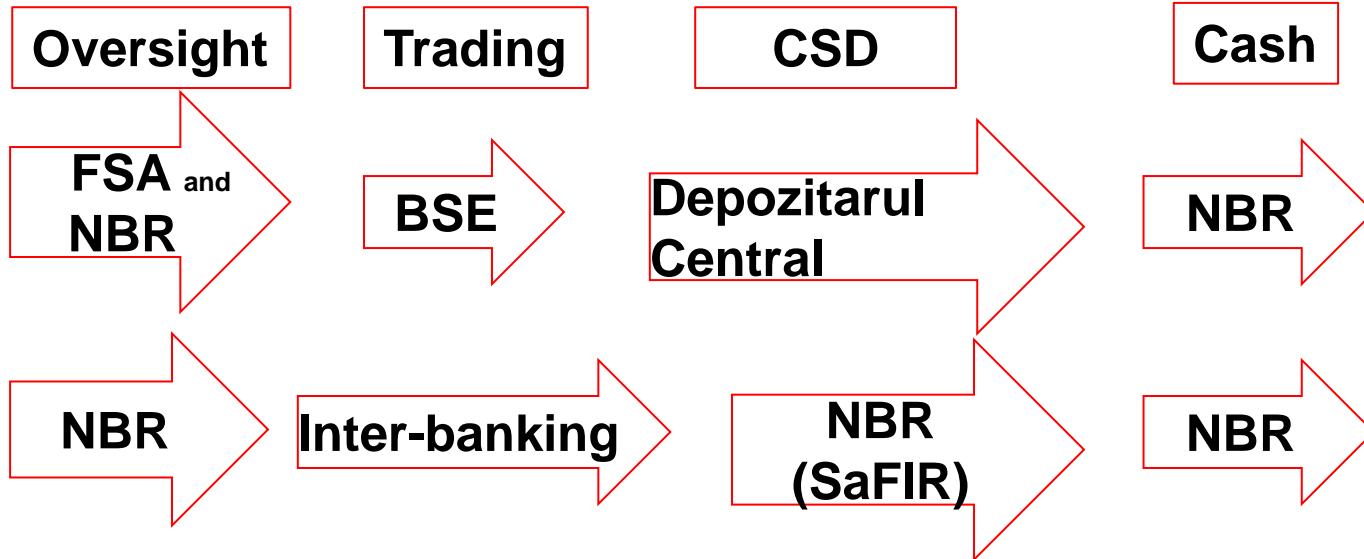


SEE Markets Roadshow ROMANIA

Luxembourg, April 29th and 30th, 2014

Irina Savastre – Head of GSS Romania

The Market Structure - Romania



Key Market Participants:

Asset owners (equities):
Foreign investors 49%
Domestic investors 51%

Key Market Data:

Equity Cap as of March 2014 EUR 29 billion
Equity trading EUR 3 billion pa (2013)
Government Bonds Secondary Market daily and monthly issues in 2013 - EUR 167 billion
Government Bonds Secondary Market (interbank trades without NBR) EUR 91.46 billion (in 2013)

Romania - Key Market Participants

Financial Supervisory Authority (former Romanian National Securities Commission) (<http://www.cnvmr.ro>) is subordinated to the Romanian Parliament and regulates and supervises the Romanian capital market.

National Bank of Romania (NBR) (<http://www.bnro.ro>), the Central Bank, sets up the monetary policy, ensures the financial stability, ensures the supervision of the credit institutions. NBR operates RTGS and also keeps the general current account of the State Treasury opened on behalf of the Ministry of Public Finance and is the sole depository of government securities.

Bucharest Stock Exchange (BSE) (www://bvb.ro) is the marketplace for securities transactions.

Depozitarul Central (CSD) (www://depozitarulcentral.ro) performs the post-trading operations and registration for the securities listed on the Bucharest Stock Exchange.

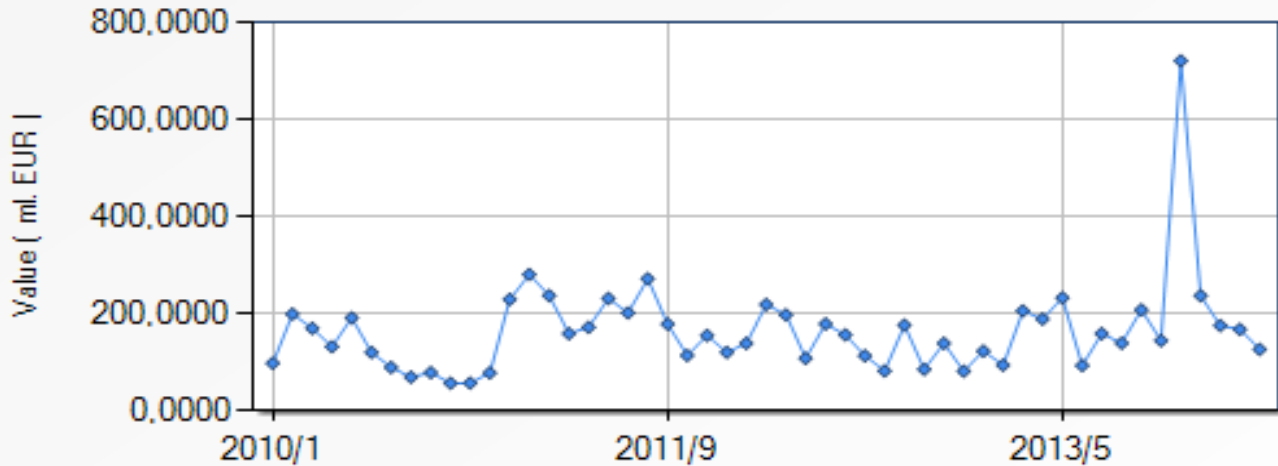
SaFIR is the government securities registration and settlement system. SaFIR runs on TransFonD technical platform that supports the whole Electronic Payment System. SaFIR is managed by the National Bank of Romania and uses the SWIFT platform for exchanging settlement and registration messages.

Romania - Market Trends

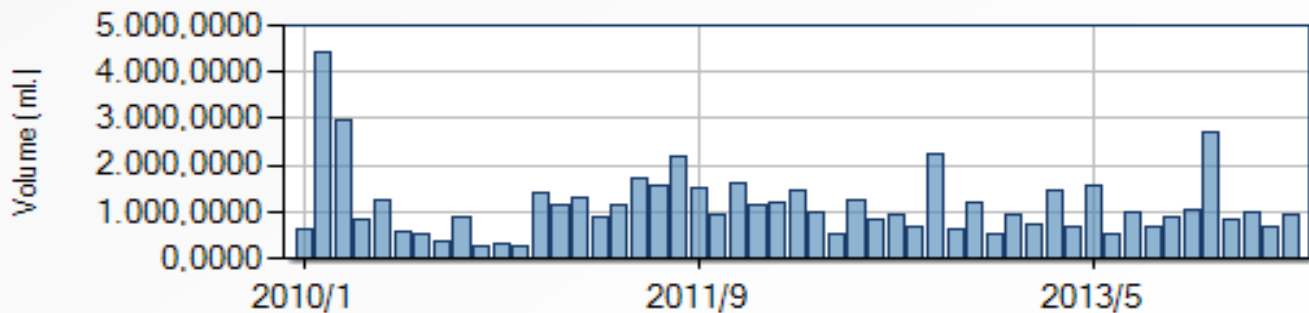
Statistics during 2010 - 2014

Evolution in terms of value and number of shares traded

Value of the shares traded



Number of traded shares



Romania - Market Trends

BET Index Evolution



Romania - Major Market Issues

- Romanian capital market legislation is harmonized with EU Regulations and permanently updated with the new EU issues
 - Compliance with G30 Recommendations
 - All listed securities are dematerialized
 - No restrictions for foreign investors
 - The nominee concept is not recognized by the Romanian legislation and the registration is done per beneficial owner
 - Existence of settlement protection mechanisms
 - Guarantee for securities investors protection - Investor Compensation Fund
 - 16% tax rate applicable in general for all categories of revenues. DTT applicable for valid CoR
 - Infrastructure changes: Adapting the market infrastructure for complying with all EU regulatory changes (CCP, T2S)
 - Regulatory change: Implementation and compliance with all EU regulatory changes
 - Operational challenges: Market entities to be involved in the harmonization of the financial industry processes at the European level
 - Government support: Selling the holdings in the State owned companies through the capital market
 - Financial challenge: Lowering the market fees
-

Romania - Latest market development, changes in the past 24 months

Changes in the market infrastructure and regulatory environment

- Global accounts at CSD were introduced for all ISINs listed on the Bucharest Stock Exchange
- OTC for international securities and fixed income instruments traded on Bucharest Stock Exchange
- OTC turnaround transactions have been implemented under certain conditions
- SWIFT interface for OTC settlement, securities lending and reconciliation
- CSD committing to join T2S in the first wave

Impacts on clients

- The nominee concept is not recognized; global accounts are opened within the CSD with the requirement to segregate assets in the custodian's books and reporting of the client positions.
- Business opportunity to use OTC trading mechanism
- Improving the communication by using standardized and secured system in relation with CSD
- CSD will outsource the euro settlement activity to the Eurosystem

Romania – Expected changes in the next 24 months

Expected changes in the market infrastructure

- Setting up of the CCP in application of the EU Regulation no 648/2012 on OTC derivatives, central counterparties (CCPs) and trade repositories (TRs)
- T2S preparations
- Segregation between the trading and post trading system
- Move to T+2
- SWIFT implementation at CSD for corporate actions

Impacts on clients

- Benefit of the reduction of the systemic risk
- Benefits resulted from the changes required by the CSD
- Create the grounds for reclassifying Romanian market from a frontier market to an emerging market statute
- Simplifies the clients' access in terms of integration of market practices
- Need for faster communication of information
- Automate the CA processes

Romania – Expected changes in the next 24 months

Expected changes in the regulatory environment

- Implementation of standards on Corporate Actions on Flows
- Extend dividend payment through CSD
- Simplify voting procedure

Impacts on clients

- Essential instrument for a better allocation of the investors' resources, increasing the processes' efficiency by reducing the costs of interpretation and preparation of the CA information
- More effective market by implementing the EU standards for corporate actions processing
- Standardize documentation required for voting in the GSM

Romania –The major challenges

The major challenges are

- New regulations to be issued
 - TARGET2-Securities project in Europe requires the participating CSDs to adapt their handling of corporate actions to the requirements of the new platform.

- New market infrastructure
 - CCP to be launched
 - Facing the new post-trading environment

Lobbying for

- Standardization on corporate actions – UCT participation in working group (ROMIG) for comprehensive and cost-effective tools in order to meet the clients' requirements

- Active participation at the organized consultations