

Consultation questionnaire

Summary of Questionnaire Results

ANNEX A: Impact assessment questionnaire

This questionnaire is part of an IA simulation exercise being carried out by functions of the Romanian authorities in concert with the Convergence Program and external IA experts from the UK and Ireland. Its purpose is to provide us with information about a problem to which a regulatory solution was found and information on the costs and benefits of the regulatory solution and of two alternative options that could in principle have been chosen instead.

Section 1: What is the problem?

In this section we consider what the rationale for a particular regulatory intervention might have been.

We are looking at regulation CNVM Regulation no. 14/2006 modifying CNVM Regulation no. 2/2006 on regulated markets and alternative trading systems.

In our view, the problem being addressed by this regulation is that in lack of regulatory intervention, market operators would have not been able to ensure the adequate maintenance and development of the trading infrastructure, to cover for potential operational risks, as well as to provide comprehensive market information and secure market participants' confidence. In addition, we believe that this is also a case of regulatory failure as restrictive ownership rules imposed by the old regulation exacerbated the problem by preventing fresh capital from entering the market.

Question 1: do you agree with us that the problem is as described above? Please explain your answer, including evidence (or suggesting the type of evidence that would be relevant) where at all possible.

- **Respondent 2:**

The text regarding the rationale on the baseline of Regulation No. 14/2006 is not complete. At the moment of enactment of Law 297/004 regarding the capital market, law representing the starting point in the elaboration of Regulation No. 2/2006 regarding the Regulated Markets and alternative trading systems, a normative framework that regulated the set up and functioning of regulated markets of derivatives already existed. This framework was composed of the Government Order no. 27/2002 regarding the regulated markets of commodities and derivatives, based on which the CNVM issued the regulation no. 4/2002 regarding the regulated markets of commodities and derivatives.

The set of norms pre-existing at the enactment of the CNVM Regulation no. 2/2006 imposed a particular organization model of the regulated commodities and derivatives markets. Within this model, 'The Council of the Exchange' was the body that elaborated all regulations, even if the decisions regarding the activity of the regulated markets were taken by the General Assembly of the Shareholders. The same model provided that the exchange members could form a "The Exchange Association". This association was comprised also of intermediaries who did not have the status of shareholder of the exchange company.

In my opinion, another reason of the issue of Regulation no. 14/2006 was to repair the lack of provisions regarding the transition procedures in the Regulation no. 2/2006 with respect to the means to transform the organization of the exchange company in a market operator (provisions regarding the type of shareholders with voting rights, and the minimum capital level of the market operator).

The Regulation no. 2/2006 was prepared taking into account the organization of the market operator, on the model of the Bucharest Stock Exchange, without considering that the Sibiu Monetary-Financial and Commodities Exchange (SMFCE) was organized as an exchange company. The restrictions regarding the status and structure of the shareholders of a market operator are necessary, taking into consideration the fact that it is the General Assembly of the Shareholders who decides on the operations of the market operator.

A situation that is not dealt by the present provisions of the Regulation no 2/2006 can be caused by the organization of a market operator as a open stock company or the merger by takeover of a Romanian market operator by a foreign market operator, with a different form of organization. A

question which might be raised is: What are the restrictions and to which category of market operator shareholders do these restrictions apply to?

The Regulation no 14/2006 had effects only on the Sibiu Monetary-Financial and Commodities Exchange because the Bucharest Stock Exchange complied with the stipulations of the Regulation no 2/2006.

Question 2: In your opinion, what are the factors that can contribute to ensuring the adequate maintenance and development of the trading infrastructure, covering for potential operational risks, providing comprehensive market information and securing market participants' confidence:

Factors	Important for securing the above mentioned objectives? (please mark with "x")	
	Yes	No
Market operators capitalization		Respondent 1: X Respondent 2: X
Trading and other types of commissions earned by market operators	Respondent 1: X Respondent 2: X	
Increase of diversity of services offered by market operators	Respondent 1: X Respondent 2: X	
Affiliation to international professional bodies (e.g. Euronet)	Respondent 1: X	Respondent 2: X
Mergers with other market operators	Respondent 2: X	Respondent 1: X
Other factors (please describe and explain)	Respondent 2: <i>The degree of involvement of the foreign intermediaries and issuers in the market operations (intermediation and quotation).</i>	

Question 3: Please estimate the importance of the above mentioned factors for securing the adequate maintenance and development of the trading infrastructure, covering for potential operational risks, providing comprehensive market information and securing market participants' confidence:

Factors	Importance for securing the above mentioned objectives? (please mark with "x")		
	High	Medium	Low
Market operators capitalization		Respondent 1: X	Respondent 2: X
Trading and other types of commissions earned by market operators		Respondent 1: X Respondent 2: X	
Increase of diversity of services offered by market operators	Respondent 1: X Respondent 2: X		
Affiliation to international professional bodies (e.g. Euronet)		Respondent 1: X	Respondent 2: X
Mergers with other market operators	Respondent 1: X Respondent 2: X		
Other factors (please explain)	Respondent 2: <i>The degree of involvement of the foreign intermediaries and issuers in the market operations (intermediation and quotation).</i>		

Question 4: We assume that the market operator is the only entity which can secure the adequate maintenance and development of the trading infrastructure, cover for potential operational risks, provide comprehensive market information and secure market participants' confidence. Couldn't third party providers (e.g. professional associations, etc.) ensure some of the above mentioned objectives? Please explain your answer, including evidence (or suggesting the type of evidence that would be relevant) where at all possible.

- **Respondent 1:**

In our opinion, the market operator is the most important entity to secure and maintain the infrastructure on a financial market. Almost equally, the Central Depository and the Romanian Clearing House have the same responsibilities.

- **Respondent 2:**

*The market operator **can not be** the only entity to secure the maintenance and development of the trading infrastructure on a derivatives market.*

*Considering this, a more important role in maintaining and developing the market is assigned to the **post-transaction operator**, respectively to the Central Depository or to the Clearing House/Central counterpart. In the case where the market operator will be transformed in an open stock company or in the case of a merger by takeover of a Romanian market operator, I consider that the **"Association of Intermediaries"** should be the new decision-making body of the market operator, taking over these prerogatives from the General Assembly of the shareholders.*

Question 5: The enactment of Regulation no. 14/2006 has had the following effects: narrower spreads, increased liquidity, increase in new investors, increase in trading volumes, introduction of new instruments, etc. Do you think that this is wholly due to the increase in capital held by the exchange or can other factors explain these evolutions? Please explain your answer, including evidence (or suggesting the type of evidence that would be relevant) where at all possible.

Item	Before (new regulation was introduced)	After (to date)
Spreads	<p><u>Respondent 1</u>: No influences</p> <p><u>Respondent 2</u>: no influence</p>	<p><u>Respondent 2</u>: Collateral influences</p>
Liquidity	<p><u>Respondent 1</u>: No influences</p> <p><u>Respondent 2</u>: no influence</p>	<p><u>Respondent 2</u>: Collateral influences</p>
No. of new investors	<p><u>Respondent 1</u>: No influences</p> <p><u>Respondent 2</u>: no influence</p>	<p><u>Respondent 2</u>: Collateral influences</p>
Trading volumes	<p><u>Respondent 1</u>: No influences</p> <p><u>Respondent 2</u>: no influence</p>	<p><u>Respondent 2</u>: Collateral influences</p>
No. of new instruments	<p><u>Respondent 1</u>: no influences</p> <p><u>Respondent 2</u>: no influence</p>	<p><u>Respondent 2</u>: Collateral influence</p>

No. of new intermediaries	<p><u>Respondent 1:</u> Influences</p> <p><u>Respondent 2:</u> Major influence</p>	<p><u>Respondent 2:</u> Major influence</p>

- **Respondent 2:**

The increases registered at XXX in the liquidity, the number of investors, the transaction volume and the number of instruments, have been generated by the involvement of the intermediaries in the derivatives market, without being encouraged or obstructed by the capital increase.

Question 6: Please estimate the influence of the market operators' capital increase over the mentioned capital market indicators:

Item	Influence of increased market operators over the indicators (please mark with "x"):		
	High	Medium	Low
Spreads			<p><u>Respondent 1:</u> X</p> <p><u>Respondent 2:</u> X</p>
Liquidity			<p><u>Respondent 1:</u> X</p> <p><u>Respondent 2:</u></p>
No. of new investors			<p><u>Respondent 1:</u> X</p> <p><u>Respondent 2:</u> X</p>
Trading volumes			<p><u>Respondent 1:</u> X</p> <p><u>Respondent 2:</u> X</p>

No. of new instruments			<u>Respondent 1:</u> X <u>Respondent 2:</u> X
No. of new intermediaries	<u>Respondent 2:</u> X	<u>Respondent 1:</u> X	

Section 2: What are the possible policy solutions?

In this section we identify 3 possible policy solutions to the problem identified in section 1 above. Clearly other options could have been considered.

Option 1. This is the option that was chosen in practice. A mandatory equity level of € 5M is imposed on market operators which must be reached by the end of 2008. Also, if the Market Operator's instruments of incorporation do not provide otherwise, it will no longer be mandatory to have majority voting rights being held by intermediaries that have access to trading on the relevant market/markets.

Option 2. ("do nothing"). Under this option, there is no regulatory intervention at all and the market is left on its own (under the baseline regulation, which requires market operators to reach a capital of EUR 5 mil. by the end of 2007).

Option 3. Under this option, changes to the regulation in force on Regulated Markets and Multilateral Trading facilities would allow Market Operators to gradually reach a lower mandatory equity level of € 2M, but in a shorter time, by the end of 2007. Also, it would no longer be mandatory to have majority voting rights being held by intermediaries that have access to trading on the relevant market/markets, if instruments of incorporation allow it.

Options	Main policy drivers		
	Shareholder composition	Majority voting rights	Equity level
Option 2 (do nothing)	No single shareholder (whether an intermediary or not) may hold more than 5% (as provided by Law)	With intermediaries	EUR 5 mln by the end of 2007 mandatory
Option 1	No single shareholder (whether an intermediary or not) may hold more than 5% (as provided by Law)	With intermediaries, or with any investors, if so allowed by Articles of Incorporation (that could be modified to include such a provision)	Gradual and mandatory equity increase (Eur 750,000 by 2006, Eur 2Mln by 2007, Eur 5 Mln by 2008)
Option 3	No single shareholder (whether an intermediary or not) may hold more than 5% (as provided by Law)	With intermediaries, or with any investors, if so allowed by Articles of Incorporation (that could be modified to include such a provision)	Gradual and mandatory approach based on 2 yearly steps (Eur 750,000 by 2006, Eur 2 Mln by 2007)

Considering each of these options, please prepare answers to the questions in the following Cost Benefit Analysis (CBA) Template, to be later discussed during a meeting with our representative. For each answer, please provide a qualitative and, if possible, a quantitative assessment with a monetary value attached.

Please refer to Appendix to find further details on costs and benefits assessment

CBA template

OPTION 1: Euro 5m by 2008; no mandatory majority voting rights		
A. Quantitative costs		
A.1. Compliance costs¹	<p>One-off compliance costs (costs with general assembly meeting, cost with new capital level notification at the Trade Register, etc.)</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> The reunion of the General Assembly and the implied costs raise to about 1500 EUR. Register the XXX at the Trade Register (about 300 EUR) Notify CNVM (about 300 EUR) • <u>Respondent 2:</u> - Organizing the General 	<p>Ongoing compliance costs per year (costs with reporting, monitoring, etc.)</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> An intermediary authorised by CNVM to deal with all objects of activity must pay two persons for the internal control (costs up to about 50000 EUR/year) • <u>Respondent 2:</u> No costs

¹ Compliance costs are the costs incurred by a regulated entity and persons in order to comply with the proposed regulation, in the case of Option 1, 2 or 3. (for example, the costs of setting up a new structure for the administrative organization and internal control, new computer programs or systems or following training courses). It may be appropriate to consider as compliance costs only costs which are above what corresponds to best (or existing) practice in the market.

	<p>Assembly of the shareholders – 5.000 RON (newspaper announcements, mails, distribution of materials and also renting the space and the equipment)</p> <ul style="list-style-type: none"> - Register in the National Trade Register Office – 500 RON/page - Notification to the CNVM of the modifications of the autorisation documents- 1.000 RON 	
<p>A.2. Costs for meeting equity compliance²</p>	<p>Target level of capital (how the costs of raising capital are affected by the level of capital required under the current option?)</p> <ul style="list-style-type: none"> • <u>Respondent 2:</u> <ul style="list-style-type: none"> - Market research to find out the perception of the intermediaries on the activity of the market operator (50.000 RON) - Promotion of the activity of the market operator for the intermediaries through seminars, conferences, promotion materials (20.000 RON) - The activity of the market 	<p>Speed of meeting the target level of equity (how the costs of raising capital are affected by the speed which the target level of capital has to be raised?)</p> <ul style="list-style-type: none"> • <u>Respondent 2:</u> <ul style="list-style-type: none"> - The capital increase over a short period, together with the fact that the voting rights can be held mainly by authorized intermediaries supposes important and concentrated efforts of the market operator. With this respect, the

² Both quantitative and qualitative perspective can be provided.

	<p>operator is a niche business. It is addressed to a qualitatively and quantitatively well defined target (intermediaries, maximum 100 companies). Bilateral meetings with the intermediaries that could participate at the capital increase (20.000 RON)</p>	<p>capital increase of a market operator cannot be made through a public offer but through a private offer targeted to a limited number of potential shareholders or to the existing shareholders. The decision of the intermediaries to subscribe to the capital increase of a market operator cannot be taken in a very short period.</p> <p>- One should mention also the fact that the CNVM regulation issued in the application of Law 297/2006 imposed costs for the intermediaries also, therefore they have to make efforts to comply with the new regulations.</p>
	<p>Please mention the types of costs your entity would incur in order to reach a level of capital of 5 mil.</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> <p>Advertising is almost a luxury that very few intermediaries can afford (about 20000 EUR/year)</p>	<p>Please mention how the speed of raising the capital is affecting your entity:</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> <p>The capital increase of an intermediary implies notifications to the CNVM, approvals from the CNVM, notary, Trade Register etc</p>

	<ul style="list-style-type: none"> • <u>Respondent 2:</u> - Market research - promotion of the activity - aligning the moment of the capital increase with the moment where the intermediaries can take such decisions. 	<p>(about 1000 EUR)</p> <ul style="list-style-type: none"> • <u>Respondent 2:</u> - the length of the marketing research cannot be longer than 2 months; - The promotion of the activity must be analysed through the effectiveness of such an action. The assimilation of a service promoted by the market operator is not a spontaneous process. - the intermediaries must make financial efforts firstly to satisfy their own needs, then they will analyze the opportunity of financial investments to participate at the capital increase of the market operator.
	<p>Please make an estimation of the level of costs for raising the capital:</p> <p>The costs of raising the capital to 5 mil. are with <u>(Respondent 1)</u> 100% - <u>Respondent 2)</u> 200 % higher than the costs of raising capital with no regulatory intervention.</p>	<p>Please make an estimation of the level of costs for raising the capital by 2008:</p> <p>The costs of raising the level of capital to 5 mil. by 2008 are with <u>(Respondent 1)</u> 20% - <u>Respondent 2)</u> 30 % higher than the costs of raising capital with no regulatory intervention.</p>

B. Qualitative costs		
	One-off (please mention)	Ongoing (please mention)
C. Market impacts		
	On the quality, quantity and variety of goods or services	Competition
	<p>C.1. Trading volumes - Has the option increased trading volumes (yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1</u>: Yes • <u>Respondent 2</u>: Yes <p>If answer is yes, please estimate how this option impacted on the trading volume:</p> <p>High impact ____</p> <p>Medium impact__X <u>(Respondent 1)</u></p> <p>Low impact__X <u>(Respondent 2)</u></p> <p>C.2. Product innovation - Has the option increased product innovation (yes / no)?</p>	<p>a) For example, do you think the proposal will encourage new investment in the exchange or in rival exchanges and increase competition?</p> <ul style="list-style-type: none"> • <u>Respondent 2</u>: This proposal affected the competition by discouraging the set up of a new market operator. The Romanian Commodities Exchange stopped the procedures to transform itself from an exchange company in a market operator due to the establishment of the capital level for a market operator at 5 mil EUR, by Regulation no. 2/2006. Regulation no. 14/2006 allowed the capital increase only for the Sibiu Monetary-Financial and Commodities Exchange because the Bucharest

	<ul style="list-style-type: none"> • <u>Respondent 1</u>: Yes • <u>Respondent 2</u>: Yes <p>If answer is yes, please estimate how this option impacted on the product innovation:</p> <p>High impact _____ No</p> <p>Medium impact ___X <u>(Respondent 1)</u>__</p> <p>Low impact ___X <u>(Respondent 2)</u></p> <p>C.3. New investors - Has the option increased the number of new investors (yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1</u>: Yes • <u>Respondent 2</u>: Yes <p>If answer is yes, please estimate how this option impacted on the number of new investors:</p> <p>High impact _____</p> <p>Medium impact ___X <u>(Respondent 1)</u></p> <p>Low impact ___X <u>(Respondent 2)</u></p>	<p>Stock Exchange already attained this capital level.</p> <p>b) Do you think that this option can result in other impacts on competition? Please specify.</p> <p>There are no other implications.</p>
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D. Benefits Section		
Please describe what you consider the main benefits of this option, quantifying if possible ³⁾	<ul style="list-style-type: none"> • <u>Respondent 1:</u> Not for the intermediary. Eventually for the market operator. • <u>Respondent 2:</u> This option allowed that the capital increase of the market operator to be produced after (in 2008) the capital increase of the intermediaries. 	
Do you have any other suggestion and opinion pertaining to Option 1 as for the CBA perspective? Please advice.		
Option 2: no intervention at all (do nothing)		
A. Quantitative costs		
A.1. Compliance costs⁴	One-off compliance costs (if any)	Ongoing compliance costs per year (if any)

³ For instance, market operator can have fewer expenses for raising capital whilst market operator shareholder can also benefit from additional investment opportunities. Market operator potential investor can have investment opportunities and asset allocation benefits.

⁴ Compliance costs are the costs incurred by a regulated entity and persons in order to comply with the proposed regulation, in the case of Option 1, 2 or 3. (for example, the costs of setting up a new structure for the administrative organization and internal control, new computer programs or systems or following training courses). It may be appropriate to consider as compliance costs only costs which are above what corresponds to best (or existing) practice in the market.

	<ul style="list-style-type: none"> • <u>Respondent 2:</u> Costs related to the XXX loss of the market operator authorization and the modification of the object of activity (approximately 300.000 RON) 	
A.2. Costs for meeting equity compliance ⁵	Target level of capital <ul style="list-style-type: none"> • <u>Respondent 1:</u> (N/A) • <u>Respondent 2:</u> (N/A) 	Speed of meeting the target level of equity <ul style="list-style-type: none"> • <u>Respondent 1:</u> (N/A) • <u>Respondent 2:</u> (N/A)
B. Qualitative costs		
	One-off (please mention)	Ongoing (please mention)
C. Market impacts		
	On the quality, quantity and variety of goods or services	Competition
	C.1. Trading volumes - Has the option increased trading volumes (yes / no)?	a) For example, do you think the proposal will encourage new investment in the exchange or in rival

⁵ Both quantitative and qualitative perspective can be provided.

	<ul style="list-style-type: none"> • <u>Respondent 1: Yes</u> • <u>Respondent 2: Yes</u> <p>If answer is yes, please estimate how this option impacted on the trading volume:</p> <p>High impact __X X (Respondent 1 and 2)</p> <p>Medium impact_____</p> <p>Low impact_____</p> <p>C.2. Product innovation - Has the option increased product innovation (yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1: Yes</u> • <u>Respondent 2: Yes</u> <p>If answer is yes, please estimate how this option impacted on the product innovation:</p> <p>High impact ____X X (Respondent 1 and 2)</p> <p>Medium impact_____</p> <p>Low impact_____</p> <p>C.3. New investors - Has the option increased the number of new investors</p>	<p>exchanges and increase competition?</p> <p>-----</p> <p>-----</p> <p>b) Do you think that this option can result in other impacts on competition? Please specify.</p> <p>-----</p> <p>-----</p>
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	<p>(yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> Yes • <u>Respondent 2:</u> Yes <p>If answer is yes, please estimate how this option impacted on the number of new investors:</p> <p>High impact _____X X (<u>Respondent 1 and 2</u>)</p> <p>Medium impact_____</p> <p>Low impact_____</p>	
D. Benefits Section		
<p>Please describe what you consider the main benefits of this option, quantifying if possible⁶)</p>	<ul style="list-style-type: none"> • <u>Respondent 1:</u> We do not consider the option has any benefits • <u>Respondent 2:</u> No benefits would have existed. 	
<p>Do you have any other suggestion and opinion pertaining to Option</p>	<ul style="list-style-type: none"> • <u>Respondent 2:</u> If CNVM had not issued Regulation 14/2006, XXXX 	

⁶ For instance, market operator can have fewer expenses for raising capital whilst market operator shareholder can also benefit from additional investment opportunities. Market operator potential investor can have investment opportunities and asset allocation benefits.

2 as for the CBA perspective? Please advice.	would have not complied with the capital requests and would have lost the market operator authorization.	
OPTION 3: Euro 2m by 2007; no mandatory majority voting rights		
A. Quantitative costs		
A.1. Compliance costs⁷	<p>One-off compliance costs (costs with general assembly meeting, cost with new capital level notification at the Trade Register, etc.)</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> Advertising is almost a luxury that very few intermediaries can afford (about 20000 EUR/year). <p>Training internships for the personnel inside or outside the country. Courses for analysts (CFA), for the accounting department (ACCA), for the risk management department etc. 10000 EUR/year.</p>	<p>Ongoing compliance costs per year (costs with reporting, monitoring, etc.)</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> The capital increase of an intermediary implies notifications to the CNVM, approvals from the CNVM, notary, Trade Register etc (about 1000 EUR)

⁷ Compliance costs are the costs incurred by a regulated entity and persons in order to comply with the proposed regulation, in the case of Option 1, 2 or 3. (for example, the costs of setting up a new structure for the administrative organization and internal control, new computer programs or systems or following training courses). It may be appropriate to consider as compliance costs only costs which are above what corresponds to best (or existing) practice in the market.

	<ul style="list-style-type: none"> • <u>Respondent 2:</u> - Organizing the General Assembly of the shareholders – 5.000 RON (newspaper announcements, mails, distribution of materials and also renting the space and the equipment) - Register in the National Trade Register Office – 500 RON/page - Notification to the CNVM of the modifications of the authorisation documents- 1.000 RON 	
<p>A.2. Costs for meeting equity compliance⁸</p>	<p>Target level of capital (how the costs of raising capital are affected by the level of capital required under the current option?)</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> See option 2 	<p>Speed of meeting the target level of equity (how the costs of raising capital are affected by the speed which the target level of capital has to be raised?)</p> <ul style="list-style-type: none"> • <u>Respondent 2:</u> The same as under the first option

⁸ Both quantitative and qualitative perspective can be provided.

	<ul style="list-style-type: none"> • <u>Respondent 2:</u> The same as under the first option 	
	<p>Please mention the types of costs your entity would incur in order to reach a level of capital of 2 mil.</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> See option 2 • <u>Respondent 2:</u> Double, as compared to the first option 	<p>Please mention how the speed of raising the capital is affecting your entity:</p> <ul style="list-style-type: none"> • <u>Respondent 1:</u> See option 2 • <u>Respondent 2:</u> - Double, as compared to the first option
	<p>Please make an estimation of the level of costs for raising the capital:</p> <p>The costs of raising the capital to 2 mil. are with <u>(Respondent 1)</u> 100% - <u>Respondent 2)</u> 150 % higher than the costs of raising capital with no regulatory intervention.</p>	<p>Please make an estimation of the level of costs for raising the capital by 2007:</p> <p>The costs of raising the level of capital to 2 mil. by 2007 are with <u>(Respondent 1)</u> 30% - <u>Respondent 2)</u> 60 % higher than the costs of raising capital with no regulatory intervention.</p>
B. Qualitative costs		
	One-off	Ongoing

	(please mention)	(please mention)
C. Market impacts		
	On the quality, quantity and variety of goods or services	Competition
	<p>C.1. Trading volumes - Has the option increased trading volumes (yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1: Yes</u> • <u>Respondent 2: Yes</u> <p>If answer is yes, please estimate how this option impacted on the trading volume:</p> <p>High impact _____</p> <p>Medium impact__X (Respondent 1)__</p> <p>Low impact___X (Respondent 2)</p> <p>C.2. Product innovation - Has the option increased product innovation (yes / no)?</p> <ul style="list-style-type: none"> • <u>Respondent 1: Yes</u> 	<p>a) For example, do you think the proposal will encourage new investment in the exchange or in rival exchanges and increase competition?</p> <p>-----</p> <p>-----</p> <p>b) Do you think that this option can result in other impacts on competition? Please specify.</p> <p>-----</p> <p>-----</p>

- **Respondent 2:** Yes

If answer is yes, please estimate how this option impacted on the product innovation:

High impact _____

Medium impact_ X
(**Respondent 1**)_

Low impact___X
(**Respondent 2**)

C.3. New investors - Has the option increased the number of new investors (yes / no)?

- **Respondent 1:** Yes

- **Respondent 2:** Yes

If answer is yes, please estimate how this option impacted on the number of new investors:

High impact _____

Medium impact_____

Low impact___X X
(**Respondent 1 and 2**)

D. Benefits Section		
Please describe what you consider the main benefits of this option, quantifying if possible ⁹)	<ul style="list-style-type: none"> • <u>Respondent 2:</u> This option allows the outline of an intermediary step in the capital increase of the market operator. 	
Do you have any other suggestion and opinion pertaining to Option 3 as for the CBA perspective? Please advice.		

⁹ For instance, market operator can have fewer expenses for raising capital whilst market operator shareholder can also benefit from additional investment opportunities. Market operator potential investor can have investment opportunities and asset allocation benefits.