

# Country Introduction

# Romania

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Romania is a young market economy and the general economic and legislative environment has significantly changed in recent years. The Romanian capital market is equally young and is currently undergoing an upgrading process from an incipient market to a highly regulated and complex one, by implementing the EU principles. As Romania has introduced in its internal capital markets legislation the EU *acquis communautaire* requirements before joining the EU, in general the Romanian capital markets legislation may be considered as satisfactorily compliant with the relevant EU enactments<sup>1</sup>. Since Romania is an EU member state as of January 1, 2007, EU regulations and other enactments directly applicable to the member states are also applicable to the Romanian market. In addition, in the cases where the Romanian legislation might be considered as not compliant with the EU Directives, the EU Directives are usually accepted by the supervisory authorities and other market players as reference for domestic rules interpretation and application.

From a legal perspective, although the Romanian capital market is regulated in detail under the special legislation, from a practical perspective the process is still ongoing as jurisprudence and common practices are underdeveloped. The main headlines of the Romanian capital market legislation concern the following:

- the regulated markets and operations thereof;
- the financial investment services companies and other intermediaries, and the activities thereof on the market;
- the central depository and the clearing house, together with the registration, clearing and settlement operations performed through their systems;
- the issuers and the operations with securities, including public offers; and
- the undertakings for collective investments and investments management companies, together with their operations on the market.

The main institutions of the Romanian capital market are the following:

## The National Securities Commission (NSC)

The NSC regulates and supervises the capital market operations and players and the implementation of the applicable regulations (Romanian and EU).

## The regulated markets

The regulated markets perform the trading of financial instruments, under strict reporting and transparency requirements, pursuant to regulations endorsed by the NSC. However, the structure and operations of the Romanian regulated markets are somehow underdeveloped and less sophisticated in terms of services offered to investors, developing strictly the services for which there is a demand on the market at a certain date (e.g. BSE does not yet operate with market makers). The Romanian regulated markets<sup>2</sup> are:

- Bucharest Stock Exchange (BSE)<sup>3</sup> - the only regulated market for securities<sup>4</sup>. The BSE has been recently authorised as a regulated market for derivatives and trading thereof is expected to begin in the near future; and
- Sibiu Monetary Financial and Commodities Exchange (SMFCE) - the only operational derivatives regulated market (only cash settlement is made) and also a commodities exchange.

## The Central Depository

This holds the shareholders' registers for Romanian companies admitted to trading on BSE, deposits the securities and performs clearing and settlement operations for the transactions performed on BSE; has regulatory powers regarding operations performed through its clearing and settlement system.

## The Romanian Clearing House

The only effective authorised clearing house for derivatives and operates clearing and settlement operations, offers guarantees; keeps the registers for the derivatives transactions on the futures and options markets of SMFCE; has regulatory powers on the participants thereto.

### Notes:

1. Please see the Lamfalussy League Table on the transposition of the core capital market directives, as at June 15, 2007, available at [http://ec.europa.eu/internal\\_market/securities/docs/transposition/table\\_en.pdf](http://ec.europa.eu/internal_market/securities/docs/transposition/table_en.pdf).
2. Please see the official list of the regulated markets, as published in the Official Journal of the EU as at February 22, 2007: [http://eur-lex.europa.eu/LexUriServ/site/en/oj/2007/c\\_038/c\\_03820070222en00050010.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2007/c_038/c_03820070222en00050010.pdf)
3. Official website of BSE: [www.bvb.ro](http://www.bvb.ro)
4. Official website of SMFCE: [www.bmfms.ro](http://www.bmfms.ro)