

SMI Markets: Romania

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CMIRR Markets: Romania

FSA Launches STEAM Strategic Plan to Obtain Emerging Market Status

The Romanian Financial Supervisory Authority (FSA) has announced that it has approved a project to reform the capital market in order to obtain the status of emerging market.

The Set of actions Towards Establishing and Acknowledgment of the emerging Market status (STEAM) strategic objectives project plan, along with the elimination of the capital market barriers, is likely to bring the Romanian capital market closer to a potential move from a frontier market to an emerging market as classified by the Morgan Stanley Capital International (MSCI). FSA aims to move to this status within 2 years from the beginning of the program.

The STEAM project has a set of 8 strategic objectives with stated action points, which are as follows:

1. Increasing the accessibility and attractiveness of the Romanian market, by:
 - o Providing a level 'playing field' for all foreign investors;
 - o Separating trading accounts and custody and settlement accounts;
 - o Removing the restrictions in OTC settlement;
 - o Simplifying the procedures to open an account for foreign investors;
 - o Simplifying the requirements for corporate events and proxy voting;
 - o Introducing the centralised payment of dividends;
 - o Permitting turnaround transactions for a wide range of financial instruments;
 - o Improving the registry of the Central Depository;
2. Streamlining loan operations of financial instruments and short sale transactions;
3. The development of the primary local market and the secondary bond market;
4. Increasing the market liquidity to attract new investors, by:
 - o Developing an efficient market making activity;
 - o Creating an educational programme in the capital markets;
 - o Diversifying the types of Collective Investment Undertaking (CIU);
 - o Creating a legal framework for the establishment and operations of investment clubs;
 - o Reducing the level of charges levied by the FSA;
 - o Attracting specific categories of capital market issuers;
5. Increasing the visibility of companies listed on the Romanian capital market and offering the possibility of indirect listing;
6. Clarifying RASDAQ market status and the establishment of a legal framework;
7. Increasing the implementation of corporate governance principles in capital market entities;
8. Improving the accounting of authorised entities regulated and supervised by FSA.

It is anticipated that the move to an emerging market status will increase the visibility of the Romanian market worldwide and will attract a whole new range of investors who are currently not permitted to invest in any frontier market.

For further information regarding the announcement, please click here (in Romanian): [FSA Launches STEAM to Obtain Emerging Market Status](#)

For the STEAM action plan with a timeline, please click here (in Romanian): [STEAM Action Plan](#)

Romania

This newsflash is for information purposes only.

Infrastructure Risk Ratings Impact

Romania

Market Rating: A-

Market Flash Impact: Stable

The developments in relation to the move from a frontier market to an emerging market under the MSCI classification would highly improve the market infrastructures and attract more foreign investment. Until concrete details with implementation dates are issued, the impact is 'Stable'.

Related Flash: [BSE and FSA Take Steps to Eliminate Capital Market Barriers, 24/06/2014 \(click to view\)](#)

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