

the BVB newsletter

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DEBUTS

The first ETF traded on the Romanian capital market

August 29, 2012 marked the trading start of the fund units of the Open Investment Fund ETF BET Tradeville (symbol: TVBETETF; ISIN: ROETF0000019) on the BVB regulated market.

ETF BET Tradeville is the first ETF listed on the Bucharest Stock Exchange, which diversifies the investment options available on BVB.

Issuer details:

- name: SAI Vanguard Asset Management SA
- address: 34-36 Carol I Blvd., IBC Modern Building, 10th floor, 2nd District, Bucharest
- phone: +40 - 21 - 3369283
- fax: +40 - 21 - 3369281
- web site: www.sai-vanguard.ro

Additional information on the ETF is available on the issuers' website <http://sai-vanguard.ro/page/fondul-etf-bet.aspx>

CAN Alternative Trading System

• Financial instruments listed on ATS

On September 24, 2012, the Listing Committee issued the favourable notice for the admission to trading on the BVB alternative trading system CAN, Equity Sector, Base Tier Shares, of the shares issued by SC PRO VORBAS SA BUCURESTI. The admission to trading will be subject to approval of the Bucharest Stock Exchange Board of Governors during their next meeting.

SC PRO VORBAS SA became on October 3rd the first Romanian company whose shares are traded within Equity Sector of the Bucharest Stock Exchange alternative trading system. CAN-ATS was created in 2010 to provide SMEs a flexible and simplified alternative of listing and access to financing through the capital market mechanisms.

• Financial instruments also admitted to trading on a regulated market (traded, but not listed on ATS) Tier

On August 23, 2012 the shares of Siemens AG (symbol: SIE), Allianz SE (symbol: ALV), Deutsche Bank AG (symbol: DBK), Bayerische Motoren Werke AG (symbol: BMW) and OMV AG (symbol: OMV) started trading on the BVB Alternative Trading System - securities also admitted to trading on a regulated market tier (traded, but not listed

on CAN-ATS). The Market Maker for these shares is SSIF Tradeville.

Structured products

Erste Group Bank AG issued turbo certificates underlying indices and commodities within the Structured Products Sector – Certificates Tier, as follows:

- On August 23, started trading 4 new issues of certificates
- On September 7, started trading other 4 new issues of certificates
- On September 19, started trading 19 new issues of certificates
- On September 24, started trading 3 new issues of certificates

The price variation limit used for trading turbo certificate issued by Erste Group Bank AG is +/- 75%. It is to be mentioned that, in the first trading session of the new issues, the reference price will be applied according to the notification of Banca Comerciala Romana, as liquidity provider.

More information regarding the structured products is available on the BVB website, structured products section, at the following link: <http://www.bvb.ro/structured>.

Indices

As of August 17, 2012 the new structure of the BET-BK index became effective.

NEWS

Victor Cionga appointed general manager of the BVB market operator

By Decision no. 764/07.09.2012, the Romanian National Securities Commission (RNSC) has appointed Mr. Victor Cionga as general manager of the BVB market operator.

Victor Cionga is one of the first Romanian market financial services professionals with consistent expertise in investment banking. His career in this field started in 1993, when he joined Capital SA team, the first investment bank established in Romania after 1990, and it continued with other entities, such as Romanian – American Investment Fund. During 1998-2007, Victor Cionga held management positions in Raiffeisen Capital and Investment, as well as in Raiffeisen Financial Advisors Romania. In 2007, Victor Cionga established AZ Capital Advisors, a consulting company focused mainly on

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mergers and acquisitions (M&A) whose management he has provided to date.

BVB increased its operating profit by 37% in the second quarter of 2012¹

Bucharest Stock Exchange reached sales revenue² of RON 4.93 million in the second quarter of 2012, equal to that reported in second-quarter 2011, despite a drop in the value of trading on the equity and fund units markets by 31%. The decline in trading activity was due on the one hand by the increasing concerns about the fate of the Euro Zone and the related consequences, and on the other hand by the comparison with a period of a last year influenced by the listing of Fondul Proprietatea, which determined in the beginning of the year quarterly trading heights since 2008 to date. Structured products market, however, had the best quarter since the launch of this segment, in July 2010, and tripled its trading value compared to the second quarter of 2011. Higher revenues, on average by 20%, were obtained from data vending and listing activities.

The decrease of operating expenses by more than 12% allowed recording a 37% increase in operating profit to RON 1.73 million in Q2.2012 compared to Q2.2011. The decrease in operating expense was driven by lower personnel costs, with the largest weight in total operating expense, and lower expenses recorded for marketing and promotion activities. The increase in operating profit in Q2.2012 compared to Q2.2011 consistently compensated at half-yearly level the 36% decrease in the Q1.2012 operating profit compared to Q1.2011.

The operating margin improved to 35% in the second quarter of 2012, compared to 27% in the same quarter of 2011.

As expected, the result from financing activity was influenced by a 4 times lower dividend booked from the Central Depository, of only RON 1.88 million in the second quarter of 2012. Last year Central Depository dividends included an exceptional dividend for the 2007 result and a dividend for the strong 2010 result, influenced by the numerous transfers with Fondul Proprietatea shares before the listing. Income recorded due to weakening of RON against EUR and USD, following the revaluation of BVB cash holdings in foreign currency, had a positive impact on the financial result. The record dividends paid by BVB to its shareholders decreased BVB cash position, with negative impact on interest revenue. Financial profit was RON 3.67 million in the second

quarter of 2012, down 61% from the second quarter of 2011.

The net profit was RON 4.86 million in the second quarter of 2012.

BVB ended the first half of 2012 with a net profit of RON 7.64 million, given sales revenue of RON 9.95 million.

¹The financial data have not been audited and represent the individual results of the Bucharest Stock Exchange, drawn up according to the Romanian Accounting Standards (RAS); the financial indicators are expressed in million RON and they are rounded off to the nearest integer, resulting in small reconciliation differences.

² BVB's sales revenue consists mainly from the fees recorded on trading of all listed instruments, tariffs from listing of companies and instruments, and from data vending to various users.

Decisions of the Index Committee

During the quarterly meeting of the Index Committee held on September 6, 2012 for reviewing the BVB indices, there were decided the followings:

- BET-C index: inclusion of Calipso SA Oradea shares (symbol: CAOR) and of Stirom SA Bucureşti shares (symbol: STIB);
- BET-XT index: inclusion of Banca Comercială Carpatica SA shares (symbol: BCC) and exclusion of the Alro SA shares (symbol: ALR);
- BET, BET-FI, BET-BK and BET-NG indices maintain their actual composition;

The index structure (including the index weight), the free float factor (Ffi), the representation factor (Ri) and the price correction factor (Ci) will be calculated by BVB based on the closing prices of September 14, 2012.

The new index structure was disseminated on September 14, 2012 and became effective on September 24, 2012.

ROMANIAN REGULATIONS ON CAPITAL MARKET

RNSC issued **Regulatory Disposal no. 766/09.07.2012**, published in Bulletin no.36/ September 2012, the Romanian National Securities Commission approved the regulations on Book I of the BVB Rulebook – market operator, regarding the public offers. The amendments of the BVB Rulebook align the stock regulation frame to the

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international standards in the field, allowing the adjustment of the offers with their mechanisms. Applying the new provisions ensures a high level of flexibility necessary to accommodate the specific options provided in the prospectus for the rolling and registration of the public offers. The updated version of the BVB Rulebook is available on the link <http://www.bvb.ro/Regulations/Regulamente.aspx>.

As of Monday, **September 24, 2012**, at the **Bucharest Stock Exchange applies new minimum values for the Deal market**, corresponding to each financial instrument traded on ATS, admitted to trading also on a regulated market in EU. The modifications of the minimum values comply with Table 2 from Appendix II of the EC Rulebook no 1287/ 2006, based on the data published by ESMA or RNSC, in accordance with the provisions of articles 33 and 34 from the EC Rulebook no 1287/2006. Data published by ESMA are available on http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlnks_id=14&language=0&pageName=MiFIDLiquidSearch. Information on the regulatory frame applicable to the Deal market are available on Regulations/ Regulated market of www.bvb.ro website.

Romanian National Securities Commission issued the **Regulatory Disposal no 87/ 2012**, published in Official Monitory 535/ 08/01/ 2012, for the approval of Directive no.5/ 2012 regarding the content and the presentation form of the paper on the key information for investors in collective units. More information are available on <http://www.cnvmr.ro/legislatie/regulamente/ro/2012.htm>

Romanian National Securities Commission issued the **Regulatory Disposal no 99/ 2012**, published in Official Monitory 637/ 09/07/ 2012 for the approval of Directive no 6/2012 to apply article 41 of the EU Regulation no. 236/2012, on short selling and certain details on swaps on credit risk. More information are available on <http://www.cnvmr.ro/legislatie/regulamente/ro/2012.htm>

INTERNATIONAL REGULATIONS ON CAPITAL MARKET

Commission Delegated Regulation (EU) No 826/2012 of June 29 2012, published in the Official Journal of the European Union L 251/1/ 18.9.2012, II (Non-Legislative Acts), supplementing Regulation (EU) No. 236/ 2012 of the European Parliament of the Council with regard to

regulatory technical standards on notification and disclosure requirements with regard to net short positions, the details of the information to be provided to the European Securities and Markets Authority in relation to net short positions and to the method for calculating turnover to determine exempted shares.

The Joint Committee of the European Supervisory Authorities (EBA, EIOPA and ESMA) launched on August 30, 2012 a **public consultation on Draft Regulatory Technical Standards (RTS)** for the calculation methods under Article 6.2 of the Financial Conglomerates Directive (FICOD). These RTS will be part of the Single rulebook aimed at enhancing regulatory harmonisation in the European Union. The consultation runs until 5 October 2012. More information is available on <http://www.esma.europa.eu/consultations>.

On September 17, 2012, European Securities and Markets Authority (ESMA) has launched **public consultations on exemption for market making activities and primary market operations under the Short Selling**. The last day for receiving the answers in October 5, 2012, and the public hearing on the subject will be held in Paris on October 1. More information is available on <http://www.esma.europa.eu/consultations>.

On September 17, 2012, European Securities and Markets Authority has launched **public consultations on The Guidelines which aim to strengthen investor protection by seeking to improve the implementation of the MiFID rules on conflicts of interest**. The Guidelines will apply to investment firms, credit institutions, fund management companies when providing investment services, and to competent authorities. Firms must ensure that they have appropriate remuneration policies and practices in place, bearing in mind the obligation on firms to act honestly, fairly and professionally in the best interests of their clients. The consultation runs until December 7, 2012. More information is available on <http://www.esma.europa.eu/consultations>.

PAST EVENTS

Conferences

On September 12, Bucharest Stock Exchange, in partnership with Ministry of Economy, Trade and Business Environment through the Office of State Ownership and Privatization in Industry, Erste Group Bank AG and

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Central Depository, organized an interactive workshop on IPOs through BVB. The results and implications of the survey done by the Bucharest Stock Exchange on market participants regarding the requests of the specifications and the rolling of the public offers through BVB made the start point for the debate. It was intended to identify solutions meant to increase the success chances of the sale public offers of the key companies of the Romanian economy to which the State acts as shareholder. The event reunited over 140 participants: intermediaries, asset managers, consulting companies, law firms, SOEs included in the privatization program, professional associations, National Bank of Romania, Chamber of Commerce and Industry of Romania, Foreign Investors Council, international financial institutions and mass media.

Official openings of the trading session

- The opening of the Bucharest Stock Exchange Trading Session on September 5, on the occasion of the official visit to Romania of the City of London representatives, was officiated by Mr Mark Boleat, President Policy Committee of City of London, His Excellency, the Ambassador of Great Britain to Romania, Mr Martin Harris, together with Mr Lucian Anghel, president of the Bucharest Stock Exchange. The official visit of the City of London considered the recent agreement between London Stock Exchange Group and the Bucharest Stock Exchange.
- The opening of the August 29 BVB trading session, on the occasion of launching of the first ETF on the Bucharest Stock Exchange – ETF BET Tradeville, was officiated by Mrs. Mihaela Bîciu, general manager, Tradeville, Dragoș Dărăbuț, general manager, Vanguard Asset Management, Adriana Tănasoiu, general manager, Central Depository, Bogdan Chetoreanu, RNSC commissioner, and Lucian Anghel, president, BVB.

BVB STATISTICS

Total market capitalization on 09.30.2012 (mil. EUR)	Daily average turnover 08.01 – 09.30.2012		Daily average traded volume 08.01 – 09.30.2012	
	Absolute value (mil. EUR)	Var. compared to 2011 (%)	Absolute value (mil. units)	Var. compared to 2011 (%)
18,666.8	6.48	-33.33	76.29	+9.34

BVB indices	Absolute value 09.30.2012	Var. (%) compared to 12.31.2011
BET	4,725.11	+8.95
BET-XT	446.64	+10.11
BET-FI	23,491.51	+21.46
BET-NG	582.29	-4.91
BET-C	2,616.09	-0.2

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INTERVIEW with Petr Vins CEO, Moody's Central Europe



Capital markets all around the world are facing turbulent times. How do institutional investors see the SEE? How is Romania seen by foreign investors?

Romania is currently rated Baa3, an investment grade. Moody's put Romania on negative outlook in July this year due to its high level of foreign currency debt, significant annual external debt repayment obligations and its banking system's reliance on external funding, all of which, in our opinion, leaves the economy vulnerable to global financial turbulence.

Romania's economy decelerated deeper and took longer to recover than some regional peers during the global financial crisis of 2008 -2009. The country's economic, banking and investment links with the EU suggest that it is exposed to euro area uncertainties.

On the other hand, Romania's continued engagement with the IMF, World Bank and EU on economic policy, along with continued fiscal improvement in 2012 despite domestic political changes during the year , have helped anchor market expectations.

The privatization of SOEs has been a successful story for the economies and the exchanges of the respective country where the process took place. What is your view on privatizations, their bottlenecks and trends going forward?

Privatizations are seen from governments' perspective as one of the tools to get additional money into the state budget. From a credit perspective, privatization that

yields revenues to the state is conducted in a transparent manner, and supports increased economic efficiency in the privatized firms is credit positive. The timing of privatization – in terms of economic and financial trends, as well as market sentiment can also affect the relative success of the process, as can the legal and operating environment of the country in which the privatization occurs.

As an expert in financial markets, how you see position of Bucharest Stock Exchange as a place for funding in Romania and within SEE?

A reduction in bank lending is a well-publicized global trend and Moody's is seeing a renewed focus on bond and other capital markets as a result. Although that trend may not be so visible in SEE yet, it is likely to come to the region including Romania.

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