

Corporate Control in Romania

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Abstract

This paper presents the results from data collection and analysis of the ownership structure of the firms listed on the Bucharest Stock Exchange (BSE). By contrast with stock exchanges in the Anglo-American economies, but similar to those in other post-socialist countries, the BSE is small and illiquid, with most listings associated with mass privatization. Our data show that the blockholding structure of the listed firms is quite stable, concentration rising only slightly during the period analyzed (1998-2000). Measures of ownership concentration fit the pattern of continental Europe, where ownership is traditionally concentrated: the mean first blockholder had 53.4 percent of voting power at end of 2000. As a result of slow privatization, the most prevalent type of owner is the state, but foreigners also have a significant share in Romanian listed firms, accounting for about one-third of all blockholders.

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1. Introduction

The emergence of a domestic stock exchange has been a development common to almost all transitional economies.¹ Among the rationales for establishing them were facilitation of privatization, raising inflows of foreign capital, and reducing costs of capital, although a strong motivation was also the simple emulation of one of the chief symbols of developed capitalism. Whether or not any of these purposes have been fulfilled, the existence of stock markets in these countries has sometimes opened up a new source of ownership data, mostly unavailable for the non-listed firms.

Data for firms on stock exchanges have the advantage that the holdings of owners above a certain threshold of voting rights can be identified and followed, making possible several directions of research. First, the ownership structure of the listed firms can be compared with other, transitional or non-transitional countries. Second, combined ownership and balance sheet data allow for establishing the connection between firm behavior, restructuring and ownership, a much investigated topic nowadays. However, the data also have a serious drawback: in transitional countries the number of firms listed on the stock exchange is usually small, and listed firms are unusual, limiting the general applicability of the results.

This paper analyzes for the first time the concentration of ownership of listed companies in Romania, with the aim to provide a basis for comparison with other countries' listed firms. Having compiled information on holdings above five percent for three consecutive years (1998 - 2000), we can describe the structure of blockholdings and its changes. First we provide a short history of the Bucharest Stock Exchange (BSE), with the main purpose of analyzing the origins of the listed firms in the Romanian privatization process and the resulting peculiarities of corporate governance. This section is followed by a description of the disclosure regime for listed company ownership. The empirical analysis of the blockholding structure, including both the concentration and major types of owners, comes next. We provide comparison with other countries wherever possible. The last section concludes.

2. Short history of the Bucharest Stock Exchange

¹ According to Claessens *et al* (2000), only six formerly socialist countries did not establish a stock market. These are Albania, Belarus, Bosnia-Herzegovina, Georgia, Tajikistan and Turkmenistan.

The Bucharest Stock Exchange was established only in April 1995, relatively late among the European transitional countries. The timing of its establishment and the companies traded on it suggest that its immediate purpose was connected with the Mass Privatization Program (MPP), the Romanian voucher privatization, which started in late 1995 ended in late 1996.² Indeed, almost all firms currently on the BSE were included in the MPP, resulting in dispersed shareholding of this part of the ownership structure at the moment of listing. On the other hand, only a tiny fraction of all the MPP companies were included: approximately 2 percent.³

By the end of 1995, after eight months of existence, the number of listed firms was 9 and the total capitalization USD 100 Mln, as Table 1 shows. The number of listed companies grew slowly in 1996 but faster in 97 and 98, resulting in a total of 126 listed firms. This was more or less stable by the end of 2000, although in the last year it fell to 115.⁴ This time the total capitalization was USD 365.9 Mln, or 1.1 percent of the GDP. While the number of listed companies is not small compared to other transitional countries stock exchanges, the capitalization is small compared to developed, developing or transitional countries: for a sample in which 4 developed and 6 developing countries are included, the capitalization-GDP ratio was around 55 percent (end of 1998), while for all transition economies where a stock-exchange was established, the ratio is approximately 10 percent (March 2000).⁵

Although small, the Romanian market has approximately the same activity level as the average transitional countries' stock exchange: its turnover (defined as the ratio of the volume of transactions to the average beginning and end-of-year capitalization) was 25.4 percent at the end of 2000, and the transitional average was around the same value. As Table 1 shows, the BSE turnover was the highest in 1997 (75.7 percent), probably caused by the listing of the MPP companies. After the ownership structure consolidated, investors stopped trading and turnover fell drastically.

² Automatic listing of mass privatized companies on the stock exchange or some other organized market was a common practice, not only in Romania but also in the Czech and Slovak Republics, Bulgaria, Lithuania FYR Macedonia and Moldova (Claessens *et al* 2000).

³ A large part of the other MPP firms are listed on the Rasdaq, the Romanian OTC market. The discussion of the Rasdaq goes beyond the purpose of this paper.

⁴ According to a BSE official, the number fell as a consequence of stricter controls of listing requirements, especially the minimum capital requirement.

⁵ The data come from Claessens *et al* (2000). The developed and developing countries in their study are the USA, UK, Portugal Germany, Thailand, Mexico, Egypt, Brazil, South Korea and Turkey. They also report the total capitalization of the BSE and Rasdaq, which is 2 percent.

The industrial composition of ever-listed companies is presented in Table 2. More than half belong to heavy industry (53.6 percent), followed by light industry (22.1 percent). Services have a relatively small share of the listed companies: 17.9 percent, roughly equally divided between finance, real estate and other services.

Except for two start-ups, all listed firms on the BSE are old firms, thus their shares could enter the market only after privatization. Table 3 and 4 present the basic statistics of the listed companies' privatization record.⁶ Table 3 shows the time pattern of the listed firms' privatization: when companies first had some private ownership, when they became majority private and when their private ownership exceeded 90 percent. Table 4 presents the types of owners who obtained shares from the state.⁷

In 1995, the year of the establishment of the BSE, only 11 firms were privatized to some extent, and 4 had majority private ownership. Privatization speeded up in 1996, when the mass privatization program took place. By the end of this year almost all firms had private owners (97.6 percent). However, less than one-third became majority private, and only 10.6 percent over 90 percent private. Between 1997 and 2000 the already privatized firms diminished further their state ownership, so that by the end of the second trimester of 2000, over three-quarters of the ever listed companies were majority private, and over one third had private ownership share above 90 percent. The state has thus remained a significant shareholder of the listed firms, an issue on which we provide further evidence below.

The most prevalent type of privatization was transfer to the citizens in the framework of the Mass Privatization Program. Out of the 121 listed companies for which we have privatization information, 119 were included in the MPP. The second largest method of privatization was sales to outsider investors, frequently considered to be the most efficient owners in terms of restructuring and value-maximization. More than half of the listed firms were partially sold to outsiders. Out of these, 31 firms were sold to foreign, while 32 to domestic investors.

Management-employee buyouts were also common in Romania, and 40 firms in our sample have some MEBO ownership. From a corporate governance point of view, this is important for two reasons. First, as a general matter, employees may be

⁶ For a comprehensive description of the Romanian privatization see Earle and Telegdy (2001).

⁷ Out of the 140 companies ever listed on the BSE, we have privatization data for 123. Two firms are *de novos*, five investment companies (SIFs in Romanian, discussed further below) cannot be clearly categorized as private nor state, and ten have missing information.

likely to have objectives other than profit maximization.⁸ Second, the specific design of the MEBO privatization in Romania was such that the company's employees had to form an employees' association that was entitled to execute the ownership rights of the shares obtained by the employees, at least during the repayment period.⁹ MEBO privatizations usually involved transfers of large stakes, thus the MEBO organization is a major type of blockholder in Romanian listed firms.

Other peculiar owners of the Romanian firms in general and of the listed firms in particular are the five financial organization established already in 1991, by the first law of privatization (Law 58/1991). Called Private Ownership Funds (POFs), they received 30 percent of the shares from each corporatized state-owned company, while the other 70 percent was given to the State Ownership Fund (SOF), a more conventional state holding. Although private in name, the POFs were until after the MPP (1995-96) very dependent on the government: they had as owners approximately 18 million citizens, who had neither real possibility nor incentives to control the POFs management, while their boards were appointed by the government with the approval of the parliament. Since the MPP, the POFs were renamed SIFs (Financial Investment Companies), and their regulation changed (Law 55/1995), although they have not received more control from their private owners. With all control but few cash-flow rights, incentives for asset-stripping are rife. The five SIFs were listed on the BSE in September 1999, possibly improving incentives for management, although the legal regulations prohibit any owner from acquiring more than one percent of their shares, greatly reducing the possibility of a hostile takeover.

Another important corporate governance practice common in transitional countries (and some Western countries) is the right of the state to have a veto power in important decisions. The "golden share" of the state in Romania involves the rights to appoint one or two representatives to the board and to veto decisions regarding pledges or mortgages on the company's assets, liquidation of the firm, change in the scope of the company, and merger with another company if this would influence the protection of consumers, affect the main activity of the firm, undermine competition

⁸ See Bonin *et al* (1993) for a summary of research on the behavior of employee-owned firms and the empirical findings from industrial countries.

⁹ For a description of the MEBO privatization see Earle and Telegdy (2001) and Earle and Estrin (1996). Earle and Estrin also provide an overview of insider ownership in transition. For an analysis of the institutions of employee ownership, see Earle and Telegdy (forthcoming).

or damage the national interest. There are only two BSE companies with a golden share, one in airplane designing and the second in airplane motors manufacturing.

In conclusion, the Bucharest Stock Exchange is small even compared with its counterparts from transitional countries, but its activity level is approximately average. Besides outside investors, several less typical owners are present, such the state, the Employees' Organization, and the peculiar financial investment funds, the five SIFs. In the following two chapters we describe the disclosure requirements on the BSE and the concentration of the ownership.

3. Disclosure Rules at the Bucharest Stock Exchange

Romania has not yet formally transposed the European Commission's Large Holdings Directive (LHD), which provides guidelines for voting power disclosure. The current regulation in force since 1996, however, meets some of the principles of the LHD, and it is even stricter in a few aspects.¹⁰ According to it, "...any person who, acting directly or indirectly, severally or in concert and in connection with third parties, acquires or holds and under the provisions hereof becomes the holder or the owner of some shares bearing voting rights, or of some securities conferring rights to such shares which, cumulatively, represent 5% or more of the total voting rights...shall notify the National Securities Commission..." (Law 52/Art 88). Above the 5 percent threshold, the holder is obliged to disclose any acquirement which increases the owner's holdings as much to exceed two percent of voting rights (Law 52/1994, articles 88, 89).¹¹ The period of announcement is 2 working days. Thus, both the length of the period of announcement and the thresholds are more restrictive in the Romanian legislation. Also, a new piece of regulation introduced in June 1999 requires the specification of the source from which the shares were bought.

The Romanian rules, however, do not specify the precise meaning of "...indirectly, severally or in concert and in connection with third parties...", which is crucial for evaluating the extent to which indirect ownership links and formal and informal voting pacts are actually disclosed. The interpretation is left with the National Commission for Securities Regulation (CNVM), and there is otherwise little guarantee of consistent reporting.

¹⁰ Instructions 13/1996, detailing the technical aspects outlined in the law regarding securities and stock exchanges (52/1994).

¹¹ For example, if an owner had 15.6 percent of voting shares and acquires an extra .5 percent, he or she has to disclose that the holdings exceeded the 16 percent threshold.

Furthermore, although the regulation is stricter than the Directive's recommendation, such rules may suffer from enforcement problems anywhere, and the relatively low sanctions in Romania raises doubts about compliance. In case of proven violation, individuals are supposed to pay a fee of ROL 1 mln (about USD 35) and legal persons ROL 10 mln (about USD 350). These trivial punishments hardly create strong incentives for full disclosure of all the complex ways in which shareholders may group or collude in determining their voting strategies.

4. Concentration of Ownership

This section presents our data on and analysis of ownership concentration in the BSE companies. We have compiled information on all ultimate blockholdings of the listed firms at the end of 1998, 1999 and 2000. We analyse the total percent held by blockholders as well as the holdings of the largest, second, and third largest blockholder to see how concentrated the ownership structure is. At the end of the section we discuss the types of blockholders and their prevalence on the BSE.

The first variable measuring the concentration of ownership is the sum of blockholdings. As Table 5 shows, the median firm had a total blockholding equal to 66.2 percent in 98, which suggest a very concentrated ownership structure. By 2000 this number increased to 71 percent. These numbers are very similar to that of Hungary (64 – 70 percent).

The percentile distribution of the total blockholdings is presented in Table 6. For all years, almost half of the firms had their total blockholdings between 50 – 75 percent, and 18.4 – 24 percent between 75 – 90 percent. This distribution is similar to those countries' from the European Union, which historically had concentrated ownership structure, such as Austria or Belgium.

Next, we look at the holdings of the first, second, third owners, as well as to the cumulated holdings of the fourth to seventh owners.¹² Table 7 presents their mean and median holdings, as well as the maximum and minimum values. The average holding of the largest owner was quite stable in the analyzed period: from 49.7 in 98 it increased to 53.4 by 2000. The median was always equal or more than 51 percent, showing that half of the largest owners were also majority owners of the company. Compared to the Hungarian listed firms, one can see that in Hungary the largest

¹² The highest number of blockholders is seven.

owner had on average less stake in the firms (42 – 45 percent), but the trend was the same: the largest owner increased his or her shareholding by almost three percent. The holdings of the second, third and cumulated fourth to seventh owners were stable over time and, alike the first, the second blockholder also had quite large holding (a median of 15-16 percent). Looking at the numbers from developed countries, it is clear that the Romanian ownership structure is more similar to the concentrated continental European model than with the one typical for Great Britain and the US. As Becht reports (2001), on average the first owner is above 50 percent in Belgium, Austria and Italy (55.9, 54.1 and 52.3 percent, respectively), and Germany is very close to 50 percent. The second blockholder's holding is much smaller in these countries, than in Romania. The Netherlands has the largest second holding, with a median of 7.7 percent.

The distribution of the holdings of largest owner, presented in Table 8, shows that most of the largest owners have their ownership between 50 – 75 percent, followed by those between 25 – 50 percent ownership stake. Again, this places Romania in the group of countries with concentrated ownership structure.

Figures 1-3 present the cumulative distribution of the voting power for the largest holder for the three analyzed years. The Romanian distribution is similar to that of Italy and Austria, with the exception of the thresholds, which exist at 40, 50 and 70 percent in the Romanian case. These thresholds usually reflect the regulation, for example, a voting power threshold. One such threshold in Romania is 10 percent, which gives the right to call the General Meeting of Shareholders and to perform an audit. Also, for increasing a holding to 33% + 1 vote, the buyer has to announce a mandatory bid up to 33% + 1. Neither at 10 nor at 33 percent, however, do we find any clustering of the data. Instead, in all years, but especially in 1998, there is a clustering at 40, 50 and 70 percent. The reason for the first two is likely the design of the Mass Privatization Program, which kept 40 or 51 percent in state hands, supposed to be sold later. In most firms, the State Ownership Fund possessed 70 percent, and probably these sales are reflected in the clustering of owners at 70 percent.

So far we presented variables measuring the concentration of the ownership structure. It is at least as important, however, who are the owners of the firm? Table 9 answers this question. For each year, we present the number of firms by types of owners, and their mean, median, minimum and maximum holding. The first aspect to mention is that foreign firms took a significant share of the listed companies: already

in 1998, 25 percent of the blockholders were foreign investors, and this ratio increased to 29.6 percent by the end of 2000. Their mean holdings were 17.2, 21.0 and 54.4 percent, depending on the type of investor (financial institutions, banks or individuals, families). Compared to Hungary this number of blockholders is quite small (in May 2000 half of the Hungarian blockholders were of foreign origin), but taking into account that Romania was, and it is still lagging behind in terms of foreign investment, the ratio of almost one-third foreign is sizable.

Domestic investors in the Bucharest Stock Exchange are mostly individuals, families and domestic firms. Families and individuals were underrepresented in 98 and 99 (1 and 3 percent), but their increased their share in 2000 to 6.7 percent. Their average ownership share was 10 – 13 percent. Domestic firms had approximately 10 percent share of the blockholders in 1998 and 1999, and they increased to 18 percent in 2000. Their average holding was 25.1 percent in 98, which increased to 35 percent in 1999 and 2000. A peculiarity of Romanian ownership structure is that domestic banks and financial institutions are almost non-existent among the owners. At the end of 1998 and 2000, there was only one domestic financial institution blockholder, and no domestic bank, while in 1999 domestic banks were represented in one case, and financial institution were not at all. Banks are neither present at the Budapest Stock Exchange (with the exception of year 2000, when one company had a bank as a blockholder), but the share of domestic financial institutions in the number of blockholders is around 15 – 18 percent.

After discussing the ownership of traditional outside investors, we turn present the more peculiar owners. In 1998, by the number of blockholdings, the largest owner of the BSE was the state, with 34.6 percent. This decreased significantly in one year to 24.7 percent, but the state remained possessing the largest number of blockholdings. In 2000 it lost this position: its blockholdings were reduced to 13 percent.

Not only a large number of firms had the state as owner, but its holdings were also high. On average, the state held around half of the shares in companies it was present, and the median holding of the state was 51 percent in each year.¹³ In Hungary, state and the municipalities were also present on the stock exchange, but to

¹³ It is interesting to mention that the maximum holding of the state is above 90 percent in each year. Clearly, it is not very meaningful to keep a firm at the stock exchange which is possessed almost totally by the state.

a much smaller extent: between 1996 and 1999, out of the total number of blockholders they had around 10 – 15 percent, and this fell under 10 in 2000. Their average and median holdings were also smaller, for each year between 17 – 28 percent.

Not only the state had a large stake of the Romanian listed firms, but also the SIFs, the uncontrolled financial companies, with probably close relations to the bureaucracy. During the three analyzed years, they kept the number of their holdings fixed (18 – 20 percent of total blockholders). Also, their average holding was kept fixed (17 – 18 percent).

The last type of owner we discuss here is the Employees' Organization, which played a large role in the Romanian privatization, as we discussed in section 2. These organizations increased their blockholding share between 1998 and 2000 by four percent, from 9.4 to 13.4. At the median, they have 40 percent of the shares, which implies that the other 60 percent of the shares were most probably given away to the citizens in the Mass Privatization Program. This may also mean that a part of these shares are also in the hands of employees who, although do not have to vote together, may do it so. Thus, the insider ownership part may be larger than that we can directly measure.

5. Conclusions

This paper has analyzed corporate control of listed firms on the Bucharest Stock Exchange. Similar to other stock exchanges in the region, the BSE is quite small and illiquid. Looking at several measures of concentration, we found that the ownership is highly concentrated, similar to that of the continental Europe. Not only concentration, but also the identity of various owner-types is also crucial for understanding the corporate control regime. Among the most important blockholders are the state and the organizations that played an important role in the Romanian privatization process: the neither private, nor state-owned SIFs and the Employee's Organizations that obtained the ownership rights after the MEBO privatizations. Foreigners also have a significant part of the ownership stakes of the listed firms, however.

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Tables and Figures

Table 1. Evolution of the Bucharest Stock Exchange

Year	Number of firms	Capitalization (USD Mill)	Capitalization (percent of GDP)	Trading volume (USD Mill)	Market turnover
1995	9	100.0	0.28	1.0	NA
1996	14	60.0	0.17	5.3	6.7
1997	76	632.0	1.77	262.4	75.7
1998	126	357.1	0.86	193.3	39.0
1999	127	316.8	0.93	125.0	37.1
2000	115	365.9	1.09	86.6	25.4

Source: Bucharest Stock Exchange: A Short Overview

Note: number of companies at the end of the year. Market turnover defined as trading volume over capitalization (average of beginning and end-year values). NA: not applicable

Table 2: Industrial Distribution of Listed Firms

Industry	Frequency	Percent
Extraction	5	3.6
Light industry	31	22.1
Heavy industry	75	53.6
Construction	4	2.9
Finance, Real estate	12	8.6
Other services	13	9.3
Total	140	100.0

Source: Romanian Stock Exchange Registry

Table 3: Number of Listed Companies Privatized

Year	With private share	Majority private	Private share over 90 percent
1995	11	4	0
1996	120	39	13
1997	120	49	18
1998	121	64	29
1999	121	83	37
2000:II	121	93	42

Source: Portfolio and transactions database of the Romanian State Ownership Fund, authors' own calculations

Total number of cases: 123. Holdings of the SIFs not counted as private.

Table 4: Methods of Privatization used for Listed Companies by 2000:II

Method	Number of companies	Average share privatized
MEBO participants	40	44.6
MPP participants	119	31.2
Sales of which:	61	47.4
Sales to domestic individuals	4	23.8
Sales to domestic institutions	28	46.8
Sales to foreigners	31	48.0

Source: State Ownership Fund, the authors' own calculations

Note: Total number of companies: 123. Sales of the SOF by July 2000 and transfers through MPP. Privatizations by the SIFs are not added. Multiple privatization methods are allowed.

Table 5: Total Ownership of Blockholders

	Number of firms	Minimum	Maximum	Mean	Median	Std. Deviation
1998	116	5.4	100.0	66.4	66.2	18.5
1999	121	10.0	99.3	68.1	69.2	16.6
2000	115	10.0	100.0	69.5	71.0	16.5

Source: Romanian Stock Exchange Registry

Note: Blockholder is defined as an owner having at least 5 percent of shares.

Table 6: Total holding of Blockholders: Percentile Distribution

All blockholders	1998		1999		2000	
	Percent	Cum. Percent	Percent	Cum. Percent	Percent	Cum. Percent
0	10.8	10.8	13.0	13.0	10.8	10.8
5 – 10%	1.5	12.3	0.0	13.0	0.0	10.8
10 – 25%	0.7	13.0	0.7	13.7	0.8	11.6
25 – 50%	9.2	22.2	9.3	23.0	8.5	20.1
50 – 75%	48.5	70.7	46.8	69.8	46.5	66.6
75 – 90%	18.4	89.1	21.6	91.4	24.0	90.6
90 – 95%	3.9	93.0	4.3	95.7	6.2	96.8
95-100%	7.0	100.0	4.3	100.0	3.2	100.0
Total	100.0		100.0		100.0	

Source: Romanian Stock Exchange Registry

Note: Number of cases: 1998-130, 1999-139, 2000-129. Blockholder is defined as an owner having at least 5 percent of shares.

Table 7: Average holding of 1st, 2nd, 3rd, 4th-7th blockholder:

1998	1 st blockholder	2 nd blockholder	3 rd blockholder	4 th -7 th blockholder
Number of firms	116	90	31	10
Mean	49.7	17.2	8.9	6.7
Median	51.0	15.2	7.5	6.4
Minimum	5.4	5.0	5.0	5.0
Maximum	94.7	45.8	30.0	9.7
1999				
Number of firms	121	94	37	16
Mean	50.7	16.8	10.1	9.6
Median	51.0	15.7	8.7	9.4
Minimum	5.0	5.0	5.0	5.0
Maximum	94.7	38.9	29.4	26.1
2000				
Number of firms	115	86	36	11
Mean	53.4	16.5	9.2	6.7
Median	53.0	16.0	8.0	6.0
Minimum	5.0	5.0	5.0	5.0
Maximum	95.0	39.0	19.0	10.0

Source: Romanian Stock Exchange Registry

Note: Blockholder is defined as an owner having at least 5 percent of shares.

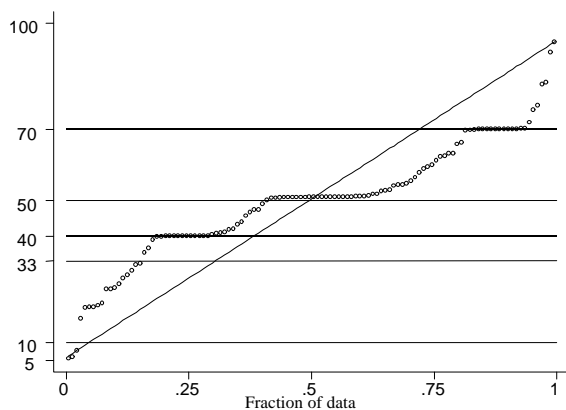
Table 8: Holding of the Largest Blockholder: Percentile Distribution

Largest blockholder	1998		1999		2000	
	Percent	Cum. Percent	Percent	Cum. Percent	Percent	Cum. Percent
0	10.8	10.8	13.0	13.0	10.9	10.9
5 – 10%	2.3	13.1	0.7	13.7	0.8	11.7
10 – 25%	6.2	19.3	9.3	23.0	5.4	17.1
25 – 50%	27.7	47.0	24.5	47.5	24.8	41.9
50 – 75%	48.5	95.5	43.9	91.4	47.3	89.2
75 – 90%	3.0	98.5	6.5	97.9	7.7	96.9
90 – 95%	1.5	100.0	2.1	100.0	2.3	99.2
95-100%	0.0	100.0	0.0	100.0	0.8	100.0
Total	100.0		100.0		100.0	

Source: Romanian Stock Exchange Registry

Note: Number of cases: 1998-116, 1999-121, 2000-115. Blockholder is defined as an owner having at least 5 percent of shares.

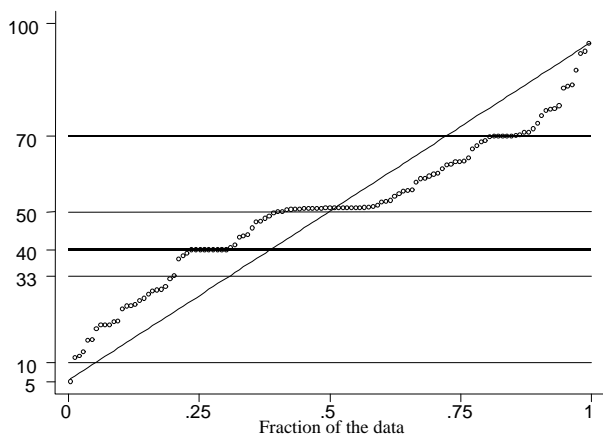
Figure 1: Percentile Plot of Largest Ultimate Voting Block in 1998



Source: Romanian Stock Exchange Registry

Note: Number of cases: 116. The thick lines present the quantities which were most probably sold by the state, the thin lines the voting power thresholds.

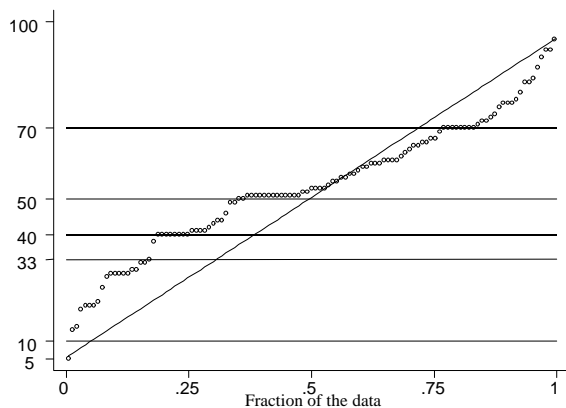
Figure 2: Percentile Plot of Largest Ultimate Voting Block in 1999



Source: Romanian Stock Exchange Registry

Note: Number of cases: 121. The thick lines present the quantities which were most probably sold by the state, the thin lines the voting power thresholds.

Figure 3: Percentile Plot of Largest Ultimate Voting Block in 2000



Source: Romanian Stock Exchange Registry

Note: Number of cases: 115. The thick lines present the quantities which were most probably sold by the state, the thin lines the voting power thresholds.

Table 9: Types of Blockholders

	N	Min.	Mean	Median	Max	Std. Dev	Type of largest blockholder
1998							
Families / Individuals	5	5.0	10.2	7.5	25.3	8.5	1
Domestic firms	25	5.0	25.1	17.9	66.3	21.2	11
Domestic banks	0	-	-	-	-	-	0
Dom. financial institutions	1	8.4	8.4	8.4	8.4	-	0
Foreign firms / individuals	13	9.5	28.7	22.0	54.4	17.8	6
Foreign banks	3	7.0	20.8	25.5	30.0	12.2	0
Foreign financial institutions	48	5.1	10.9	8.4	41.0	7.6	5
Employees' organizations	24	10.9	37.5	40.0	83.3	16.3	18
SIF	47	5.0	18.2	15.2	57.4	11.8	3
State Ownership Fund	88	7.0	49.5	51.0	94.7	19.3	72
All blocks 1998	254	5.0	30.5	25.0	94.7	22.2	116
1999							
Families / Individuals	7	5.0	12.0	11.9	20.5	5.1	2
Domestic firms	24	5.1	34.4	29.1	92.5	25.8	15
Domestic banks	1	20.0	20.0	20.0	20.0	-	1
Dom. financial institutions	0	-	-	-	-	-	0
Foreign firms / individuals	19	7.7	50.6	53.0	87.5	23.2	15
Foreign banks	5	24.6	27.1	25.5	32.1	3.1	1
Foreign financial institutions	40	5.0	17.9	12.6	94.7	18.2	7
Employees' organizations	31	9.0	42.9	40.0	83.3	15.6	27
SIF	46	5.0	18.3	16.9	50.0	10.2	6
State Ownership Fund	57	9.1	51.2	51.0	91.9	20.7	47
All blocks 1999	230	5.0	34.0	26.0	94.7	23.3	121
2000							
Families / Individuals	17	5.0	12.9	9.0	51.0	11.1	4
Domestic firms	46	5.0	35.0	29.0	90.0	24.9	26
Domestic banks	0	-	-	-	-	-	0
Dom. financial institutions	1	32.0	32.0	32.0	32.0	-	1
Foreign firms / individuals	22	10.0	54.4	60.0	92.0	25.7	18
Foreign banks	5	11.0	21.0	25.0	29.0	8.7	1
Foreign financial institutions	48	5.0	17.2	12.5	95.0	18.2	7
Employees' organizations	34	5.0	43.5	41.0	83.0	17.5	29
SIF	47	5.0	17.1	16.0	50.0	10.7	3
State Ownership Fund	33	9.0	52.2	55.0	92.0	23.0	26
All blocks 2000	253	5.0	31.6	23.0	95.0	24.3	115

Source: Romanian Stock Exchange Registry

Note: Blockholder is defined as an owner having at least 5 percent of shares.