

Information Disclosure Practices of OMX Riga Stock Exchange



Efficient Securities Transactions

Liene Dubava
Head of Market Services

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Efficient Securities Transactions

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OMX Baltic Markets on the map



Efficient Securities Transactions

- Exchanges located in the capitals of the Baltic states
- The only stock exchanges operating in the Baltic states
- Part of OMX group
- Members of the Nordic alliance NOREX



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Baltic stock exchanges in numbers



Efficient Securities Transactions

- Market capitalization EUR 14,8 billion as of December 4, 2006
- Turnover EUR 1,62 billion in the period January - November 2006
- 70 listed shares
- 6 Initial Public Offerings (IPOs) in 2005-2006, latest IPO in October 2006
- 40 trading members, majority actively trade on all three markets
- OMXBB index up 44% in 2005, country-based indices up 48-64% in 2005
- OMXBB up 13%; OMXT up 18%; OMXR down 5%; OMXV up 5% from year beginning 2006

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Latest IPO - Olympic Entertainment Group

- Sector: Casinos & Gaming
- 1st trading day October 23, 2006
- IPO size - 71 MEUR
- Oversubscribed 7.5 times by institutional tranche and 3 times by retail



- Stock price
 - at offer - 4,67 EUR
 - first trading day - 5, 60 EUR
 - Dec 6, 2006 - 7,75 EUR



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Regulatory framework of Latvian capital market

- Law on Financial Instruments (EU requirements, IFRS, minority shareholders rights)
- Stock Exchange Rules and Regulations
- Agreements with issuers
- Corporate Governance recommendations

- Division of Surveillance function between Stock Exchange and Financial and Capital Markets Commission
 - Stock Exchange Management Board
 - Independent Surveillance Committee

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Corporate Governance



- Development of "Ideal" Code – Spring 2005
- Discussions with market participants – Latvian Financial and Capital Market Commission, issuers, investors, lawyers, auditors- Summer 2005
- Reviewed version of code completed – Autumn 2005
- Approval by Supervisory Board of Stock Exchanges – December 2005
- Changes in Stock Exchange rules and regulations – December 2005

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Corporate Governance (2)



- Corporate governance codes in force since 2006 in all Baltic Stock Exchanges
- "Corporate Governance Principles and Recommendations on Their Implementation"
- First "Comply or Explain" statements shall be submitted during 2007

Follow up

- Analysis of "Comply or Explain" statements
- Discussions with issuers

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Investor relations



- Requirement for listed companies to appoint an Investor Relations person
 - Knowledge of company business
 - Member of management team
 - Language skills
- Company web page
 - Multi language
 - Investor relations subdivision

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Baltic Market Awards



The main aims of the project are to:

- Determine the best market participants and provide them with additional publicity
- Determine and point to the discrepancies with respect to information disclosure practices of the listed companies – not just deviation from compulsory requirements but also deviation from **best practice**
- Increase the awareness of Baltic society about the capital markets and the importance of transparency

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Baltic Market Awards (2)



Project launched on March 15, 2006

- Evaluation based on maximally objective evaluation criteria
- Evaluation committee formed – responsible for development of evaluation criteria and confirmation of the results
- Evaluators - students of Stockholm School of Economics in Riga (under supervision of the local stock exchanges)

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Main challenges for company management



- To start selling the company as an attractive investment subject and define who is the company's main customer.
- You do not need to own 99.9% of shares to be in control. Less is more on stock exchange.
- Good Corporate Governance practice promotes the company and its business. It is good for everybody.
- Listing of the company's shares on the stock exchange offers the company more opportunities for development.

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Main challenges for Stock Exchange management



- Education of company management and Investor relations people - How to change thinking?
 - Regular Issuer roundtables
 - *Face to face* meetings
 - Customer help desk
 - Conferences, investors' meetings
- Promotion of foreign investors' interest – publications, participation in different roadshows
- Local investors' awareness

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Thank you!

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