Entities - ministries, national companies, local public authorities</p>	<p>MF Authorities/Contracting Entities - ministries, national companies, local public authorities</p>	<p>31 December 2026</p>	

General objective VII: Support digitisation and financial innovation					
Specific objective VII.1: Support non-bank financial market participants in the implementation of the EU digital finance framework	- organisation of presentations/sessions presenting European legislation on digital finance - preparation and publication of information material	ASF Institute of Financial Studies	ASF Institute of Financial Studies	31 December 2024	- number of presentations/sessions; number of participants; number of materials produced
Specific objective VII.2: Increase the competitiveness of the Romanian capital market through the use of new DLT technologies among entities providing market infrastructure by developing and implementing a pilot project for a trading and settlement system based on distributed ledger technology - DLT, in line with the relevant European framework in force	- organise discussion sessions with representative entities providing capital market infrastructure to analyse the opportunities and risks arising from the use of DLT-based technology in the implementation of European legislation - Identify digital solutions to increase efficiency, improve the quality of financial services, lower operating costs and manage risks more effectively	BVB DC ASF	BVB DC ASF	31 December 2024	- number of presentations/sessions; number of participants
General Objective VIII: Support the development of the local private equity and venture capital market					
Specific objective VIII.1: Review national primary and secondary legislation to facilitate the establishment of registered AIFs – "AIF Light Regime".	- analysis of European practices applicable to registered AIFs and review of national primary and secondary legislation in line with identified best practices	ASF	ASF	31 December 2024	Analysis report 1. In the case of ASF secondary regulations - which do not require amendment of primary legislation: - adoption of secondary regulations by ASF 2. In the case of primary legislation: - submission of the draft regulatory act to the MF in

					order to initiate the process of its promotion
General Objective IX: Stimulate green investment					
Specific objective IX.1: Issuance of government/green/sustainable bonds	- developing and publishing the sovereign green/sustainable bond framework and preparing all the necessary requirements for the green/sustainable bond issuance process	MF	MF	31 December 2024	- issuing green/sustainable bonds
Specific objective IX.2: Raise awareness among potential investors of the opportunities offered by investing in products that promote environmental and/or social features or aim at sustainable investment	- organisation of sessions/seminars/workshops	ASF Investment management companies AIFMs Other stakeholders	ASF Investment management companies AIFMs Other stakeholders	31 December 2024	- number of sessions organised; number of participants
Specific objective IX.3: of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2.088 and increasing the quality of non-financial reporting	- developing and publishing information materials/guidance/guidelines to ensure that transparency requirements are met with regard to the promotion of environmental or social features and sustainable investments, and the alignment of activities with those set out in the taxonomy	ASF	ASF	31 December 2024	- number of information materials produced/published

List of acronyms

- AIFM - Alternative Investment Fund Managers
- AIFMD - Alternative Investment Fund Managers Directive
- ASF - Financial Supervisory Authority
- BET - Bucharest Exchange Trading
- NBR - National Bank of Romania
- BVB - Bucharest Stock Exchange

CCIR - Chamber of Commerce and Industry of Romania
CCP - Central Counterparty
EC - European Commission
CNSP - National Commission for Strategy and Forecasting
CSDR - Central Securities Depository Regulation
DC - Central Depository
DLT - Distributed ledger technology
CEE - Central and Eastern Europe
EIOPA - European Insurance and Occupational Pensions Authority
ESG - Environmental, social and governance elements
ESI - Economic Sentiment Indicator
ESMA - European Securities and Markets Authority
EuGB - European Green Bond Standard
FESE - Federation of European Securities Exchanges
AIFs - Alternative Investment Funds
IMF - International Monetary Fund
HICP - Harmonised Index of Consumer Prices
SME - Small and medium-sized enterprises
INS - National Institute of Statistics
CPI - Consumer Price Index
IPO - Initial Public Offering
MF - Ministry of Finance
MFE - Ministry of European Funds
OECD - Organisation for Economic Co-operation and Development
UCIs - Undertakings for Collective Investment
UCITS - Undertakings for Collective Investment in Transferable Securities
OTC - Over the counter
PE - Private equity
GDP - Gross Domestic Product
RM - Regulated Market
MTF - Multilateral Trading Facility
SPO - Secondary public offering
EU - European Union
UPC - Union of Capital Markets
VC - Venture capital