



Romanian Commodities Exchange Romania

I Short History

Taking a look at the history of the Romanian Commodities Exchange, it goes without saying that a continuous product development process is emerging.

It leads to the fact that RCE is mentioned as the only commodity exchange in Romania which is up to international standards.

The modern history of the commodities exchange institution in Romania started in 1992, when the Romanian Commodities Exchange was established in Bucharest.

November 20, 1992 - the official opening of RCE.

December 10, 1992 - the first trading session.

February 3, 1993 - the Government's Decision no. 54 regarding the prices negotiated through the exchange mechanism.

July 8, 1994 – launching of the spot contracts in foreign currency.

March 15-16, 1995 - International Conference "Commodities Exchange and Economic Restructuring in Eastern Europe" organized by RCE and REUTERS Ltd.

November 23, 1995 - launch of forward contracts, both in ROL and in foreign currency.

December 7, 1995 – trading of the first forward contract.

1996 - a significant reorientation of the RCE activity, meaning a pragmatic vision of the market approach and focusing on the international and domestic auctions' development.

August of 1997 – the issuing of the first legal framework on Commodities Exchanges - Ordinance of the Government for the Commodities Exchanges no. 69/ 1997.

1997 - a sharp increase of the turnover data, meaning a boom of the total volume of trade.

1998 meant a development for RCE by introducing currency futures contracts. The first traded contracts on November 18 were Dollar RCE and Mark RCE.

January 4, 1999 - introducing of the Euro RCE futures contract.

During **1999**, RCE made the most important steps towards specialisation by opening two different trading floors, one for oil products and one for grains.

Decision upon the Commission for Futures Markets, included in the futures law for the Commodities Exchanges.

November 1999 – introducing the futures contract Euro/Usd RCE.

January 4, 2000 – introducing the interest rate futures contract: BUBOR 3 RCE.

August 2000 - promulgation of The Law 129 regarding the Commodities Exchanges.



II Trading Floors

From the beginning of the Exchange, one of the major objectives consisted in trading specialized products as metals, oil, grains, power, etc.

In accordance with the Romanian economic environment's evolution, we decided to organize three major trading markets: financial market, oil market and grains market.

1 Financial Market

Launched in November 1998, the financial futures market has shown a steady increasing of the turnover, the greatest share of the trading volume being known by the contract "Dollar RCE".

Concise contract specifications for currency futures contracts are shown below:

1.1. Contract "Dollar RCE"

Trading Unit: USD 1,000

Tick Size: 1 ROL/USD

Contract Months: each month of the year; trading life of 6 months.

Last trading day: third Tuesday of the contract month

Delivery: Cash settlement

1.2. Contract "Mark RCE"

Trading Unit: DEM 1,000

Tick Size: 1 ROL/DEM

Contract Months: each month of the year; trading life of 6 months.

Last trading day: third Tuesday of the contract month

Delivery: Cash settlement

1.3. Contract "Euro RCE"

Trading Unit: EURO 1,000

Tick Size: 1 ROL/EURO

Contract Months: each month of the year; trading life of 6 months.

Last trading day: third Tuesday of the contract month

Delivery: Cash settlement

1.4. Contract "EURO-USD RCE"

Trading Unit: EUR 1,000 *20,000 ROL/USD

Tick Size: 0.0001 USD

Contract Months: each month of the year; trading life of 6 months.

Last trading day: third Tuesday of the contract month

Delivery: Cash settlement



1.5. Contract “BUBOR 3 RCE”

Underlying Asset: the interest rate in percentage per year, for the deposits in ROL offered on the monetary interbanking market for 3 months

Contract Value: ROL 10,000,000 * futures price

Tick Size: 0.01 per cent (1000/ 4 ROL per contract)

Contract Months: each month of the year; trading life of 3 months.

Last trading day: third Tuesday of the contract month

Delivery: Cash settlement

1.6. The Value of the Futures Market during November 18, 1998 – December 30, 1999

Contract	Value	Share of the market (%)
MarK RCE	3,311,384,000	1.07
Euro RCE	11,330,301,000	3.66
Dollar RCE	292,356,035,000	94.53
Euro-USD RCE	2,276,725,000	0.74
TOTAL	309,274,445,000	100

2 Oil Market

The development of regional markets and the lack of a benchmark price for oil in Eastern Europe are just two arguments which determine us to create an Oil Floor at the Romanian Commodities Exchange.

Another aim of the oil floor is to provide the needed instruments to the companies involved in the oil industry to:

- **create** a liquid market;
- **obtain** a benchmark price;
- **perform** transparent transactions;
- **cover** the potential risk of transactions.

2.1. The way to the oil floor

The first step foresees the establishing of a regional spot markets for oil and for oil products. We intend to trade the following commodities: OIL, GASOLINE, FUEL OIL, HEAVY FUEL OIL.



By this market we want to grow up the level of transparency for the transactions with commodities above mentioned. Also we believe that this market could help the Romanian economy to avoid the financial blockage.

The following step for the Romanian Commodities Exchange is to develop the derivative market by introducing futures contracts and options on oil products like risk management tools.

3 Grains Floor

Although the Romanian grains market lacks stability and continuity, from the legal point of view, RCE begins to act for organizing a continuous trading process for some agricultural products, as: wheat, corn, rye.

The types of transactions RCE proposes are spot, forward and call options as a first step, followed by futures contracts and options on futures.

3.1. Trading System

Trading take place on the Exchange floor. Brokers makes bids and offers in the pit, in an open outcry system. Beginning with September 2000, the Exchange will completely change the trading system by introducing the electronic trading system.

3.2. The Clearing System

The Clearing House is an operative division of the Exchange and all rights, obligations and/or liabilities of the Clearing House are rights, obligations and/or liabilities of the RCE. The Clearing division performs several important functions, including the assurance that all the accounts of Clearing Members are balanced at the end of each trading day, the settlement of all gains and losses resulting from trading and acting as the opposite party to every concluded transaction, thus serving the original buyer and seller from any further direct obligation to each other. Guarantee system is made by three parts: margin, reserve fund and technical assurance fund.

3.3. Investor protection details

The exchange guarantees the checking and certification of commodity quality. Investor protection is aided by the financial guarantee system, exchange-clearing procedures and the transparency of floor operations.

3.4. Perspectives

The development strategy of RCE was elaborated through the confrontation of traditional futures and commodities exchanges in the world and the needs of the Romanian market.



We intend to continue and maintain the traditional trading activity (sales of fixed assets, spot transactions, forward transactions and international/domestic auctions organization) in order to assure the financial balance and the needed resources for development.

Regarding the introduction of modern tools, we focus our efforts on the organization of an efficient spot market for grains, petroleum products and electric power as the basis for commodities futures market, on launching options on futures contract, on developing of the futures market by introducing new contracts.

The global nature of trade, close telecommunication links, multinational companies and the rapid movement of risk capital from country to country make it impractical to have several exchanges trading similar commodities in one region. Co-ordination and co-operation of exchanges is a desirable way for exchanges to focus on comparative advantage and increase individual contract liquidity.

This is the reason why at the international level, we will focus our efforts on the strong co-operation especially between the Exchanges from the East and Central European countries.

RCE intends to conclude bilateral co-operation agreements with all the Commodities Exchanges in the region in order to strengthen the relationship between them or to start new ones. Each agreement will have specific object and collaboration. We are convinced that futures trading will make the RCE more attractive for the international business environment and will mean a greater opportunity for co-operation in different economic fields.

Bursa Română de Mărfuri
Piata Presei Libere nr. 1, Sector 1, Bucharest, Romania
Phone: +40-1-224.45.60 (President & CEO)
 +40-1-224.16.45 (Public & International Relations)
 +40-1-224. 45.16 (Strategy Dept.)
Fax: +40-1-224.28.78
E-mail: bursa@brm.ro
Home page: www.brm.ro
Reuters: BURM01

Principal Officers:	
President & CEO	Mircea Filipoiu
Director Strategy Dept.	Liviu Copcealău
Director Transactions Dept.	Constantin Duță
Director Marketing & PR Dept.	Liliana Paraipan
Director Futures & Options Dept.	Iulian Lupu
Director Financial Dept.	Gheorghe Bobin