

MEASURES TO DISSEMINATE STOCK PROPERTY



OICV-IOSCO

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of the
International Organization of Securities Commissions**

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INTRODUCTION

At IOSCO's 1997 Annual Conference, the Emerging Markets Committee gave to the Working Group on Disclosure and Accounting (EMC-WG1) the mandate to study regulatory measures to facilitate the dissemination of stock property in emerging market countries.

This comparative analysis focuses on enhancing the capital formation process among public companies or those willing to access capital markets, through regulatory policies that promotes incentives for a broader domestic investor participation in stocks of public companies.

Fair distribution of wealth and granting citizens open access to property are paramount objectives of modern democratic societies. They also provide political stability for those nations, which is essential for sustained economic growth. The dissemination of stock property is one of the main tools available to achieve these goals.

Developing a solid and diversified domestic shareholding basis is a key objective because it can act as a shock absorber during periods of international turmoils.

In order to achieve liquidity and stability in stock markets, securities regulators can play an important role to facilitate a broad dissemination of stock property, mainly among retail investors. To achieve these goals certain conditions must be met and some regulatory tools are available to foster and encourage domestic retail investments.

This report reviews the measures adopted by the jurisdictions surveyed and designed to promote the dissemination of stock property.

Its contents neither intends to reach to a conclusion about which measures or policies are the best, nor to recommend any specific measures. The general objective of this report is to provide a comparative "checklist" of the different measures adopted by the jurisdictions included in the survey for the dissemination of stock property, with the expectation that it will be a useful tool for the Emerging Markets Committee member regulators when facing this complex issue.

CONCLUSION

- **Market statistics.**

The statistical information contained in charts 1 to 6 shows that a very low percentage of the total population of the emerging markets included in the survey invest in stocks. Except in Chinese Taipei and the Czech Republic, the level of dissemination of stock property is very low. Trading is concentrated in a reduced number of shares of big public companies, which are preferred by both local and foreign investors. We also note the lack of sufficient statistical data on this specific topic.

- **Policies towards dissemination of stock property.**

Most of the jurisdictions included in this survey adopted different types of policies in order to promote dissemination of stock property, except for Bulgaria, Jamaica, Korea, Morocco, Paraguay and Thailand, which have not yet done so.

The identified measures are the following:

- Specific legal provisions related, in particular: issuers' capital requirements (in order to facilitate the distribution of primary offerings), maximum percentages of stock holdings for institutional investors, privileges granted to retail investors in order to facilitate their participation in public companies as shareholders;
- Tax incentives;
- Non-specific measures designed to directly improve markets liquidity and transparency, (considering that this improvement will increase investor participation and subsequently disseminate stock property).

At the moment Argentina has no concrete measures in place to specifically promote dissemination of stock property.

By contrast to the Argentinian experience, in Venezuela, Singapore, Poland, Mauritius and Israel, the local regulation contains specific requirements (such as maximum percentages of shares that can be acquired by institutional investors, capital requirements for the issuers in order to be listed, first refusal choice granted to retail investors for the acquisition of new offerings) with the objective of ensuring dissemination of stock property from primary offerings. In Israel, the possibility of adopting an underwriting system, similar to the United States' system, is under study.

Other jurisdictions, such as Chinese Taipei, Barbados and Chile, promote dispersion through measures that are designed to directly improve market operations, with expectations that they will also have a positive effect on the distribution of stock property.

Privatization programs of state-owned companies adopted by Argentina, Tunisia, South Africa, Peru and the Czech Republic provide that a percentage of shares of privatized companies are to be sold in the domestic market in order to facilitate ownership by retail investors. Another percentage of these shares is also reserved for employees and company clients.

Turkey offers a beneficial tax treatment related to the acquisition of shares in order to favor share distribution and also promotes the participation of retail investors in the market through mutual funds, which were recently regulated.

- **Incentives for small and family owned companies to go public. Requirements for their stock dissemination. Mechanisms to promote liquidity of small business.**

Half of the jurisdictions surveyed have not adopted incentives for small and family owned companies for going public. Those jurisdictions are Peru, Poland, Paraguay, Panama, Mauritius, Korea, Jamaica, Hungary, the Czech Republic, Chile, Bulgaria and Argentina.

The other half of the jurisdictions surveyed adopted one or more of the following measures to stimulate small and family owned companies into going public:

- Creation of special markets to negotiate shares and bonds of small businesses (Singapore, Brazil and Barbados).
- Favorable requirements for small business listing at local exchanges (Thailand, South Africa, Morocco and Israel).
- Legal provisions appointing special capital requirements for small and family owned companies as well as a minimum number of shareholders (Chinese Taipei) and flexible requirements for disclosure of financial information and presentation of financial statements (Turkey).
- Advantageous tax treatment (Turkey, Venezuela).

The following jurisdictions have not implemented any related measures: Argentina, Chile, Israel, Jamaica, Korea, Morocco, Panama, Paraguay, Peru, Thailand and Tunisia.

Some specific measures were adopted in Brazil for small companies (regulation of market makers' activities, which provides liquidity for companies listed in the Electronic Quotation System (SOMA)). In Mauritius small company shares are negotiated in the over-the-counter market which provides a fair liquidity. In Poland a market maker system provides increasing liquidity in the over-the-counter market designed for listing small companies. Other specific measures were also implemented in Singapore, South Africa, Chinese Taipei and Turkey.

- **Ability to issue non-voting shares.**

The legislation of all the jurisdictions included in the survey, except for Bulgaria, Poland and Singapore, provide that public companies can issue non-voting shares.

Not all shareholders are interested in exercising their voting rights. Most of the jurisdictions surveyed therefore provide the alternative of issuing non-voting shares, which can or cannot give the right to receive a preferred dividend. This provision affects the traditional relationship between capital and voting rights, but facilitates the flow of savings towards equity investments.

- **Main factors preventing investments in the capital market.**

Among the various common factors mentioned in response to the questionnaire circulated are:

- Lack of investment culture and education;
- Market volatility and low liquidity;
- Deficiency in market transparency;
- Stronger banking investment culture and related investment opportunities.

These factors fall within the responsibility of domestic market regulators, whose missions are partly related to the general improvement of market activities. Several of them indicated that they are in the process of addressing them in light of the IOSCO Principles and Objectives of Securities Regulation.

- **Local corporate law provisions addressing the protection of minority shareholders from controlling shareholders' abuse or misconduct.**

All the jurisdictions surveyed describe their domestic regulation related to the protection of minority shareholders (ref. Table 10).

They also indicated which factors, in their opinion, could be considered the most relevant to foster investors confidence (chart 11):

- Corporate law provisions (Argentina, Brazil, Poland);

- Provisions related to shareholders' right to seek a court of law revision of decisions adopted by the general meeting of shareholders as well as the judicial protection of individual shareholder's rights (Barbados, Bulgaria, Korea, Singapore, Paraguay, Chinese Taipei);
- Provisions specially addressing minority shareholder protection (Mauritius, Morocco, Tunisia and Turkey);
- All the capital markets' regulatory framework (Chile, Hungary);
- Provisions referred to the disclosure of company financial and non-financial information (Israel, Peru, Thailand).

Even if it is true that minority shareholders have to be legally properly protected, it is also true that either minority or controlling shareholders may exercise their rights for their own benefit, regardless of the company's interests and business. Therefore, when regulating the protection of shareholders – majority or minority - the interests of the company must be the main guideline when reviewing a regulatory framework.

The existence of an auditing body is a major guarantee for minority shareholders. It also addresses the issue of effective and complete disclosure of financial and non-financial information concerning the company's business and governance.

Protection of minority shareholders is a key issue that must be adequately taken into account in domestic corporate laws in order to increase the participation of local and foreign retail investors in the capital markets.

- **Developing an investment culture.**

Investors' expectations with respect to economic growth have a direct impact on the capital markets. When confident about the prospects for sustained economic growth, investors may be willing to purchase more stocks and diversify into riskier investments. It should however be clear for investors that securities markets represent one of several alternatives investing and that different risk levels are related to different types of investments.

- Argentina, Barbados, Brazil, Chile, Jamaica, Peru and Paraguay are deeply involved in the educational campaign promoted by the Council of Securities Regulators of the Americas (COSRA). This campaign has for objective providing information about securities markets and the investment opportunities they offer.
- Bulgaria, the Czech Republic, Mauritius, Poland, Singapore and Chinese Taipei have adopted different measures to educate investors about the risks and benefits of capital markets (e.g., monthly bulletins, brochures, regular presentations on television, radio and through the press, seminars, training sessions, publications on the Internet, etc.).

- Hungary, Israel, Korea, Morocco, Panama, South Africa, Tunisia and Venezuela do not have specific measures to increase investors' awareness about the risks and benefits of investing in the securities market.

Regulators must consider investor education as a long-term high yield investment. Investors must understand how the securities industry works and how they can avoid becoming victim of securities fraud and abuse.

Investors educated on the importance of investing wisely will be able to protect themselves from securities fraud and abuse and this will help regulators in their enforcement duties while contributing to the development of a more transparent capital market.

IOSCO By-Laws state that securities regulators, at both domestic and international levels, should be guided by a constant concern for investor protection. Investor education helps in both protecting investors and developing markets. It is a way of protecting them and a key factor for the development of the domestic securities markets.

- **Channels to formalize investor complaints. Most frequent complaints. Procedures to solve disputes between investors and brokers, issuers, mutual funds, etc.**

Investors can address directly the regulator in order to file their complaints in Argentina, Brazil, Bulgaria, Chile, the Czech Republic, Hungary, Israel, Jamaica, Mauritius, Morocco, Panama, Paraguay, Poland, Singapore, South Africa, Chinese Taipei, Thailand, Tunisia, Turkey and Venezuela. They can address both the regulator and the stock exchange in South Africa, Thailand, Turkey; or exclusively the local self-regulatory organization in Barbados, Korea and Peru.

In most of the jurisdictions included in the survey, there is no prescribed procedure to present investor complaints. They generally can be filed by written presentation delivered in person, by mail, fax or telephone.

The most frequent complaints received from investors are the following:

- non-payment of dividends;
- non-fulfillment of disclosure requirements by issuers;
- unauthorized trading;
- illegal advertising promising regular profits;
- complaints based on misunderstanding of the securities market's functions;
- failure of brokers to execute client orders;
- delays in transfers of accounts and reception of funds.

With respect to procedures to resolve disputes between investors and brokers, issuers, mutual funds and other market participants, four different types - involving the participation of securities regulator - were identified:

- No specific administrative procedure to resolve disputes. Disputes between investors and issuers, mutual funds and other market participants are resolved either by mutual agreement among the parties or through arbitration or by a court of law (Argentina, Barbados, Morocco, Panama, Paraguay, Peru¹, Poland, South Africa, Chinese Taipei, Thailand).
 - Though there is no specific administrative proceeding to resolve disputes, the regulator informally assists the parties in resolving them (Hungary, Jamaica).
 - Resolving disputes is considered as part of the regulator's authority and a specific administrative procedure is provided to resolve disputes (Chile, Korea, Mauritius, Singapore, Tunisia, Venezuela).
 - Disputes are resolved by an SRO court of arbitration (Bulgaria, Turkey).
- **Practice of issuing shares to company managers and employees. Incentives and tax treatment.**

The practice of issuing shares to company managers and employees is not widespread in the jurisdictions surveyed, except for Barbados, Israel, Korea, Mauritius, Morocco, Singapore, South Africa, Chinese Taipei and Venezuela.

Only in Chinese Taipei and Korea are tax exemptions conferred either to the issuing company or to the employees acquiring shares under specific employee share option plans.

- **Issuing of shares to the general public or employees, pursuing to privatization programs.**

Most of the growth of employee share ownership around the world has been driven by privatization programs, which were undertaken in most of the jurisdictions surveyed.

Employee share ownership resulting from privatization programs is neither risk-free nor easy to accomplish but it represents a creative mean to expand the shareholder base, which can substantially benefit both governments and employees.

Except for Korea and Tunisia, which are not presently undertaking any specific privatization program, the rest of the jurisdictions surveyed offer favorable conditions for share acquisition of privatized companies by employees and clients.

- **Measures to encourage brokers in accepting retail investors as clients. Difference in brokerage commission according to order size.**

None of the jurisdictions included in the survey provide any kind of measures to encourage local brokers to accept retail investors as clients.

¹ Disputes involving mutual funds have to be solved by the CONASEV's Board of Commissioners.

Except for Mauritius, Paraguay, Singapore and Venezuela, larger orders command lower brokerage commissions.

- In Mauritius, brokerage commissions are fixed and not negotiable. Furthermore, they do not vary in accordance with order size.
- In Paraguay, brokerage commissions vary in accordance with the volume traded of a determined stock but not because of the size of the order.
- In Singapore, commission rates for securities transactions on the Mainboard and on the SESDAQ are determined by the Securities Exchange of Singapore.
- In Venezuela, the brokerage commissions do not vary according to order size but each broker charges different commissions to its clients.

- **Monitoring of stock quotations on a real-time basis by retail investors.**

Except for Barbados, the Czech Republic, Jamaica, Morocco, Panama and Paraguay (i.e. in Argentina, Brazil, Chile, Hungary, Israel, Korea, Mauritius, Peru, Poland, Singapore, South Africa, Chinese Taipei, Thailand, Tunisia, Turkey, Venezuela), retail investors are able to monitor stock quotations on a real-time basis either through special TV cable channel programs, services provided by private firms, computer terminals, Internet or other electronic facilities.

1. MARKET STATISTICS

Chart 1

COUNTRY	NUMBER OF PUBLIC COMPANIES' SHAREHOLDERS	POPULATION	% OVER POPULATION
ARGENTINA	2.960.000 (*)	34.264.000	8,63%
BARBADOS	23.943	265.000	9%
BRAZIL	3.614.200	160.000.000	2.25%
BULGARIA	2.500.000	8.500.000	30%
CHILE	638.442	15.000.000	4.26%
CZECH REP.	3.900.000	10.000.000	39%
HUNGARY	Not available	-----	-----
ISRAEL	Not available	-----	-----
JAMAICA	2.600	260.000	1%
KOREA	2.680.000	46.991.000	5,8 %
MAURITIUS	75.000	1.100.000	7,5 %
MOROCCO	45.000	27.000.000	0,16
PANAMA	Not available	Not available	Not available
PARAGUAY	1.800	5.085.000	0.035%
PERU	450.000	13.235.294	3.4%
POLAND	1325 (*)	38.000.000	0,003 %
SINGAPORE	1.184.000		
SOUTH AFRICA	2.000.000	41.242.000	4,84
CHINESE TAIPEI	7.500.000	21.500.000	34,8 %
THAILAND	770.000	59.095.419	1.30%
TUNISIA	Not available	Not available	Not available
TURKEY	555.722	63.528.225	0.87%
VENEZUELA	124.832	22.000.000	1%

(*) Number of registered investment accounts

Chart 2

COUNTRY	NUMBER OF PUBLIC COMPANIES	MARKET CAPITALIZATION (US\$)
ARGENTINA	129	60.196.000.000 (***)
BARBADOS	40	23.947.620.000
BRAZIL	538 (*)	155.500.000.000
BULGARIA	900	Not available
CHILE	329	60.000.000.000
CZECH REP.	1956	3.207.000.000
HUNGARY	182 (**)	Not available
ISRAEL	673	86.000.000.000
JAMAICA	48	2.000.000.000
KOREA	748	114.090.000.000
MAURITIUS	40	2.000.000.000
MOROCCO	48	13.700.000.000
PANAMA	28	3.752.371.667
PARAGUAY	60	315.886.228
PERU	252	11.035.300.000
POLAND	217	16.947.800.000
SINGAPORE	321	1.200.000.000
SOUTH AFRICA	638	240.211.000.000
CHINESE TAIPEI	405	35.000.000.000
THAILAND	428	21.842.530.000
TUNISIA	130	2.619.000.000
TURKEY	277	33.975.000.000
VENEZUELA	75	7.580.420.000

(*) Market capitalization only corresponding to public companies listed in BOVESPA.

(**) The Hungarian Privatization and State Holding Company exercise ownership rights over assets of 116 companies –according to provisions of Privatization Act-.

(***) Market capitalization to March, 1998.

Chart 3

COUNTRY	Participation of investors in local market (in terms of market capitalization)					
	Shareholders controllers	Domestic Institutional Investors	Domestic Financial Institutions	Domestic non-financial Corporations	Domestic Individuals	Foreign Investors
ARGENTINA	Not available	Not available	Not available	Not available	Not available	Not available
BARBADOS	Not available	Not available	Not available	Not available	Not available	Not available
BRAZIL	Not available	15%	Not available	Not available	Not available	20.8%
BULGARIA	Not available	Not available	Not available	Not available	Not available	Not available
CHILE	57.6%	10%	Not available	Not available	Not available	1.65%
CZECH REP.	Not available	Not available	Not available	Not available	Not available	Not available
HUNGARY	Not available	Not available	Not available	Not available	Not available	Not available
ISRAEL	67,3%	11,5%	Not available	Not available	Not available	21,2%
JAMAICA	Not available	40%	30%	30%	15%	70%
KOREA	Not available	26.3%	Not available	Not available	29.6%	13,7%
MAURITIUS	Not available	80%	Not available	Not available	Not available	Not available
MOROCCO	Not available	Not available	Not available	Not available	Not available	Not available
PANAMA	Not available	Not available	Not available	Not available	Not available	Not available
PARAGUAY	Not available	Not available	Not available	Not available	Not available	Not available
PERU	Not available	34.9%	Not available	Not available	Not available	44%
POLAND	Not available	31%	Not available	Not available	31%	38%
SINGAPORE	Not available	Not available	Not available	Not available	Not available	Not available
SOUTH AFRICA	Not available	Not available	Not available	Not available	Not available	Not available
CHINESE TAIPEI	Not available	8,2%	Not available	Not available	90,2%	1,6%
THAILAND	Not available	5.96%	Not available	Not available	49.44%	44.60%

Chart 3

COUNTRY	Participation of investors in local market (in terms of market capitalization)					
	Shareholders controllers	Domestic Institutional Investors	Domestic Financial Institutions	Domestic non-financial Corporations	Domestic Individuals	Foreign Investors
TUNISIA	Not available	5.44%	6.58%	13.02%	42.65%	20.98%
TURKEY	Not available ^(*)	Not available	Not available	4.50%	78.44%	16.43%
VENEZUELA	Not available	Not available	48%	Not available	Not available	20%

^(*) This percentage is not available. However, it is estimated that shareholder controllers hold approximately 70% of public companies' shares and these shares have not traded on the stock exchange.

Chart 4

COUNTRY	Average Monthly Turnover Compared to the Total Market Capitalization		
ARGENTINA	The average monthly turnover is equal to US \$ 6.657 billions compared to the total market capitalization of US \$ 60.196 (march 1998)		
BARBADOS	The average monthly turnover in 1998 was US \$ 5.663.462,49 compared to a total market capitalization of US \$ 4.824.130.000.000.		
BRAZIL	Monthly turnover is equal to 5.16% (considering the trading volume and market capitalization of BOVESPA).		
BULGARIA			
CHILE	The average monthly turnover for the last 18 months is 0.77%.		
CZECH REP.	The average monthly turnover compared to the total market capitalization was equal to 1.71% as of January, 1999.		
HUNGARY	(Figures contained in Annex 3/1, 3/2 and 3/3)		
ISRAEL	The average monthly turnover is equal to 4.0 billion dollars and total market capitalization is equal to 46 billion dollars.		
JAMAICA	The average monthly turnover is equal to 1.7%.		
KOREA	The average monthly turnover is equal to 18.1%.		
MAURITIUS	The average monthly turnover of the market is about US \$ 10 million compared to the market capitalization of US \$ 2 billion.		
MOROCCO	The average monthly turnover in 1997 was USD 269 million, with a market capitalization of USD 11.9 billion.		
PANAMA	The average monthly turnover was US\$ 9.250.000 compared to a market capitalization of US\$ 3.752.371.667.		
PARAGUAY	The average monthly turnover as of September 1998 was US \$ 11.777 with a market capitalization equal to US \$ 315.886.228.		
PERU	In 1998 the traded volume in stock was US \$ 3.067 million, and by the end of that year market capitalization was US\$ 11.035 million.		
POLAND	The average monthly turnover on the WSE in 1997 amounted to 4.361.8 mil PLN, capitalization on the WSE in 1997 amounted to 43,766 mil PLN /exchange rate (1 USD = 3.5 PLN).		
SINGAPORE	The average monthly turnover in 1997 was S\$ 8.22 billion per month, 3.1% of total market capitalization		
SOUTH AFRICA			
	Period	January 1998	1997
	Market Capitalization U\$\$ Million	240,211	230,040
	Turnover for the period U\$\$ Million	67,745	13,157
	Turnover as % of Market Capitalization	1,55%	19,43%
CHINESE TAIPEI	Average monthly turnover rate for 1997 was 30.85, whereas for January and February of 1998, it was 12.41 and 32.89 respectively.		
THAILAND	The average monthly turnover is equal to U\$\$ 2.851.650.000.000, a 13.06% compared to the total market capitalization.		

Chart 4

COUNTRY	Average Monthly Turnover Compared to the Total Market Capitalization
TUNISIA	The average monthly turnover in 1998 was US 18.000.000 with a market capitalization equal to 0.8%.
TURKEY	The average monthly turnover in 1998 was US 48.846.000, with a market capitalization equal to 5.8%.
VENEZUELA	The average monthly turnover in 1998 was US \$ 262.56 million with a market capitalization equal to US \$ 7,580.42 million.

COUNTRY	Volume Concentration in Few Stocks
ARGENTINA	The volume concentrates in stocks corresponding to 18 leading public companies.
BARBADOS	On average all securities trade however, over 50% of the volume in 1998, were concentrated in one security.
BRAZIL	The top ten stocks represent 80.60% of trading volume and the top five 70.81, solely TELEBRAS representing 51.82%.
BULGARIA	
CHILE	The 20 most traded stocks encompass approx. 80% of the market.
CZECH REP.	Volume is concentrated only in a small number of shares, where 15% of the largest issues represent 95% of the capitalization of the market.
HUNGARY	Stocks of public companies on the stock exchange are primarily much sought after, and some of them are in great demand. As of now there's volume concentration in stocks of telecommunication, oil industry and electricity supplier companies.
ISRAEL	20 of the 730 stocks trade on the TASE account for 46% in the total trade volume.
JAMAICA	Yes, there are.
KOREA	Top five stocks amounts to 11.9 %.
MAURITIUS	There's a relative volume concentration in a few stocks, mainly in the banking/insurance and hotel sectors.
MOROCCO	The 10 largest traded stocks have represented over 85% of total traded volume over the past three years (1995-1997).
PANAMA	There is a volume concentration in a few stocks.
PARAGUAY	There's no concentration in few stocks.
PERU	In 1998 the top four stocks made up 39% of traded volume, and the top ten reached 58%.
POLAND	Not available.
SINGAPORE	20 most active stocks comprise more than 50% of total turnover.
SOUTH AFRICA	According to JSE statistics of listed shares corresponding to 1997, over a total of 638 listed companies with a market capitalization of US\$ 230,040 million and a turnover of U\$S 44,696 million, the top ten companies had a market capitalization of U\$S 67,745 million and a turnover of U\$S 13,157 million (29,45%).
CHINESE TAIPEI	In recent half a year, volume concentrated in electronics stocks which were said to have more profits.
THAILAND	There's a volume concentration in a number of stocks –preferable to foreign investors- whose daily trading value combine accounting for more than 50% of the total market trading value.
TUNISIA	During 1998, volume concentrated in 5 companies that represented 43% of the traded volume.

COUNTRY	Volume Concentration in Few Stocks
TURKEY	At the ISE stock market, frequency distribution of companies' trading volume in 1998 exhibited that, among 25 companies which are traded most actively, the first 5 companies represented 28.17% while the last 5 companies constituted 5.25% of the total trading value.
VENEZUELA	There are 75 listed companies at the Caracas Stock Exchange and the volume is concentrated in 10 companies.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

COUNTRY	Policies to Facilitate Dissemination of Public Companies' Stocks
ARGENTINA	- There are no such policies at the present. A derogated CNV regulation –as a consequence of problems generated by its practical application- established minimum standards of dissemination as a requirement to be accomplished by public companies with the purpose of promoting the secondary market's growth.
BARBADOS	- The shares of all publicly listed companies must be traded on the Exchange.
BRAZIL	<ul style="list-style-type: none"> - Decree No. 157 promotes conversion of individual's income tax into shares of a fund called "Fund 157". - Employees may acquire privatized public company's stocks, according to privatization program –ex., clients of TELEBRAS have recently received preferred companies' shares.
BULGARIA	- None.
CHILE	- The Securities Market Law imposes disclosure standards for corporations. The direct outcome of those policies on disclosure is that Chilean investors have accurate and timely access to securities market information.
CZECH REP.	- Companies that were privatized under the voucher privatization were obliged to have publicly tradable shares. This also applied to the shares of investment funds that participated in the voucher privatization. This policy was successful.
HUNGARY	- (Only indicates the local source where information related to this question is available -Hungarian Privatization and State Holding Company-).
ISRAEL	<ul style="list-style-type: none"> - Share's price is equal for all investors and determined through an open auction. Shares' allocation proceed as follows: in first term, to investors bidding a price higher than the auction price; in second term, to investors bidding a price equal to the auction price "a pro-rata". - Institutional investors can acquire 40% to 70% of the issue, depending on its size and the sort of securities offered. - A proposal to amend the underwriting system in order to incorporate similar characteristics contained in the US' system is under study.
JAMAICA	- There is no clear public policy in this regard. Both primary and secondary markets are supported by the recently established Central Securities Depository (CSD) and the JSE.
KOREA	- No specific policies exist to facilitate the dissemination of companies' stock among retail investors in the process of its public offering.

COUNTRY	Policies to Facilitate Dissemination of Public Companies' Stocks
MAURITIUS	<ul style="list-style-type: none"> - Listed companies must have a 15% of its capital in hands of the public –public defined as individuals who own less than 5% of capital shares of a listed company-, that shall be increased to 25% in a period of 5 years. - Investment institutions shall have not less than 40% of its capital subscribed in the term of 1 year of its incorporation, by means of shares offered to members of the public other than its directors.
MOROCCO	<ul style="list-style-type: none"> - Not applicable.
PANAMA	<ul style="list-style-type: none"> - There are no policies to facilitate the dissemination of public companies stock among retail investors in Panama.
PARAGUAY	<ul style="list-style-type: none"> - There are no specific policies. Each of the companies going public determines or not, according to its needs, policies to facilitate dissemination of its stocks.
PERU	<ul style="list-style-type: none"> - Attractive companies, such as public utilities and banks, have been partially privatized through a program called Participación Ciudadana (citizen participation), which enables retail investors to purchase a stake in such companies.
POLAND	<ul style="list-style-type: none"> - There're certain capital requirements for companies, such us (among others): <ul style="list-style-type: none"> • Share capital of companies must be equal to PLN 7 million and at least be composed by 500 shareholders, in order to be admitted to trading in the main market • Share capital of companies must be equal to PLN 3 million and at least be composed by 300 shareholders, in order to be admitted for trading in parallel market • Share capital of companies must be equal to PLN 1.5 million in order to be admitted for trading in the free market - There're no capital requirements for companies which shares are to be admitted to trading in the over-the-counter market - Small companies have no special capital requirements to go public.
SINGAPORE	<ul style="list-style-type: none"> - In an initial public offering, a certain portion of the shares would be required to be sold by a public offer for subscription, as compared to placement. In addition, a minimum portion of the public offer is required to be set aside for retail investors. - The SES has also undertaken initiatives to facilitate the subscription of shares at initial public offerings and rights issues by retail investors such as allowing the shares to be subscribed via the bank's network of automated teller machines which are distributed throughout Singapore. - This policies and initiatives were successful.

COUNTRY	Policies to Facilitate Dissemination of Public Companies' Stocks
SOUTH AFRICA	<ul style="list-style-type: none"> - Within the privatization process of public owned companies, Government adopted several measures to economically empower historically disadvantaged persons, such as the NATIONAL EMPOWERMENT FUND (NEF). This way, these persons would be able to acquire affordably priced unit portfolios composed by public and private companies' stocks.
CHINESE TAIPEI	<ul style="list-style-type: none"> - Bolster the development of securities market and facilitate accessibility into the market of the public - Improve the operation of the securities market to ensure a fair and fully disclosed market environment. - Promote the development of the securities services industry to help channel savings into investment - Require certified public accountants to enhance their professional standards and credibility in disclosing information of public companies <p>The above mentioned measures increased investors confidence with a consequent and progressive engagement in securities investments.</p>
THAILAND	<ul style="list-style-type: none"> - There're no specific policies to facilitate dissemination of public companies' stocks. The only regulatory requirement regarding this subject is that newly issued stocks cannot be given to the underwriter's or the issuer's major shareholders or management for the purpose of preventing conflict of interest.
TUNISIA	<ul style="list-style-type: none"> - A law referred to the restructure of state-owned-companies, issued in 1989, provides that the Government can sell those all or part of those companies' stocks in order to promote the competitiveness of a determined productive sector.
TURKEY	<ul style="list-style-type: none"> - Some tax incentives are designed in order to encourage investing in stocks. Also, to expand the small investor base for securities, mutual funds were regulated. A recent Communiqué issued by the CMB provides makes easier for newly privatized companies to place stocks in the market more quickly and easily, giving firms more flexibility to determine the best composition of price and quantity when launching IPOs.
VENEZUELA	<ul style="list-style-type: none"> - The Venezuelan Capital Market Law provides a preference to the retail investor during the first five days of public offer of securities. - The Privatization Program has also facilitated the dissemination of public companies' stocks.

COUNTRY	Incentives for Small and Family Owned Companies to go Public – Requirements for their Stocks Dissemination
ARGENTINA	There are no incentives for small business to go public. Legislation promoting small and medium size companies does not contain any provisions to incentive this companies to go public.
BARBADOS	There are no incentives for small business to go public but there exists a “Junior Market” to facilitate such companies, which requirements are not so rigorous as those for the Official List
BULGARIA	There are no incentives for small business to go public.
CHILE	There are no policies to incentive family owned companies to go public.
CZECH REP.	There are no incentives for small business to go public.
BRAZIL	<ul style="list-style-type: none"> - There’s a special electronic system destined to small companies that have no access to the stock exchanges, called “Electronic Quotation System” (SOMA). - This companies are excused from publishing their financial statements in newspapers of the city in which the stocks are traded and from performing inflation adjustments to its balance sheets. - Small capitalization funds (FMIEE) were created to invest at least 75% of its resources in companies with gross revenue lower than US\$ 51.5 per year, in order to stimulate their capitalization and go public.
HUNGARY	The supervisory authority does not stimulate companies to go public. There is no specific regulation for small businesses. They have to comply equal requirements like other companies, independently from whether it’s a private placement or a public issue.
ISRAEL	It is required that shares are allocated, at least, among 275 individuals. The TEL AVIV STOCK EXCHANGE (TASE) is proposing to ease listing requirements and make them compatible with those required by foreign stock markets.
JAMAICA	There are no incentives for small business to go public.
KOREA	There are no incentives for small business to go public. However, in the case of venture companies, the KOSDAQ listing requirement is relatively easier than other companies.
MAURITIUS	Among other incentives given by Government to companies seeking to go public, the most remarkable consists in a reduction in corporation tax rate from a 35% to a 25%. Approved Investment Institution pays a corporate tax of a 15% rate. There’s no special treatment for small business related to listing conditions.
MOROCCO	Securities Law N° 1-93-211 was amended in 1997 to ease listing requirements for small business. To be eligible for listing, small business need to have a minimum capital of US\$ 1.000.000 and float at least 15% of its shares.
PANAMA	There are no specific incentives to small or family owned companies to go public.
PARAGUAY	There are no specific incentives for small business to go public. However, there is a beneficial tax income treatment for those companies going public improved for small business.
PERU	There are no specific incentives for small business to go public.

COUNTRY	Incentives for Small and Family Owned Companies to go Public – Requirements for their Stocks Dissemination				
POLAND	There are no incentives for small business to go public.				
SINGAPORE	The SESDAQ is positioned as a board that provides greater flexibility to companies in terms of lower quantitative criteria, in terms of length of operating track record, profitability and size of capital, lower shareholding spread and a higher percentage of shares available for issue under an employee share option scheme, compared to a listing on the Main Board. As such, it provides an avenue by which small and medium sized companies and start-up companies could raise funds from the capital market.				
SOUTH AFRICA	The JSE created three categories of listing. The Venture Capital Market specially encourages small business to go public. The major listing requirements for these categories are the following:		Main Board Listing	Development Capital Market	Venture Capital Market (*)
		Min. Capital Min. Issued shares Min. Share issue price Profit history requirements Min. Extent of annual profit Public shareholding required: - % equity - N° of equity shareholders	R 2.000.000 1.000.000 100 c. 3 years R 1.000.000 10%	R 1.000.000 1.000.000 50 c. 2 years R 500.000 5%	R 500.000 1.000.000 50 c. None None 5%
	(*) For Venture Capital Market no profit history is required to obtain a listing but credible business plans must be submitted to the Listings Committee of JSE. Only 25% of securities held by the entrepreneurs in such companies will initially be listed and financial states must be submitted after a period of two years.				
CHINESE TAIPEI	Incentive requirements for dissemination of small business stocks, among others, are the following: - Minimum capital requirement only US\$ 1.520.000; - Registered shareholders holding shares between 1.000 and 50.000 should be not less than three hundred. - Duration of establishment not less than three years. - Annual profitability ratio not less than 2% of capital.				
THAILAND	There are Securities Exchange of Thailand's particular listing requirements for companies with production units located in the provinces outside Bangkok, which are streamlined in regard to the required size and operational performance of the business as well as the dissemination of its new issues. This requirements will be in the near future applied to all small and medium sized companies seeking to go public.				

COUNTRY	Incentives for Small and Family Owned Companies to go Public – Requirements for their Stocks Dissemination
TUNISIA	<p>In order to promote small and family owned companies going public:</p> <ul style="list-style-type: none"> - the law provides that they can issue non-voting shares up to 49% of their capital - there's a corporation tax reduction from 35% to 20% for a period of 5 years benefiting those companies offering at least 30% of their shares publicly.
TURKEY	<ul style="list-style-type: none"> - Tax incentives: no withholding tax is paid for dividend payments of public companies. - Borrowing limit:: the limit of the total value of bonds and other debt securities issued by the public companies is determined higher than that of the Turkish Commercial Code for the bonds to be issued by joint stock companies. - Exemption from CML obligations: companies having assets less than the amount determined by the CMB can be exempted partly or completely from the obligations such as independent auditing, distribution of dividends arising from the CML.
VENEZUELA	<p>There is an important beneficial tax treatment for those small business going public.</p>

COUNTRY	Viability to Issue Non-Voting Shares
ARGENTINA	Legal regulations make possible for companies to issue non-voting shares. Issue of preferred stocks is also permitted.
BARBADOS	Companies are allowed to issue preferences share, which are non-voting shares.
BRAZIL	Companies may issue 2/3 of the total capital in non-voting shares.
BULGARIA	Legislation does not permit public companies to issue non-voting shares.
CHILE	Yes, corporations can issue preferred stocks that do not carry voting rights.
CZECH REP.	Joint stock companies may issue priority shares to which voting rights are not attached.
HUNGARY	The legal regulations make possible for companies to issue non-voting shares.
ISRAEL	Since 1990, a company can issue only one class of common shares. Issue of preferred stocks is also permitted.
JAMAICA	Public companies may issue non-voting preferred shares.
KOREA	Public companies may issue non-voting preferred shares up to the amount equivalent to one half of the total outstanding stock if its bylaws allow such issuance.
MAURITIUS	Public companies may issue non-voting shares provided that the Companies' Act and the Stock Exchange regulations are not being violated.
MOROCCO	Corporate Law N° 17-95 allows incorporated companies to issue non-voting preferred shares through a capital increase or the conversion of existing ordinary shares. Only companies earning profits during the last 2 fiscal years can issue these shares, which cannot belong to members of the board of directors, executive directors and their spouses. These non-voting preferred shares can only represent up to 25% of company's capital.
PANAMA	It is possible for companies to issue non-voting shares.
PARAGUAY	Even if there is no specific legal provision allowing the issuing of no-voting shares, it is possible to do so if provided in the company's by-laws.
PERU	Public companies may issue non-voting shares according to dispositions contained in the Corporate Law.
POLAND	It is not possible for companies to issue non-voting shares.
SINGAPORE	Singapore-incorporated companies cannot issue non-voting ordinary shares.

COUNTRY	Viability to Issue Non-Voting Shares
SOUTH AFRICA	<p>Although the Companies Act of 1974 determines that every shareholder of a company is empowered by its shares with the right to vote, the following provisions allow, in practice, the existence of non-voting shares:</p> <ul style="list-style-type: none"> - The extension of the right to vote conferred to a shareholder company is determined by articles of company's bylaws; - companies may have different classes of shares, ruled by provisions contained in its bylaws, which may prescribe that a certain class shall not confer the right to vote at meetings of the company, except in determined situations, such as: existence of unpaid dividends, adoption of resolutions that directly affect any of the rights conferred by those shares, like capital reduction, winding-up of company, etc.
CHINESE TAIPEI	A listed company can issue non-voting preferred shares.
THAILAND	There are no provisions concerning to the issue of shares in the Public Limited Companies Act. So, any type of shares can be issued under the provisions of the SEC. Its regulation is under study.
TUNISIA	It is possible for companies to issue non-voting shares.
TURKEY	Joint stock companies can issue non-voting but preferred shares with respect to dividends. However, until now there has been no issue of shares of this kind.
VENEZUELA	Public companies can issue a limited number of non-voting preferred shares.

Chart 9

COUNTRY	Main Factors Influencing Investor Avoiding Stocks' Investments
ARGENTINA	<ul style="list-style-type: none"> - Remains of a short-term and conservative investing mentality - A lack of investing culture - Insufficient saving capability - Non periodic cash payment of dividends
BARBADOS	<ul style="list-style-type: none"> - Lack of education about exactly how the process works and how it can be used to the investor's benefit.
BRAZIL	<ul style="list-style-type: none"> - Lack of hedge culture - Lack of access to brokers - Market volatility - High interest rates
BULGARIA	<ul style="list-style-type: none"> - Low liquidity of the market - Inadequate statutory guarantees for minority shareholders protection. - Still not effective disclosure practice - Undeveloped investment culture of the population
CHILE	<ul style="list-style-type: none"> - Level of risk - Ignorance of the available information related to the investing process.
CZECH REP.	<ul style="list-style-type: none"> - Persistent non-transparency of the capital market - Failure of issuers to duly publish regularly and on time their economic and financial results.
HUNGARY	<ul style="list-style-type: none"> - High banking deposits' interests - Government's Bonds yields - Lack of hedge culture
ISRAEL	<ul style="list-style-type: none"> - High volatility - Low profitability of public companies - Better alternatives for investment
JAMAICA	<ul style="list-style-type: none"> - "Shareholder culture" poorly developed.
KOREA	<ul style="list-style-type: none"> - Shortage of investment merit - Deficiency of Transparency - Insufficiency of public notification system
MAURITIUS	<ul style="list-style-type: none"> - Companies' performance - Current economic and political climate and public information - Any of basic factors that could affect any exchange
MOROCCO	<ul style="list-style-type: none"> - "Shareholder culture" poorly developed - Traditional investments in real estates and bank deposits <p>This situation is gradually changing for the following reasons:</p> <ul style="list-style-type: none"> - Yields on Treasury bonds have entered in a downward trend - Successful privatization program, provided new investment opportunities - Inception of mutual funds since 1996

Chart 9

COUNTRY	Main Factors Influencing Investor Avoiding Stocks' Investments
PANAMA	<ul style="list-style-type: none"> - Lack of shares in the market.
PARAGUAY	<ul style="list-style-type: none"> - Reduced development of the local capital market
PERU	<ul style="list-style-type: none"> - Precedents of fraud - High volatility - Limited market depth due to lack of liquid stocks - Poor financial culture - High transaction costs for small investors
POLAND	<ul style="list-style-type: none"> - High risk connected with stocks' prices - High interest rates
SINGAPORE	<ul style="list-style-type: none"> - Lack of knowledge of share investing - Aversion to the risks of share investments - Better yields from alternative investments
SOUTH AFRICA	<ul style="list-style-type: none"> - Relatively high real interest rates in South Africa - Trading costs, including brokerage and Marketable Securities Tax
CHINESE TAIPEI	<ul style="list-style-type: none"> - Risk in negative stock price fluctuation - Collection of either securities trading or securities income taxes - Collection of trading commission - Changes in political, social and economical environment
THAILAND	<ul style="list-style-type: none"> - Negative expectation of listed companies' earnings - Better investment opportunities - Investors' lack of confidence in the transparency and fairness of the market
TUNISIA	<ul style="list-style-type: none"> - Lack of investing culture - Other present economic situations
TURKEY	<ul style="list-style-type: none"> - Insufficient savings - Lack of information - High risk investment - Buying difficulties - Lack of time
VENEZUELA	<ul style="list-style-type: none"> - International and domestic economic crisis - Bank investment culture

3. PROTECTION OF MINORITIES

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
ARGENTINA	<ul style="list-style-type: none"> - Rules referred to the auditing body, which represents shareholders' interests. - Permanent public supervision of public companies by the Securities and Exchange Commission. - Designation of members of the board of directors by a multiple-way voting system. Even though its practical application was unsuccessful, this system intended to guarantee representation of minority in the board of directors of the company. - Shareholders may demand the inspection of company's business. - Full disclosure of information needed by any investor in order to adopt an investment decision related to company's stocks. - Right of shareholders representing, at least, 5% of votes to: <ul style="list-style-type: none"> • Request general meeting to the board of directors or the auditing body; • Request general meeting to the CNV or to a commercial judge in case of omission of its call by the board of directors or auditing body.
BARBADOS	<ul style="list-style-type: none"> - The Securities Exchange Act provides the protection of the Investing Public and provides for investigations, disciplinary action according to the by-laws and rules of the Exchange.
BRAZIL	<ul style="list-style-type: none"> - Controlling shareholders' liability for any damage or loss caused to the company or shareholders by an abusive conduct. - Fixed criteria for calculation of minimum dividends as a obligatory provision to be contained in company's bylaws, in order to protect minority shareholders of arbitrary decisions adopted by controlling shareholders. - Legal liability of controlling shareholders if, at liquidation of the company, the applied division criteria causes losses to minority shareholders. - Appraisal rights of minority shareholders in the following cases: 1) creation of preferred shares or increase of an existing class without maintaining its proportion with the other classes; 2) alteration of a preference, privilege or condition of redemption or amortization corresponding to a specific class or to preferred shares or creation of a new and more favored class; 3) reduction of the compulsory dividend; 4) mergers and takeovers; 5) participation in a group of corporations; 6) alteration of corporate commercial activity; 7) company's retirement of public offer.
BULGARIA	<ul style="list-style-type: none"> - Higher requirements for quorum (3/4 of the capital) and a majority (3/4 of the represented capital) for the General Assembly to decide to drop out the right of the shareholders to acquire shares from the new issue as well as a decision for capital increase under condition of certain people at a certain price. - Shareholders representing at least 1/10 of the capital of the company may convene the general assembly. If not satisfied, the meeting can be convened by a court of law. - Any shareholder can claim before a court of law the cancellation of a decision taken by the general meeting, if it is inconsistent with any by-laws imperative provision.

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
CHILE	<ul style="list-style-type: none"> - Stipulations about responsibilities, liabilities and prohibitions of the administration and corporate governors. Administration's supervision is in charge of inspectors and independent external auditors, nominated by the shareholders. - At present, two law projects related to effective protection of small investors are under study.
CZECH REP.	<ul style="list-style-type: none"> - Provisions referred to: <ul style="list-style-type: none"> - Mandatory public share repurchase offers (buybacks) for company's shares. This obligation applies to majority shareholders who acquire a certain percentage of public shares to which voting rights are attached that amount to or exceed the limits specified by the law. The price of such shares must be a minimum of the weighed average of prices quoted on public markets for the last six months prior to the day that such an obligation arises. - Obligation of the company to tender a public share repurchase offer (buyback) if its general meeting passes a resolution to delist the company.
HUNGARY	<ul style="list-style-type: none"> - There's a two-directional legal protection of minorities: (i) the shareholder is protected against individuals acquiring an influential stake –more than 33%- in the company. From date of the acquisition, a license issued by the Supervision shall be obtained in case of take-over of public companies; (ii) the minority shareholders are also protected against decisions adopted by the General Meeting consisting in unfair changes of shareholders rights. Such a decision can only be adopted by $\frac{3}{4}$ of votes and all resolutions of the General Meeting can be challenged in court within 30 days of their adoption.
ISRAEL	<ul style="list-style-type: none"> - A shareholder having a personal interest in any issue involving company's interests, cannot vote to adopt a resolution related to that issue when considered by the General Assembly; - Controlling shareholders must participate in the company's General Assemblies when its presence is necessary for consideration and resolution of issues for the benefit of minority shareholders. - Full disclosure of information needed by any investor in order to adopt an investment decision related to company's stocks.
JAMAICA	<ul style="list-style-type: none"> - Small shareholders receive protection in the Securities Act, the Company's Act and the JSE Rules.
KOREA	<p>Minority shareholders are empowered to:</p> <ul style="list-style-type: none"> - require the call of General Assembly; - bring suit for nullification of the issuance of new shares - request dismissal of a member of the board of directors - seek injunction against a member of the board of directors - bring derivative suit against a member of the board of directors
MAURITIUS	<ul style="list-style-type: none"> - In case of discrimination and/or any damage or loss caused to minority shareholders by controlling shareholders, they can apply to court for an order to restrict or nullify such measures.

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
MOROCCO	<ul style="list-style-type: none"> - Minority shareholders are empowered to participate in the settlement of the company's management objectives. - One or several shareholders representing at least 10% of the company's capital may demand the President of the Court to designate one or several experts, specially commissioned to report on one or several company's management issues. - One or several shareholders representing at least 10% of the capital can demand the President of the Court to dismiss the auditors for well-grounded reasons. - If the board of directors are negligent in convening general meetings, minority shareholders can demand the President of the Court to appoint a trustee to convene it.
PANAMA	<ul style="list-style-type: none"> - Any agreement celebrated between the company and any of the members of the Board of Directors must be considered by the Board for its approval. Any shareholder can object this kind of agreements before a court of law. - If the legal representative of the company incurs in any misdeed, shareholders holding at least 5% of the company's shares can remove him and suit the representative.
PARAGUAY	<p>Capital Markets Act N° 94/91 provides: 1) at least 25% of the profits shall be distributed as cash dividends among shareholders, after integration of the legal reserve, payment of salaries to the members of the Board of Directors, the members of the auditing body and the fiduciary entity representing shareholders and the income tax, unless reduced up to 10% by decision adopted by the general meeting, approved by shareholders representing at least 75% of ordinary shares; 2) limitations to salaries of the members of the Board of Directors and members of the auditing body which will be proportional to the integrated shares and amount of profits can be decided by the general meeting.</p> <p>Civil Code's dispositions provide: 1) unlimited liability of the members of the Board of Directors with respect to shareholders, the company and third parties for any damage caused by its negligence or misleading, or violation of the law; 2) shareholders have the right to have access to all the financial information of the company.</p>
PERU	<ul style="list-style-type: none"> - Shareholders holding 1/10 of company's shares can request the auditing of the company's financial statements. - Decisions against the interest of the company are void. Any shareholder can nullify those kind of decisions by a court of law. - Shareholders representing 1/5 of company's shares can obtain a court order calling for a general assembly. Any shareholder have an identical right if an ordinary annual assembly fails to be called. - In the event of a capital increase, shareholders have the right to keep their shares' proportion, unless otherwise decided by the general assembly. - Members of the Board of Directors and managers are liable to the company, shareholders and any third party for any damage intentionally or negligently generated. - Shareholders have the right to have access to any document related to issues to be considered by the general assembly.

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
POLAND	<ul style="list-style-type: none"> - Shareholders can appeal resolutions of shareholders' General Meetings at Court. - The Law of Public Trading of Securities regulates the process of taking over control of a public company and imposes the accomplishment of certain requirements to buyers of major substantial block of the public company's shares.
SINGAPORE	<p>The Companies Act provides the following protection to small shareholders:</p> <ul style="list-style-type: none"> - Directors have the obligation to act honestly and use reasonable diligence in the fulfillment of their duties. - The company cannot make any loan to its directors or to directors of related companies, or guarantee such loans. - Minority shareholders have personal action to repeal oppressive or discriminatory measures adopted by controlling shareholders. - Listed companies must constitute an auditing body.
SOUTH AFRICA	<p>The most relevant provisions contained in the Companies Act of 1974 related to the protection of small shareholders are the following:</p> <ul style="list-style-type: none"> - Legal action corresponding to any shareholder in case of oppressive or unfair conduct of managers or controlling shareholders. - Shareholders holding not less than 5% of the issued shares may demand the inspection of company's business. - Unlimited legal liability of company's members of the board of directors and officers for losses caused as a result of any breach of faith or trust, - Unlimited legal liability of company's members of the board of directors and officers for any debt or damage caused to the company as a consequence of its recklessly or fraudulent actions. - Rules related to shares' offer and prospectus. - Regulation of securities, that includes insider trading prohibitions.
CHINESE TAIPEI	<ul style="list-style-type: none"> - Small shareholders holding at least 3% of the total company's shares, may call a temporary stockholders meeting and elect inspectors to investigate company's businesses and financial situation - After gathering 5% of the total shares, small shareholder may sue against members of board of directors. - After gathering 3% of total amount of shares, may request the court to send inspectors to investigate company's business and financial situation. - After gathering 3% of the total amount of shares, small shareholders may request the court to dismiss liquidator.

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
THAILAND	<ul style="list-style-type: none"> - Public Limited Companies Act B.E. 2535 provisions addressing the protection of small shareholders against misconduct of corporate governors are related especially to directors' qualifications, duties and liabilities in case of any contravention to their legal obligations. - This Act also contains provisions referred to shareholders' voting rights, in order to protect their interests at general assemblies, such us: <ul style="list-style-type: none"> • Not less than 25 shareholders representing not less than 1/5 of total number of shares can request the board of directors to call an extraordinary general meeting • The vote of not less than ¾ of the total number of votes of shareholders attending the meeting –if bylaws do not contain provisions that establish a higher percentage- are required to approve: sale or transfer of whole or significant part of the company's business; purchase or acceptance of transfer of business belonging to other companies; celebration, amendment or termination of agreements to grant or lease whole or part of company's business, assignment of management to third persons or joint ventures between the company and a third party. • Shareholders representing not less than 1/5 of the total number of shares have legal action to demand nullification of resolutions adopted against the rules contained in the Public Limited Companies Act and the bylaws. • In the case of merge, company shall purchase shares belonging to shareholders at the last price traded on the Securities Exchange prior to the date on which merger's resolution is adopted.
TUNISIA	<ul style="list-style-type: none"> - Obligation to inform any acquisition superior to 1/20, 1/10, 1/5, 1/3, ½ or 2/3 of the company's shares. - Provisions regarding the protection of minority shareholders of public companies. - Right of the minor shareholder to sell their shares to the controlling shareholder/s. - Right of the minor shareholder to request the CMF –Conseil du Marché Financier- that the controller shareholder with shares conferring 95% of the votes shall file a delisting petition in order to facilitate the sell of its shares.

COUNTRY	Local Corporate Laws' Provisions Addressing Protection of Minorities against Controlling Shareholders' Abuses or Misconduct
TURKEY	<ul style="list-style-type: none"> - Rights provided to shareholders representing at least 1/10 of the capital: 1) request bringing a suit against the members of the board of directors and the auditor to the general assembly; 2) request to postpone general meetings addressed to consider financial statements; 3) request appointment of special auditor; 4) direct complaints to the auditor against the members of the board of directors or managers; 5) request calling of general meetings and inclusion of new issues to its agenda. - Any shareholder can bring a suit against the members of the board of directors in the case that dividends are distributed or paid from fictitious earnings; or decisions adopted by the general meeting are not implemented without an acceptable reason; duties determined by the law or the by-laws are not fulfilled deliberately or neglectfully. - Regulation of proxy voting for publicly-held companies - Obligation to make offer to buy all the remaining shares - Right of the minority shareholders to sell their shares to the controlling group or person in case the proxies or owning the voting shares are collected, affecting the company's control. - Financial statements must be periodically published. - Obligation to publicly disclose material events in order to ensure transparency of the market. - Prohibition of price manipulation and insider trading activities.
VENEZUELA	<ul style="list-style-type: none"> - Companies must distribute the 50% of the net profit between all the shareholders and the 25% of the 50% must be a cash payment. - Companies must inform to the public any material event able to affect the share's price. - Any person acquiring more than 10% of a company's shares must inform this event to the Commission. - Controlling shareholders acquiring shares through a public offer must inform it to the Commission

COUNTRY	Relevant Provisions to Foster Investors' Confidence in the Fairness of the Local Market
ARGENTINA	Corporate Law's provisions and CNV regulations.
BARBADOS	Provisions that allow to complaint aggrieved persons.
BRAZIL	Corporate Law's provisions.
BULGARIA	Provisions providing the shareholder's right to claim at a court of law the revision of a decision adopted by the general meeting as well as the judiciary protection of shareholders' rights.
CHILE	Adequate regulatory framework and a mature market, impartial institutions and ethical professionals.
CZECH REP.	Provisions referred to the obligation to tender a public share repurchase offer (buyback) either on the part of the majority shareholder or on the part of the company.
HUNGARY	Provisions contained in legislation and regulations applicable to local trading.
ISRAEL	Provisions referred to "full disclosure" are considered most relevant for investors: - immediate reports of controlling share holders and interested parties - obligation of institutional investors to participate in general meetings.
JAMAICA	-
KOREA	- Derivative suit by shareholders
MAURITIUS	- Provisions contained in the Companies' Act referred to protection of minority shareholders.
MOROCCO	- Legal provisions referred to protection of minority shareholders.
PANAMA	- Provision referred to the right of shareholders to remove the legal representative of the company.
PARAGUAY	- Legal provisions providing prohibitions and penalties for the following: a) false trading and market rigging transactions; b) stock market manipulation; c) false or misleading statements; d) fraudulently inducing persons to deal in securities; e) employment of manipulative and deceptive devices; f) dealings in securities by insiders; g) employment of manipulative and deceptive devices.
PERU	- Provisions contained in the Securities Market Law providing free access to the securities market's Public Registry, disclosure of financial and non-financial information and prohibition of insider trading.
POLAND	- Provisions contained in the Public Trading of Securities Act of 1997
SINGAPORE	- Provisions referred to shareholders' legal actions to effectively enforce their corporate rights and obtain adequate remedy in the event of abuses by directors and controlling shareholders.
SOUTH AFRICA	- Requirement for companies to appoint independent auditors. - New legislation on insider trading to be approved during 1998
CHINESE TAIPEI	- Rights of minority shareholders to call a temporary stockholders' meeting and elect inspectors to investigate company's businesses and financial situation and to sue members of the board of directors.
THAILAND	- Legal provisions and regulations referred to disclosure requirements and corporate governance.

COUNTRY	Relevant Provisions to Foster Investors' Confidence in the Fairness of the Local Market
TUNISIA	- All the provisions detailed in Chart 10.
TURKEY	- All the provisions detailed in Chart 10.
VENEZUELA	- Obligation to communicate any event able to have any impact on the shares' price.

4. DEVELOPING A CULTURE OF INVESTING

COUNTRY	Campaigns for Investor's Awareness about Risks and Benefits of Capital Markets' Investment
ARGENTINA	On February 1998, the Securities and Exchange Commission launched the "Investor's Protection and Education Campaign" with the purpose of aware investors of risks and benefits of local capital market. This was an initiative of the Council of Securities Regulators of the Americas. On February 1999, the second part of this Campaign began, and will be focused on teenagers and kids.
BARBADOS	During March 1998, the Exchange in association with COSRA presented a "Saving & Investing Education Week" with the purpose of providing the public at large with some understanding of different aspects of investing. Also, periodic school presentations are made with the objective of informing the younger age groups about the alternative ways to saving.
BRAZIL	In 1998, the CVM organized the "Investor's Education Week", launching the "Program for Investor Orientation and Protection" (PRODIN) all over the country.
BULGARIA	The SSEC publishes every month its own bulletin covering issues referred to investor awareness concerning risks and benefits of investing in capital markets. Also there are regular presentations on TV and radio broadcasts and mass media publications about this issue.
CHILE	The SVS is deeply involved in COSRA Investor Education Campaign.
CZECH REP.	The Czech Securities Commission actively participates in the various programs aimed at increasing the knowledge of investors. In addition, a special project is being prepared that will focus on informing and increasing the knowledge of all aspects of investing, particularly with respect to retail investors.
HUNGARY	The HBCMS does not promote campaigns for investor's awareness.
ISRAEL	The I.S.A. does not promote campaigns for investor's awareness.
JAMAICA	The Securities Commission promotes investor awareness in the capital market through its public education program, introduced in 1998.
KOREA	Public agency does not promote campaigns for investor's awareness. However, there are obligatory requirements to explain the abstract and risk of the future and options transactions to investors through written documents.
MAURITIUS	The Commission is organizing and executing promotion campaigns for investor awareness concerning risks and benefits of investing in the capital market. Th Stock Exchange regulations stipulate that the Commission is responsible for the promotion of the stock exchange.
MOROCCO	CDVM does not promote campaigns for investors awareness. The agency projects to issue awareness brochures and pamphlets targeted to the general public to help them make wise investment choices.
PANAMA	The Agency does not promote campaigns for investor awareness concerning risks and benefits of investing in capital markets.
PARAGUAY	The CNV organizes periodically seminars, work-shops and conferences for businessmen and students of different ages all over the country, referred to the awareness of investors on the risks of investing in the capital market.

COUNTRY	Campaigns for Investor's Awareness about Risks and Benefits of Capital Markets' Investment
PERU	The CONASEV frequently conducts campaigns to provide investors, potential investors and issuers, students and public at large with information about the securities market and its opportunities. These campaigns include publications, and events in many Peruvian cities and universities. This year an educational campaign organized by COSRA will take place during one week with the objective of enhancing financial awareness and literacy in the region's youth.
POLAND	In 1997, the Polish Securities and Exchange Commission conducted an educational program from means allocated within the European Union's Aid Program Phare.
SINGAPORE	The SES organizes investment fairs and money talks periodically to educate investors on the risks and benefits of investing in the stock market.
SOUTH AFRICA	The Financial Board does not promote or fund any investor awareness campaigns. The JSE, a self-regulating entity, has a continuous program for investor awareness campaigns. Government intends that the NEF, once established, will also assist with investor's education programs.
CHINESE TAIPEI	The Commission and several of its agencies promote campaigns for investor's awareness concerning risks and benefits of investing in capital markets.
THAILAND	In 1998, the Securities and Exchange Commission plans to launch a nationwide program of public education called "How to Invest Wisely" by means of seminars, trainings, publications, etc., in order to enhance public knowledge on basic investment.
TUNISIA	The Commission does not promote any campaigns at the moment.
TURKEY	CMB has published books and brochures about capital markets to inform investors. Also information on capital market regulations and weekly and monthly bulletins are available at the web sit of the CMB.
VENEZUELA	The CNV does not promote any campaigns.

COUNTRY	Channels to Formalize Investors' Complaints – Most Frequent Complaints
ARGENTINA	<ul style="list-style-type: none"> - Investors may formalize its complaints, either by formal written presentation, by telephone or fax –in this last case, must endorse them with written presentation-. - Channels to formalize complaints are the following: personal attendance at the Enforcement Division of the Securities and Exchange Commission; submission by mail to the CNV of written complaints and a phone call to an specific telephone line set to receive investors' consults.
BARBADOS	A formal Hearing Committee has been created as part of the Securities Exchange in order to receive investors' complaints.
BRAZIL	<ul style="list-style-type: none"> - Investors may formalize its complaints through the Investors Education and Protection Department (SOI) of the CVM, either by mail, telephone or e-mail. - Complaints most frequently received are related to investment agreements that provide any kind of participation, partnership or yields.
BULGARIA	<p>There is any special procedure for investors to file complaints before the Commission. However, investors file their queries in written, according to the general administrative procedures.</p> <p>Most frequent complaints are: non-payment of dividends; breach of the procedure for calling of the general meeting in cases of capital increase on part of the management bodies; failure to fulfill the obligation of disclosing relevant information.</p>
CHILE	<p>Investors formalize their complaints in written, by phone or in person to a SVS's staff of lawyers that consider and solve them.</p> <p>Most frequent complaints are related to custody, lack of understanding by investors of the fluctuation nature of shares and mutual funds.</p>
CZECH REP.	<p>There is any special procedure to formulate or submit complaints.</p> <p>Most frequent complaints are against traders and collective investments; non-fulfillment of disclosure requirements by issuers and non-fulfillment of the obligation to tender a public share repurchase offer by majority shareholders.</p>
HUNGARY	Investors can formalize its complaints at the Supervision, an agency of the public administration authorized to investigate any complaint related to the organizations subject to its supervision and their activities.
ISRAEL	Director of the Secondary Market Supervision Department is in charge of public complaints. Also, investors can request the Israel Securities Authority (ISA) to provide funds for a class action against a public company for different reasons (for e.x., deceptive detail in prospectus).
JAMAICA	<ul style="list-style-type: none"> - Investors may formalize its complaints at the Securities Commission. - Most frequently received complaints are about delays in receiving share certificates.
KOREA	<ul style="list-style-type: none"> - Investors may formalize its complaints at the Compliance Office of the Securities Firm. They may also request mediation to dispute to the Securities Mediation Committee of the Securities Supervisory Board (SSB) rather than going to a court of law. - Most frequently received complaints are related to unauthorized trading, discretionary trading and illegal inducement which guarantees regular profits.

COUNTRY	Channels to Formalize Investors' Complaints – Most Frequent Complaints
MAURITIUS	Investors may formalize complaints at the Commission, in writing or by phone. Most frequent complaints received are those related to price increase of illiquid stocks underpinned by low performing companies.
MOROCCO	Investors can send their complaints to the CDVM. Complaints are received either by phone, facsimile or mail. They are mainly related to misunderstanding of capital market mechanisms as investors are not always aware of the risks associated with their investments.
PANAMA	Investors have an easy channel to formalize complaints. Most frequent complaint is to get financial statements on time.
PARAGUAY	There is any special procedure for investors to file complaints before the Commission. Any complaints have been filed, by the moment, because of the little and resent development of the local capital market.
PERU	The Stock Exchange is the first instance to file a complaint.
POLAND	Investors have an easy access to formalize their complaints. There's a Complaint Position at the Authorization Department of the PSEC, that reviews complaints concerning brokerage firms and investment fund corporations.
SINGAPORE	- Complaints can be filed in written to the Public Affairs Department of the SES.
SOUTH AFRICA	<ul style="list-style-type: none"> - Investors can direct complain to statutory regulatory bodies, such as the Business Practices Committee and the Financial Services Board. These bodies can only act against institutions in respect of unlawful conduct and non-compliance with legislation. - Most frequent complaints received are relate to investment scams by unregistered operators (not necessarily shares investments). - The JSE also consider investor complaints against stockbrokers. If complaints relate to the non-adherence to provisions of the Stock Exchanges Control Act of 1985 or the JSE rules by a stockbroker, the JSE can take the matter further in an internal disciplinary hearing against the broker. - Most frequent complaints received by the JSE are related to late scrip deliveries and non-execution or incomplete execution of buy orders
CHINESE TAIPEI	Investors have accessible channels to formalize complaints. Most frequent complaints received are securities firms failure to deliver securities or pay money due after trading.
THAILAND	<ul style="list-style-type: none"> - Investors may lodge formal written complaints either to the SEC or the SET. - Most frequent complaints, among others, are centered on the following issues: price manipulation, insider trading, misconduct or fraud of managers of listed companies, use of client's accounts by marketing officers of the securities companies.
TUNISIA	Complaints can be filed by applying to the CMF.
TURKEY	Investors can direct complaints by applying to the stock exchange, to the CMB or directly file the case to a court of law. Most frequent complaints are related to the activities of the brokerage houses –e.g., return of the cash and stocks in custody, transactions performed without the client's order, unfulfillment of a client's order, etc.-.
VENEZUELA	The investors formalize their complaints at the CNV, Most frequent complaints received are related to nonfulfillment of buy and sell orders.

COUNTRY	Administrative Procedure to Solve Disputes between investors and brokers, issuers, mutual funds, etc.
ARGENTINA	There's no specific administrative procedure to solve disputes.
BARBADOS	Disputes are normally resolved directly by the parties.
BRAZIL	The CVM conducts administrative inquires.
BULGARIA	There is any special administrative procedure to solve disputes. There is an arbitration court that solves disputes emerged in connection with concluding and execution of exchange transactions on the stock exchange when defendant is a member of the stock exchange as well as those connected with a rejection to admit a person as a member of the exchange. The Court may also review other disputes assigned with arbitration agreement on contractual or extracontractual basis related to the issues provided in the stock exchanges' by-laws.
CHILE	Law N° 3.538 of creation of the SVS provides the procedure to solve disputes among participants of the Chilean securities market.
CZECH REP.	Yes.
HUNGARY	The Supervision is authorized only to conduct the investigation which implies conciliatory talks between the interested parties. This quasi informal conciliation gives rise to an ongoing debate concerning the role of the Supervision whether it exceeds its scope of competence as a public administration agency.
ISRAEL	There's no specific administrative procedure to solve disputes.
JAMAICA	There's no specific administrative procedure to solve disputes, but the JSE facilitates the settling proceedings among the parts involved.
KOREA	The Division of Securities Mediation of the SSB conducts the administrative procedure. When disputes concerning to securities transactions arise, the Disputes Mediation Committee, as a part of the Board, can assist in the resolution of the conflicts. Upon an application for dispute mediation, Committee conducts a factual inspection and makes a mediation proposal. Once the proposal is accepted by two parties, it carries the same obligations as a judicial accord.
MAURITIUS	The Commission usually tries to solve market-related disputes in accordance with the powers conferred by the Stock Exchange Act of 1988 and a series of regulations concerning capital market.
MOROCCO	There is no specific administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc..
PANAMA	There is no existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.
PARAGUAY	There is any specific administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc..
PERU	<ul style="list-style-type: none"> - The procedure to settle disputes between brokerages firms and a broker and a client begins at the Lima Stock Exchange. Its decision can be appealed to the CONASEV. - Complaints filed by mutual funds administrators and investors of non-listed companies are investigated by the CONASEV senior management. Applicable sanction is decided by the CONASEV's administrative court or by the CONASEV's board of commissioners. - All securities market's participants have the right to settle their disputes through arbitration. - Disputes involving mutual funds have to be solved by the CONASEV's Board.

COUNTRY	Administrative Procedure to Solve Disputes between investors and brokers, issuers, mutual funds, etc.
POLAND	<p>Disputes between investors and brokers, issuers, etc., are considered civil disputes and are solved by civil courts.</p> <p>The Polish Securities and Exchange Commission does not solve this kind of disputes, but Chairman of the PSEC is entitled to act as a prosecutor on behalf of an investor.</p>
SINGAPORE	<p>Disputes are considered by the SES's investigation department and, if necessary, the case is assigned to the Disciplinary Committee for action.</p>
SOUTH AFRICA	<p>There are neither formal dispute resolution mechanisms nor an ombudsman to deal with investor complaints against stockbrokers, issuers and mutual funds.</p> <p>If the JSE receives a complaint relating to the non-adherence to listing requirements by an issuer, the JSE can take action against the issuer, at worse, to suspend its shares from listing. This procedure do not include resolving investor disputes.</p>
CHINESE TAIPEI	<p>There is no specific administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc..</p>
THAILAND	<p>On disputes concerning share's trading between SET members or between a member and its clients, disputing parties may file an application for settlement by arbitrators to the SET.</p>
TUNISIA	<p>The CMF has a ruled proceeding to solve disputes between investors and issuers, mutual funds, etc.</p>
TURKEY	<p>Conflicts related to the stock exchange transactions between the stock exchange members and their clients can be solved pursuant to the ISE regulations. Stock exchange board of directors is the decision making body to solve the conflicts by the help of the conflict committee. Against board of directors decision, the parties can apply to the CMB within 10 working days.</p>
VENEZUELA	<p>The CNV has to promote the arbitrage and its rules to solve disputes between investors and brokers. The Commission also enacts administrative procedures to solve disputes between investors and issuers, mutual funds, etc.</p>

5. EMPLOYEE'S PARTICIPATION

COUNTRY	Practice of Distributing Shares among Company's Managers and Employees – Incentives and Tax Treatment
ARGENTINA	There's no practice of distributing shares among company managers or employees. There are no tax exemptions or other kind of incentives for companies to distribute shares to its managers or employees.
BARBADOS	Some employers distribute shares among managers and employees as a bonus. Also, many companies are engaged in the ESOP – Employee Share Option Plan, granting to the employees the choice to purchase company's shares.
BRAZIL	Privatization process provides employees' participation in the capital of state-owned companies in favorable conditions (they can acquire stocks at a lower price than market price).
BULGARIA	In every privatization deal, managers and employees of the state-owned company have the right to acquire at half price up to 20% of the company's shares.
CHILE	There's no practice of distributing shares among company managers or employees. A treasury stock or buyback stock program is under study.
CZECH REP.	The practice of a company issuing shares to its management or employees is not very widespread. In general, shares that were previously issued as employees shares are changed into common stock by resolution of the general meeting. There are no tax incentives for such issues.
HUNGARY	There's an existing practice of distributing shares among company's managers and employees. No additional favorable conditions are defined for both company's managers and employees.
ISRAEL	Private placements of shares and warrants to employees are very common in public companies in Israel, especially for senior managers.
JAMAICA	There exists this practice, however, it is not widespread.
KOREA	<ul style="list-style-type: none"> - stock-sharing plan for employees and Stock option plan - in the case of public offering, allotment of an specific amount of shares is reserved for the employees - Tax exemption on the balance, damages recognition both of the stock acquisition subsidy money and of operational expenses of the association for the benefit of accounting
MAURITIUS	Is usual the practice of distributing shares to managers and employees among local companies. The distribution is made in favorable conditions. There are no tax exemptions or any other kind of incentives for those companies.
MOROCCO	Some of the listed companies started issuing shares to their employees as part of employees' motivating programs. Shares are generally sold with a markdown ranging from 15% to 40% of its market price.
PANAMA	The practice of distributing shares to company managers or employees is not very usual. When taking place, it is made in favorable conditions. There are no tax or other kind of incentives for those companies.
PARAGUAY	There are any incentives and employees' participation is determined by the internal policy of each particular company.
PERU	The practice is not a legal obligation any more but nowadays the "labor stocks" are still issued by the companies.

COUNTRY	Practice of Distributing Shares among Company's Managers and Employees – Incentives and Tax Treatment
POLAND	It's provided in the Act on Privatization and Commercialization of the State Companies that managers and employees are able to receive free of charge up to 15% of shares of privatized companies, which are owed by State Treasury. Managers have the right to sale their stocks after a period of 3 years, while employees are allowed to do it after a period of 2 years.
SINGAPORE	It's common practice for listed companies to distribute shares to company managers and employees by way of an employee share option scheme. The rules of the SES on employee share option schemes limit the size and tenure of the schemes.
SOUTH AFRICA	<p>There's a market practice, driven by the free market system, of share incentives and share options for managers and employees.</p> <ul style="list-style-type: none"> - Relaxation on the general prohibition of granting financial assistance to purchase shares of the company or its holding company, where shares are bought by trustees in accordance with a scheme for the benefit of its employees. - There are no tax or other incentives designed to promote distribution or sale of shares to company's employees. Income Tax will be payable on the difference between the purchase price and the ruling price at the purchase date when the shares are sold.
CHINESE TAIPEI	It is usual the practice of distributing shares to company managers and employees. This practice often involves favorable conditions for employees, such as tax exemption, free commission, lower buying price, etc..
THAILAND	Notification No. Gor Jor 12/2538 on the "Employee Stock Ownership Plan" is applicable to the practice of shares' distribution among employees and managers.
TUNISIA	There are not specific legal provisions regarding the practice of shares distribution among employees and managers.
TURKEY	The practice of distributing company's shares among employees and managers is not usual. There are any tax or other kind of incentives for these companies.
VENEZUELA	It is usual the practice of distributing shares to company managers and employees, which is made in favorable conditions. However, there are no incentives for those companies.

COUNTRY	Acquisition of Shares by the General Public or Employees Provided in Privatization Programs
ARGENTINA	Argentine's Privatization program, regulated by Law N° 23.696, regards the acquisition of shares by the general public, among other channels, through the "Participated Property Program", created in order to rule acquisition of shares of public companies undergoing a privatization process, in favorable conditions, by employees, users and producers.
BARBADOS	Government's policy for privatization requires that some shares be sold to the public as well as employees.
BRAZIL	Privatization of estate owned companies allows employees to participate in its capital in favorable conditions.
BULGARIA	The Bulgarian's privatization program prescribe the acquisition of shares by the general public, granting to each citizen of age the right to acquire 250.000 vouchers (investment bonds) and to participate with the same in the tenders periodically organized by the Center for mass privatization. These vouchers may be used as means of payment for all kinds of privatization deals.
CHILE	In privatization programs taken place during the 80's, there were favorable conditions for the acquisition of shares by employees and the general public.
CZECH REP.	The privatization program was based on the acquisition of publicly tradable shares by retail investors under the process of voucher privatization. This way, the majority of state-owned corporations were privatized and a large number of citizens acquired shares for a minimum price.
ISRAEL	The Governmental Companies' Authority in charge of the process of privatization programs, allows prescriptions based on what is thought to generate the highest price.
JAMAICA	The privatization program provides incentives for companies that implement Employee Share Ownership Plans (ESOP).
KOREA	There's no specific privatization program.
MAURITIUS	The country has a privatization program designed for the general public, including employees. The acquisitions were made in favorable conditions and employees had been given a discounted price.
MOROCCO	Shares can be sold to the employees of the company being privatized. However, total shares sold to the employees cannot exceed 10% of the company's capital or 20% of the State's stake that is being sold. A markdown to the price per share is allowed but it cannot exceed 15% (according to Law N° 38-89 of 1990).
PANAMA	The Privatization Program prescribes the acquisition of a small amount of shares by employees only, and it is not provided that the remaining shares are going to be publicly offered.
PARAGUAY	The Act 126/91 on Privatization provides a first refusal choice to employees and other related sectors. Stocks of privatized companies are freely
PERU	Privatization programs are open to the general public in a percentage defined by each program under equal conditions for all investors.
POLAND	According to the privatization program, there's possibility for the management board as well as employees to receive free of charge up to 15% of shares of privatized companies, which are owed by the State Treasury. The remaining shares can be sold to institutional investors or to the general public.

COUNTRY	Acquisition of Shares by the General Public or Employees Provided in Privatization Programs
SINGAPORE	State-owned companies are being privatized by an offer to the general public and to foreign and local institutional investors made in conjunction with a listing on the SES. Shares in such transactions have been offered to investors, including employees, on the same terms, but there has been an instance of shares that were offered to citizens on favourable conditions.
SOUTH AFRICA	A separate policy on privatization of public enterprises has not been compiled. The dissemination of shares' property in State owned enterprises will be propitiate through the NEF between historically disadvantaged persons, members of the general public in favorable conditions.
CHINESE TAIPEI	The privatization programs prescribe the percentage of shares to be issued to the general public and the employees. Favours are usually tendered to employees only.
THAILAND	There's no particular rule on the acquisition of shares from privatization programs by the general public or employees. However, in practice, these shares will be allocated among those groups and its distribution will be subject to procedures stated on the Notification of "Employee Stock Ownership Plan" and IPO's regulations.
TUNISIA	Not applicable.
TURKEY	Public offering, sale to the employees and sale on the stock exchange are the main privatization methods mentioned in the Privatization Law. However, this law does not contain specific provisions regarding the referred methods. In practice, selling shares to the employees in installments and credit opportunity are given and privileges are provided to demands with small amounts of shares.
VENEZUELA	Privatization program prescribes the acquisition of shares by the general public and in favorable conditions for the employees. At least, 20% of the public offered shares goes to the employees.

6. MARKET – LIQUIDITY AND PRACTICES

COUNTRY	Mechanisms to Promote Liquidity of Small Business
ARGENTINA	There's no mechanism to promote liquidity of small business.
BARBADOS	There exist a number of companies making funds available to individuals starting small businesses, offering a range of funding for projects in a number of sectors and provide technical assistance and accounting services to borrowers.
BRAZIL	CVM's Rule No. 244/96 created and regulates the activities of market makers, responsible for providing liquidity for companies listed in SOMA.
BULGARIA	
CHILE	There are no mechanisms to promote the liquidity of small companies.
CZECH REP.	There are no mechanisms to promote the liquidity of small companies.
HUNGARY	The HBCMS doesn't have mechanisms to promote liquidity for small companies rather the Supervision has project related banking mechanisms. Bond issue can be regarded as a source of liquidity but it is not specialized for small companies.
ISRAEL	There's no mechanism to promote liquidity for small companies.
JAMAICA	There's no mechanism to promote liquidity for small companies.
KOREA	There aren't any mechanisms to promote liquidity for small companies.
MAURITIUS	There're two markets, the Official Market that attracts major companies and is well regulated and the Over the Counter Market that has smaller companies loosely regulated. Very often, OTC companies submit applications to be considered for listing on the Official List once they are in a position to satisfy the listing requirements. The OTC has provided a market, which is fairly liquid for small capital based companies.
MOROCCO	There are no mechanisms to promote liquidity for small companies.
PANAMA	The Agency does not have mechanisms to promote liquidity for small companies.
PARAGUAY	There are no mechanisms to promote liquidity for small companies.
PERU	There are no current policies to promote liquidity for small businesses through the securities market.
POLAND	On the over-the-counter market /CTO/ designed for listing small companies, there is the system increasing liquidity – the market maker system-.
SINGAPORE	There is a Second Board (SESDAQ) for the listing of small companies.
SOUTH AFRICA	The JSE created three categories of listing. The Venture Capital Market especially encourages the listing of smaller companies.
CHINESE TAIPEI	Yes. The OTC market was created to help liquidity promotion for small companies.
THAILAND	Mechanisms to facilitate fund mobilization of small and medium sized companies are under study of the SEC, the Stock Exchange of Thailand, the Bangkok Stock Dealing Center, the Industrial Financial Cooperation of Thailand, the Small Industry Finance Cooperation and the Federation of Thai Industry.
TUNISIA	There are no mechanisms to promote liquidity for small companies.

COUNTRY	Mechanisms to Promote Liquidity of Small Business
TURKEY	The regional market was established with aim of promoting trading in stocks of small and medium size companies incorporated in all parts of the country. This market consists of companies that fail to fulfill the listing requirements and lacking the necessary qualifications for trading on the ISE National Market.
VENEZUELA	There are no special mechanisms to promote Liquidity for small companies. There is a tax incentive for all companies going public, which is 1% on income tax, otherwise they have to pay 34%.

COUNTRY	Measures to Encourage Brokers to Accept Retail Investors as Clients
ARGENTINA	There're no measures to encourage or compel brokers to accept retail investors as clients.
BARBADOS	There're no compelling measures, however, brokers are encouraged to accept "bona fide" clients.
BRAZIL	There're no measures to encourage or compel brokers to accept retail investors as clients.
BULGARIA	
CHILE	There are no measures to encourage or compel brokers to accept retail investors as clients.
CZECH REP.	There are no measures to provide incentives to brokers to accept retail investors as clients.
HUNGARY	Pursuant to the Securities Act, the investment service providers have the obligation to provide services to execute clients' orders in the stock exchange. There's a keen competition among brokers to provide services to retail investors since the market is relatively small and the number of brokerage firms is relatively high and some of the brokerage firms, owned by big banks, play a dominant role in the market.
ISRAEL	There're no measures to encourage or compel brokers to accept retail investors as clients.
JAMAICA	There're no measures to encourage or compel brokers to accept retail investors as clients.
KOREA	Brokerage firms conduct their affairs without distinguishing types of investors.
MAURITIUS	There're no measures to encourage or compel brokers to accept retail investors as clients. The brokers are free to do business with retail or institutional clients.
MOROCCO	There're no measures to encourage or compel brokers to accept retail investors as clients.
PANAMA	There are no measures encouraging or compelling brokers to accept retail investors as clients.
PARAGUAY	There are no measures to encourage or compel brokers to accept retail investors as clients.
PERU	There are no compelling measures.
POLAND	Individual investors dominate Polish capital market, so there's no need to encourage brokers to accept this kind of clients.
SINGAPORE	Retail investors are free to choose any broker that is available, and viceversa.
SOUTH AFRICA	There're no measures prescribing client profiles to brokers. Certain brokers, however, concentrate on retail investors as their market niche.
CHINESE TAIPEI	No. As there are 856 brokerage firms (including branches), competition among them is very keen. They try their best to absorb every possible customer.
THAILAND	The brokerage houses formulate policy of selecting wholesale or retail clients.

COUNTRY	Measures to Encourage Brokers to Accept Retail Investors as Clients
TUNISIA	The local regulations does not contemplate any difference relating to “big clients” or retail clients. Brokers must fulfil client’s orders without making any difference because of its amount.
TURKEY	There are no specific measures to encourage or to compel brokers to accept retail investors as clients.
VENEZUELA	The offer must go to the retail investors during the first five days.

COUNTRY	Difference in Brokerage Commission According to the Size of the Order
ARGENTINA	Usually larger orders correspond with lower brokerage commissions, set in case by case basis and depending on private agreements.
BARBADOS	The brokerage commission differs according to size of the order and range between 0.5% to 1.5%
BRAZIL	A Brokerage Fee Table serves as a basis for brokerage percentages, which are higher for smaller orders and lower for large orders. All fees are negotiable and may be increased or decreased by up to 100%. Usually, institutional investors negotiate with brokers substantial decrease of brokerage fees.
BULGARIA	
CHILE	Brokerage commissions are freely agreed by the parties.
CZECH REP.	The brokerage commission varies according to the size of the order. Generally, charges decrease proportionally with the size of the volume of trading.
HUNGARY	The fixing of the brokerage commission is at the discretion of the broker firm. The market controls charges of the services provided by the broker firms. It can be observed that charges are decreasing as the volume of investments is on the increase.
ISRAEL	The brokerage commission differs according to the size of the order and the type of client.
JAMAICA	Yes, brokerage commission differs according to the size of the order and the type of client.
KOREA	Brokerage firms freely decide the trust commission and their commission ratio differs by the order size. In addition, they discount commission if the order is submitted by program trading or by using electronic communications.
MAURITIUS	The brokerage commission doesn't differ to the size of the order and is not negotiable.
MOROCCO	Brokerage firms are free to set their commissions under a ceiling set to 0.6% for equity securities and to 0.4% for fixed income securities. These ceilings are set by a decree of the Ministry of Finance, after the advice of the CDVM. Brokers can choose to change their commissions according to the size of the order but this is not a requirement.
PANAMA	The brokerage commission differs according to the size of the order.
PARAGUAY	Brokerage commission are freely agreed by the parties. Commission varies according to the traded volume of a determined stock but not because of the size of the order.
PERU	The amount of the brokerage commission is not regulated, but the common practice is to fix it according to the order size and other variables. The lowest percentage may vary between 0.50% and 1% and increases as much as the brokers policy pursues to discourage small orders.
POLAND	Yes, there're differences in brokerage commissions according to the size of the order.

COUNTRY	Difference in Brokerage Commission According to the Size of the Order
SINGAPORE	The SES set the commission rates payable for securities transactions on the Mainboard and SESDAQ.
SOUTH AFRICA	Brokerage commissions have been deregulated. Commissions are negotiable and are more favorable for larger clients and large orders.
CHINESE TAIPEI	The larger the size of the order, the lower of the commission.
THAILAND	Brokerage commission structure depends on the type of client as follows: 1) sub-broker: fully negotiable; 2) Foreign broker: negotiable with floor at 0.3%; 3) Foreign retail client: negotiable with floor at 0.5%; 4) Domestic retail client: fixed at 0.5%.
TUNISIA	The brokerage commission is freely agreed by the parties.
TURKEY	According to the CMB regulation, commission rate may range between 0.2% and 1%. Within this range, the brokerage commission is negotiable depending on the amount and frequency of trading.
VENEZUELA	The brokerage commission does not differ according to the size of the order but it differs from each broker.

COUNTRY	Monitoring by Retail Investors of Stock Quotations in a Real-Time Basis
ARGENTINA	Retail investors can monitor stock quotations in a real-time basis only through a T.V. cable channel program transmitted directly every day from the Stock Exchange of Buenos Aires during the trading session.
BARBADOS	Real time stock quotes are not yet available. Dissemination of quotes is done within a few hours after trading and can be viewed on through Internet at www.cwwek.com .
BRAZIL	Retail investors do have a number of options to monitor quotations in a real-time basis through stock exchanges and some firms that offer real time softwares for monthly fee.
BULGARIA	
CHILE	All Chilean stock exchanges have computer terminals that give real-time prices. Some of those terminals are placed in public locations. The Santiago Stock Exchange also provides real-time prices through Internet.
CZECH REP.	Retail investors do not have the possibility of monitoring stock quotations in real time. Only traders do so.
HUNGARY	Practically every broker can provide information on the actual prices on the phone, some of them supply the exchange prices on a real-time basis to their clients through electronic facilities. This service is just beginning to take shape and it should be mentioned that it is not specifically cheap.
ISRAEL	Since August this year when TASE moved to the continuous trade system, it is possible for an investor to monitor stock quotations on a real time basis, using services provided by TASE and by its members (banks, etc.)
JAMAICA	Retail investors do not have the possibility of monitoring stock quotations in real time.
KOREA	The Korea Stock Exchange provides market information such as bid/sell price and turnover in real time through the securities terminals.
MAURITIUS	The Stock Exchange provides INTERNET and telephone services for those who are interested to monitor stock quotations.
MOROCCO	Stocks are traded daily from 10:00 AM to 12:00AM. Stock quotations are available in the afternoon of each day
PANAMA	It is not possible for retail investors to monitor stock quotations in a real time bases.
PARAGUAY	Nowadays, it is not possible for investor to monitor stock quotation on a real time basis. However, quotations are daily published by the Stock Exchange.
PERU	Quotes with a 20 minutes lag can be found at the Lima Stock Exchange Website www.bvl.com.pe .
POLAND	It's possible for retail investor to monitor stock quotation on a real time basis, provided they use the charged, specialized WSA system. However fees taken from monitoring the stock quotation in this system are very high. Moreover, individuals investors have possibility to monitor stock quotation in brokerage houses, which pay WSE for such service.
SINGAPORE	Real- time quotes are available from various information vendors.

COUNTRY	Monitoring by Retail Investors of Stock Quotations in a Real-Time Basis
SOUTH AFRICA	The JSE provides real-time stock quotation services to its stockbroker members. Stockbrokers usually supply telephone services to their clients to monitor real-time market prices. Some stockbrokers provide these services to clients via INTERNET.
CHINESE TAIPEI	The Commission and Taiwan Stock Exchange Keep close eyes on stock quotations to ensure fair transaction. The investors have full faith in the electronic trading system. Should they are suspicious about the transactions, they may report to this Commission for investigation.
THAILAND	Stock quotation is televised live on a local TV station throughout the trading period. Investors who regularly visit the trading room of a brokerage company can gain access to the SEC price reporting system which also shows all the bids, offers and value of all stocks traded on a real time basis.
TUNISIA	It is possible for retail investors to follow stock quotation on a real time basis thanks to the Tunice Stock Exchange.
TURKEY	Individual investors can monitor stock quotations in a real time bases from data provider like Reuters or Internet or in brokerage houses. Also, trading information, daily market information as well as statistics are broadcasted via some television channels.
VENEZUELA	Retail investors are always in contact with their brokers in order to monitor stock quotations in a real time basis.

**Answers of the Members of the
Emerging Markets Committee
to the Questionnaire on
Measures to Disseminate Stock
Property**

QUESTIONNAIRE ON MEASURES TO DISSEMINATE STOCK PROPERTY

1. MARKET STATISTICS

- 1.1. Approximate number of public companies' shareholders in your country. Compare that number with the population.
- 1.2. Number of public companies and market capitalization in US\$
- 1.3. What is the approximate percentage of the participation in your market of the following investors, in terms of market capitalization and value traded:
 - a) Shareholders controllers;
 - b) Domestic Institutional Investors;
 - c) Domestic Financial Institutions;
 - d) Domestic non-financial Corporations;
 - e) Domestic Individuals;
 - f) Foreign Investors.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1. Please describe the policies to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction. Also detail the outcomes of those policies.
- 2.2. Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?
- 2.3. Is it possible for companies to issue non-voting shares?
- 2.4. In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money in stocks.

3. PROTECTION OF MINORITIES

- 3.1. Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors.
- 3.2. Which of those provisions do you think is more relevant to foster investors confidence in the fairness of the market.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1. Does your agency promote campaigns for investor awareness concerning risks and benefits of investing in capital markets?
- 4.2. Do investors have an easy channel to formalize complaints? What are the most frequent complaints received?
- 4.3. Is there any existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.?

5. EMPLOYEE' PARTICIPATION

- 5.1. Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favorable conditions? Are there tax or other kind of incentives for those companies?
- 5.2. If your country has a privatization program, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favorable conditions?

6. MARKET – LIQUIDITY AND PRACTICES

- 6.1. Which is the average monthly turnover compared to the total market capitalization in your country?
- 6.2. Is there a volume concentration in a few stocks?
- 6.3. Do you have mechanisms to promote liquidity for small companies in your country?
- 6.4. Do any measures exist, in your country, encouraging or compelling brokers to accept retail investors as clients?
- 6.5. Does the brokerage commission differ according to the size of the order?
- 6.6. Is it possible for retail investors to monitor stock quotations in a real-time basis?

1. MARKET STATISTICS

- 1.1. Number of shareholders of public companies can be measured against the number of investment accounts, equal to 2.960.000, a 8.63% compared to a population of 34.264.000.
- 1.2. Public companies ascend to a total number of 129, representing a market capitalization of U\$S 60.196.000.000.
- 1.3. This information is not available.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1. With the objective of propitiating the secondary market's growth, the Securities and Exchange Commission dictated on May 26 of 1992 General Rule N° 207, which contained minimum standards of dispersion as a requisite to fulfil by listed companies, with the purpose of promoting the secondary market's growth. This rule was derogated by the new text of the Securities and Exchange Commission's Rules, decreed in 1997, as a consequence of problems generated by its practical application.
- 2.2. There are no incentives for small or family business to go public but CNV is studying ways to promote this companies going public. Legislation promoting small and medium size companies does not contain any provisions to incentive this companies to go public.
- 2.3. Yes, it's possible for companies to issue non voting shares. Issue of preferred stocks is also permitted.
- 2.4. In our opinion, main factors influencing investors or potential investors to avoid putting their money in stocks are, among others, the following: remains of a short-term and conservative investing mentality, a lack of investing culture, insufficient saving capability, non periodic dividends' in cash payments.

3. PROTECTION OF MINORITIES

- 3.1. Provisions contained in Argentine Corporate Law No. 19.550, that materialize protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors are the following:
 - a) Rules referred to the auditing body, which represents shareholders' interests.
 - b) A regime of permanent public supervision of public companies by the Securities and Exchange Commission.
 - c) Designation of members of the board of directors by a multiple-way voting system. Even though its practical application was unsuccessful, this system intended to guarantee representation of minority in the board of directors of the company.
 - d) Full disclosure of information needed by any investor in order to adopt an investment decision related to company's stocks.
 - e) Shareholders holding not less than 5% of the issued shares may demand the inspection of company's business.
 - f) Right of shareholders representing, at least, 5% of votes to:
 - f.1) request a general assembly to the board of directors or the auditing body;
 - f.2) request general assembly to the CNV or to justice in case of omission of its celebration by the board of directors or auditing body.
- 3.2. All provisions above described and rules of the Securities and Exchange Commission are important to foster investors confidence in the local market.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1. On February 1998, the Securities and Exchange Commission launched the "Investor's Protection and Educational Campaign" with the particular objective of aware investors of risks and benefits of local capital market. This was an initiative of the Council of Securities Regulators of the Americas.
- 4.2. Investors may formalize its complaints, either by formal written presentation, by telephone or fax. In this last case, complaints must be endorsed in written presentation.

Channels to formalize complaints are the following: personal attendance at the Enforcement Division of the Securities and Exchange Commission; submission by mail to the CNV of written complaints and a specific telephone line set to receive investors' consults.

4.3. No, there's no specific administrative procedure to solve disputes.

5. EMPLOYEE' PARTICIPATION

5.1. No, there's no practice of distributing shares to company managers or employees. There are no tax exemptions or other kind of incentives for companies to distribute shares to its managers or employees.

5.2. Argentine's Privatization program, regulated by Law N° 23.696, regards the acquisition of shares by the general public, among other channels, through the "Participated Property Program", created in order to rule acquisition of shares of public companies undergoing a privatization process, in favorable conditions, by employees, users and producers.

6. MARKET – LIQUIDITY AND PRACTICES

6.1. The average monthly turnover is equal to U\$S 6.657 billions, compared to a total market capitalization of U\$S 60.196.

6.2. Yes, there is. The volume concentrates in stocks corresponding to 18 leading public companies.

6.3. No, we haven't.

6.4. No.

6.5. Yes. Usually larger orders correspond with lower brokerage commissions, set in case by case basis and depending on private agreements.

6.6. Retail investors can monitor stock quotations in a real-time basis only through a TV cable channel program transmitted directly every day from the Stock Exchange of Buenos Aires during the trading session.

Answers to the Questionnaire on Measures to Disseminate Stock Property

1. MARKET STATISTICS

- 1.1 According to information contained in the Barbados Investment Guide Volume I, there are 23,943 shareholders including directors, this excludes the two companies that are listed in both Barbados and Trinidad. This as a percentage of the Barbadian population, which is approximately 265,000 persons is 9%.
- 1.2 There are approximately 40 public companies, 20 of which are listed on the Exchange, with a market capitalisation as at the 31st of December 1998 of US\$ 23,947.62 m.
- 1.3 At present we are unable to give an approximate percentage of the participation of the persons requested, in our market.

2. Policies towards dissemination of stock property

- 2.1. The shares of all publicly listed companies must be traded on the Exchange.
- 2.2. No real incentives exist to encourage small or family owned companies to be listed publicly, however there does exist a Junior Market to facilitate such companies, the requirements for which are less than that for the Official List.
- 2.3. Companies are also allowed to issue preference share, which are non-voting shares.
- 2.4. The major factor in our opinion, which influences investors to avoid putting their money in stocks, is a lack of education about exactly how the process works and how it can be used to their advantage.

3. Minority shareholder protection

- 3.1. Part 3 of the Securities Exchange Act, Cap. 318^a speaks to the protection of the Investing Public and provides for investigations, disciplinary action according to the By-Laws & Rules of the Exchange.
Provisions exist for hearings, settlements and appeals.
- 3.2. I think that the provision, which allows a complaints by aggrieved persons to be heard and fosters investors confidence in the fairness of the market, in that justice is not only done but also appears to be done.

Additionally, Division E of the Companies Act Cap 308 speaks to Insider Trading and provides for compensation to disadvantaged persons.

4. Developing a Culture of Investing

- 4.1. From time to time campaigns for investor awareness concerning the risks and benefits of investing in capital markets are conducted.

During the last week of March 1998, the Exchange in association with COSRA presented a "Saving & Investing Education Week", with the objective being, to provide the public at large with some understanding about the various aspects of investing.

In addition, periodic school presentations are made and we host an annual school quiz, with the objective of informing the younger age groups about the alternative ways to saving.
- 4.2. Investors with queries or complaints are encouraged to inform the Exchange. A formal Hearing Committee has been set up to hear complaints in accordance with Article 3 of the By-Laws & Rules of the Exchange.
- 4.3. Disputes between these parties are normally resolved internally. To date disputes have been minimal.

5. Employees' participation

- 5.1. Some employers distribute shares to company managers and employees through bonus shares where employees of the companies are issued with shares in lieu of bonus payments. Tax incentives are offered to the employees.

Some companies also engage in ESOP – Employee Share Option Plan where employees have the choice to purchase shares in the company.
- 5.2. Government's policy for privatisation requires that some shares be sold to the public as well as employees. In the past shares being sold to employees have been at a lower than market price. In some instances privatisation was done to raise capital while in other cases it was done to raise capital while in other cases it was to give persons a 'stake' in the organisation.

6. Market – Liquidity and Practices

- 6.1. The average monthly turnover in 1998 was \$ 5,663,462.49, this as a percentage of that year's market capitalisation, which was \$ 4,824.13 m. Is 0.117%.
- 6.2. Basically, on average all securities trade however, over 50% of the volume in 1998 were concentrated in one security.
- 6.3. There exist a number of companies making funds available to persons wishing to start a small business. These companies offer a range of funding for projects in a number of sectors and provide technical assistance and accounting services to borrowers.
- 6.4. No compelling measures exist, however, brokers are encouraged to accept bona fide clients.
- 6.5. The brokerage commission differs according to size of the order and range between 0.5 to 1.5%.
- 6.6. Real time stock quotes are not yet available in this market, however, this is in our plans for the future. In the meantime, dissemination of quotes is done within a few hours after trading and can be viewed on a website hosted on our behalf at www.cwwek.com.

1. MARKET STATISTICS

- 1.1. An approximate number of public companies' shareholders may be inferred by custodians accounts: 45,200 in Companhia Brasileira de Liquidação e Custódia – CBLC (the custodian for the São Paulo Stock Exchange – BOVESPA), and 67,000 accounts in the Câmara de liquidação e Custódia – CLC (the custodian for the Rio de Janeiro Stock Exchange – BVRJ and other exchanges). This figures may be substantially higher since the individuals mentioned by the responses to questions 2.1. and 5 do not necessarily have custody accounts. For instance, only by acquiring telephone lines, approximately 3.5 million individuals received TELEBRAS shares (please refer to question 2.1). The population of Brazil is 160 million.
- 1.2. On September, 1998, there were 1031 public companies in Brazil and the market capitalization, the figure on which we provide for companies listed in BOVESPA (a corporation may be listed in more than one stock exchange in Brazil) (numbering 548), was US\$ 155.5 billion. Market Capitalization of other exchanges should not be added for the purpose of obtaining the national market capitalization, as dual listing permitted and very common in Brazil.
- 1.3. Please refer to the table below

VALUE TRADED	MARKET CAPITALIZATION
a) Shareholders Controllers: n/a	a) Shareholders Controllers : n/a
b) Domestic Institutional Investors: 12,4%	b) Domestic Institutional Investors: 15.0%
c) Domestic Financial Institutions: 35.1%	c) Domestic Financial Institutions: n/a
d) Domestic Non-Financial Corporations: 13.5%	d) Domestic Non-Financial Corporations: n/a
e) Domestic Individuals: 14.5%	e) Domestic Individuals: n/a
f) Foreign Investors: 24.3 %	f) Foreign Investors: 20.8%
Note: 1. The information above refers to September, 1998. 2. Items 'b' to 'f' represent 99.9% of the total volume traded in BOVESPA.	Note: As a general rule, financial institutions may not control non-financial corporations.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1. Around 1970, a policy to facilitate the dissemination of public companies' stock among retail investors in Brazil was established through Decree No. 157, stating that individuals could convert their income tax into shares of a new type of fund, called Fund 157.

Also, the privatization process, begun in the early 1990s, allows employees of companies that are being privatized to participate in its own capital. Such measure is very important not only to disseminate stock property but also to provide more interest in the company by the employees.

In addition, the National Bank for Economic and Social Development (BNDES) is financing (up to R\$ 20,000) individuals interested in acquiring shares of companies being privatized.

Finally, it is important to mention that every individual who has bought telephone lines in Brazil up to recently has also received TELEBRAS preferred shares.

- 2.2. Yes. The Electronic Quotation System (SOMA) created in 1996, is a system destined to small companies, whose annual gross revenue is less than R\$ 100 million (approximately US\$ 85.8 million) and that have no access to the stock exchanges.

There are no requirements for dissemination of their assets among a number of shareholders. However, these companies are exempt from publishing their financial statements in a major newspaper of the city in which the stocks are most traded and from inflation adjusted balance sheets.

In addition, the CVM created, in March, 1994, small capitalization funds (FMIEE), which must invest at least 75% of its resources in companies whose gross revenue is less than R\$ 60 million (approximately US\$ 51.5 million), in order to stimulate their capitalization and going public.

- 2.3. Yes, companies may issue 2/3 of the total capital in non-voting shares (preferred shares).
- 2.4. In Brazil, companies, as a general rule, have a lack of hedge culture. In what concerns retail investors, the main factors

influencing them to avoid putting their money in stocks are (1) lack of access to brokers, (2) market volatility and (3) high interest rates.

3. PROTECTION OF MINORITIES

3.1. Article 117 of the Brazilian Corporation Law (No, 6404/76) establishes that controlling shareholders are responsible for any damage or loss caused by their abuse. The same article lists some examples of 'abuse of power', among them:

- Decisions that aim at favoring other companies in detriment of the participation of minority shareholders;
- Adoption of policies or decisions that do not follow company interests and that are intended to cause losses to minority shareholders.

Article 202 determines that corporation by-laws may fix the criteria for the calculation of minimum dividends, provided they (a) are clearly disclosed in the by-laws shareholders. Should the corporation by-laws not fix any criteria for dividends, a minimum calculation criteria are defined, also by article 202.

Before a liquidation of a corporation, remaining assets (after the payment of all creditors) may be divided among shareholders according to criteria defined by the general meeting. If proven that the division criteria caused losses to minority shareholders, the latter shall be compensated by the majority shareholders.

As a general rule, by reason of any of the following decisions below may appraisal rights be given to dissenting shareholders (article 137):

- Unless otherwise provided in the articles of association, creation of preferred shares or increasing an existing class without maintaining its ratio to the other types and classes;
- Alteration of a preference, a privilege, or a condition of redemption or amortization conferred upon one or more classes or preferred shares, or creation of a new more favored, class;
- Reduction of the compulsory dividend;
- Mergers or takeovers;
- Participation in a group of corporations;
- Alteration of the corporate purpose;

In addition to the items above, minority shareholders may also dissent if their company is publicly held and, after a merger, takeover, or spin-off, the successor company is not publicly held (article 223, paragraph 4).

Finally, it is important to stress that holders of non-voting shares (preferred shares) gain voting rights if the corporation does not pay dividends for more than three consecutive fiscal years (article 111, paragraph 3).

3.2. We believe all of the measures above play an important part in fostering investor confidence in the Brazilian market.

4. DEVELOPING A CULTURE OF INVESTING

4.1. Yes. The CVM has organized on May 1998, the Investor Education Week with the launching of the Program for Investor Orientation and Protection (PRODIN), divulged all over the country through publications releasing, presentations, including interviews to the local press, and TV advertisements.

In addition, a toll-free telephone line (0800 24-1616) has been launched and a specific section on the PRODIN was created in our website, in which thorough information on the new department of the CVM (Investor Protection) may be found, for instance, how to file complaints. It is also explained how those complaints will be analyzed and how important it is to contact the CVM.

4.2. Yes, through the Investors Education and Protection Department of the CVM (SOI). Complaints may be made in writing, by telephone, or by e-mail.

Complaints and queries are made in accordance with the following percentages:

30% investment contracts that provide participation, partnership, or yields;

23% publicly held companies;

9.5% Telebrás privatization;

6.3% investment in the stock market;

5.1% publicly held company reports; and

4.9% regulations

4.3. Yes, the CVM conducts administrative inquires.

5. EMPLOYEE PARTICIPATION

5.1. As explained in question 2.1., the privatization allows companies employees to participate in its own capital. Usually, employees may buy stock in a favorable way (lower than market price).

Some publicly held companies of the private sector also sponsor share acquisition programs for their senior managers.

5.2. Please see 5.1.

6. MARKET – LIQUIDITY AND PRACTICE

6.1. Monthly Turnover: 6.99% (considering the trading volume and market capitalization of BOVESPA).

6.2. Until the privatization of Telebrás and its spin-off into twelve companies, the top five stocks represented more than 70% of the trading volume, with Telebrás alone representing more than 50%. As the trading of these new twelve companies' stocks begun on September, 1998, figures changed significantly on October. Please find below a comparison between the periods before and after the privatization of Telebrás:

	May 1998	October 1998
Most traded stock*	51.8%	38.5%
TOP 5	70.8%	55.7%

* Telebrás Preferred Shares (May, 1998) and Telebrás Preferred Unit (October, 1998)

6.3. CVM's Rule No. 244/96 created and regulates the activities of market makers, which are responsible for providing liquidity for the companies listed in SOMA (please refer to question 2.2).

6.4. No.

6.5. Yes. A Brokerage Fee Table, instituted by the CVM by Rule 217/94, serves as a basis for brokerage percentages, which are higher for smaller orders and lower for large orders. All fees are negotiable and may be increased or decreased by up to 100%. Usually, institutional investors negotiate with brokers a substantial decrease (approaching 100%) of brokerage fees.

6.6. Yes. Retail investors do have a number of options to monitor quotations in a real time basis through stock exchanges and some firms that offer real time softwares for monthly fee.

BULGARIA

Securities and Stock Exchanges Commission

1. Market Statistics

1.2. Approximate number of public companies' shareholders in your country. Compare that number with the population.

The approximate number of the shareholders of public companies is 2 500 000 with population 8 500 000 or about 30% of the population of the country. The large number is due to the ongoing mass privatization via vouchers in which all country's citizens of age are eligible to participate.

1.3. Number of public companies and market capitalization in US\$

At the present moment the number of public companies is 900.

2. Policies Towards Dissemination of Stock Property

2.1. Please describe the policies to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction. Also detail the outcomes of those policies.

2.2. Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?

At the present moment there are no legislative or other kind of incentives for the small or family owned companies to go public.

2.3. Is it possible for companies to issue non-voting shares?

Bulgarian legislation does not permit public companies to issue non-voting shares. The same can issue only registered, dematerialized voting shares for which the issuer's by-laws do not envisage any restrictions or conditions for their transfer. This restriction does not concern non-public joint stock companies which can issue preference shares without voting right.

2.4. In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money in stocks

The main factors are the low liquidity of the market, inadequate statutory guarantees for minority shareholders protection, still not effective disclosure practice and undeveloped investment culture of the population. All these negative factors in aggregate hinder making of correct investment decisions and developing of a certain market behavior on investors' part including deposit of money in securities.

3. PROTECTION OF MINORITIES

3.1 Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders on of misconduct of corporate governors.

The acting legal framework (Commercial Code and Securities, Stock Exchanges and Investment Companies Law) contains comparatively small number of provisions protecting the minority shareholders' rights.

In a digression from the general rules on capital increase of a joint stock company set up in the Commercial Code, the SSEICL introduces higher requirements for a quorum (3/4 of the capital) and a majority (3/4 of the capital represented) with which the General meeting of a public company to take a decision to drop out the right of the shareholders to acquire shares from the new issue as well as a decision for capital increase under condition of certain people at a certain price.

Shareholders holding at least 1/10 of the capital of the company may convene the general meeting. If within 1 month the shareholders requirement is not satisfied the general meeting should be convened by the court or authorizes the shareholders who had required the calling of the meeting or their representative to convene the meeting.

According to s.71 of the Commercial Code each member of the company may claim before the respective country court to defense the right of membership and any membership rights if they are violated by the company's bodies.

Another provision giving an effective protection of the minority shareholders is the opportunity for each shareholder to claim before the court to cancel the decision of the general meeting when it is inconsistent with the imperative statutory rules or the company's statutes.

The adoption of a completely new Law on Public Offering of Securities is forthcoming. The draft of the law is under review by the National Assembly and probably will be enacted in the near months.

One of the main accents is the protection of the minority shareholders rights in the public companies. In this regard the Law contains considerably great number of provisions creating the necessary statutory guarantees for the effective and adequate participation of minority shareholders in the companies' affairs.

3.2 Which of those provisions do you think is more relevant to foster investors confidence in the fairness of the market.

All provisions in aggregate considering the mechanisms provided by them for the protection of minority shareholders rights contribute for strengthening of the investors confidence and create prerequisites for a fair and transparent market. Nevertheless we believe that with a view to the degree of protection provided by these provisions and the legal consequences' effect they create, the more relevant provisions are those that provide an opportunity to the shareholders to claim through the court a repeal of the decisions of the general meeting as well as court protection of shareholders' membership rights in case of infringement by company's authorities.

4. Developing a culture of investing

4.1 Does your agency promote campaigns for investor awareness concerning risks and benefits of investing in capital markets?

The SSEC publishes every month its own bulletin covering the issues in question. Representatives of SSEC regularly participate in TV and radio broadcasts and mass media publications. Press conferences have been organized periodically on a broad range of issues concerning capital market domain.

4.2 Do investors have an easy channel to formalize complaints? What are the most frequent complaints received?

There is not any special procedure for the investors to file complaints before the Commission. The investors referred the Commission in written form according the general procedure. The most frequent complaints are: non-payment of dividend; breach of the procedure for calling of the general meeting in cases of capital increase on part of the management bodies; failure to fulfill information disclosure obligation.

4.3 Is there any existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.?

There is not any existing administrative procedure to solve disputes between investors, investment intermediaries, issuers, etc..

There is such a procedure to solve disputes emerged in connection with concluding and execution of exchange transactions on stock exchange when defendant is a member of the stock exchange as well as those connected with a rejection to admit a person as a member of the exchange through the established to the same Arbitrator court.

The arbitration court may review also other disputes assigned with arbitration agreement on a contractual basis or extracontractual basis and connected with concluding and the consequences thereof or with other relations set up by stock exchange's statutes.

5. Employee participation

5.1 Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favorable conditions? Are there tax or other kind of incentives for those companies?

The managers and the employees may establish companies with special statute for participation in the privatisation of the respective state company. These companies (MEBO type) in compliance with certain conditions may avail of some relieves in payment of the agreed price of the transaction. These relieves include deferment of the due amounts within 10 years and use of different payment instruments (investment bonds, promissory notes, etc.) In every privatisation deal the managers and the employees of the respective state company have the right to acquire at relived terms (at half price) and up to 20% of the shares of the privatized company.

5.2 If your country has a privatization program, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favorable conditions?

In the period 1996-1997 the so called 'first wave of the mass privatization' took place in Bulgaria. Each citizen of age had the right to acquire 25 000 vouchers (investment bonds) and then to participate via the same directly or indirectly (through a privatization fund) in the conducted three tender sessions and to purchase shares from more than 1000 state companies.

The employees of the respective state companies had the right to acquire gratis up to 10% of the offered package.

Since autumn '98 the so called 'second wave of mass privatization' started. Each Bulgarian citizen of age has the right to acquire 250 000 vouchers (investment bonds) and to participate with the same in the tenders periodically organized by the Center for mass privatization. The vouchers in question may be used as means of payment for all kinds of privatization deals. It is envisaged the process to be completed before 2001.

1. MARKET STATISTICS

- 1.1 Number of public companies' shareholders in Chile: 638,442 approx. By June of 1998. Chile's total population: 15,000,000 approx. Therefore, the proportion of shareholders to total population is 4.26% approx.
- 1.2 Buy June of 1998, there are 329 listed companies and market capitalization is US \$ 60 billions approx.
- 1.3
 - a) In terms of market capitalization: 57.6%. This figure includes only controllers of companies which conform holdings, representing 49% of all listed companies.
 - b) In terms of market capitalization: 10% approx.
 - c) Not available
 - d) Not available
 - e) Not available
 - f) In terms of market capitalization: 1.65% through foreign investment funds.

There is no information about direct access to the market by foreign investors because in Chile's capital market does not exist distinction and discrimination among foreign and national investors.

Note: there is no information for the above letters in relation to values traded.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1 The Chilean Securities Market Law imposes disclosure standards for corporations. Those standards state, among other things, that the corporations must inform in a regular fashion. The information has to be available in corporation headquarters and in the Information Center of the Superintendencia de Valores y Seguros (SVS). The direct outcome of those policies on disclosure is that Chilean investors have accurate and timely access to securities market information, and therefore, there are numerous publications (magazines, newspapers and journals) about the financial realm and the securities markets.
- 2.2 There are no policies to incentive family owned companies to go public.
- 2.3 Yes, art. 21 of the Law N° 18.046 on Corporations states that corporations can issue preferred stocks that do not carry voting rights.
- 2.4 The main factor that deterred individuals investing in stocks is the perceived level of risk and ignorance of the available information related to the investing process.

3. PROTECTION OF MINORITIES

- 3.1 The stipulations about responsibilities, liabilities and prohibitions of the administration and corporate governors of Chilean corporations are established in Title IV of the Corporate Law (Ley N° 18.046). Title V set up the way supervision is done on the administration by inspectors and by independent external auditors, who are chosen by the shareholder's meeting. Moreover, various legal dispositions are in studies to contribute for an effective protection of small investors. Among those legal bodies, the most important are "Corporate Governance" and "Public Offering of Shares".
- 3.2 An adequate regulatory framework is a necessary condition, which must be complemented with a mature market, impartial institutions and ethical professionals. Those conditions are the bedrock to foster investor's confidence.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1 Yes, the SVS is deeply involved in COSRA Investor Education Campaign.
- 4.2 There is capability in the SVS for investors to formalize complaints, through a staff of lawyers who receive and solve problems that can be done in written, telephone and/or direct contact in the SVS' offices. The most frequent complaints are related to: custody, lack of understanding by investors of the fluctuation nature of shares and mutual funds.
- 4.3 The Constitutive Law of the SVS (D.L. N° 3.538) lays down the administrative procedures to solve disputes among participant of the Chilean securities market.

5. EMPLOYEE'S PARTICIPATION

- 5.1 No. Nevertheless, a treasury stock or buyback stock program is under study.
- 5.2 In Chile, most of the privatization program was done during the 80's. There were favorable conditions for the acquisition of shares by employees and the general public.

6. MARKET – LIQUIDITY AND PRACTICES

- 6.1 The average monthly turnover for the last 18 months is 0.77%.
- 6.2 The 20 most traded stocks encompass approx. 80% of the market.
- 6.3 No
- 6.4 No.
- 6.5 Brokerage commissions are freely placed in Chile (Art. 66 of the Securities Market Law).
- 6.6 Yes, all three Chilean stock exchanges have computer terminals that give real-time prices. Some of those terminals are placed in public locations. The biggest of the three exchanges, the Santiago Stock Exchange, has real-time prices in the Internet (it is a paid service).

Questionnaire on Measures to Disseminate Stock Property

1. MARKET STATISTICS

- 1.1. Approximate number of shareholders that have tradable shares is 3.9 million. The current population of the Czech Republic is approximately 10 million.
- 1.2. Currently, the number of Czech companies on the public market that have issued publicly tradable securities is 1,956. The capitalization of the market is CZK 1 087 billion, which amounts to USD 3 207 million.
- 1.3. Information on the market share of various investors in the capitalization and volume of trading is not available as this kind of information is not collected by any institution.

2. Policies aimed at the dissemination of stock property

- 2.1 The vast dissemination of publicly tradable securities amongst retail investors (see 1.2.) is primarily due to the method that was used in the privatization process. Companies that were privatized under the voucher privatization were obligated to have publicly tradable shares. This also applied to the shares of investment funds that participated in the voucher privatization. Approximately 6 million people acquired shares in the first and second waves of privatization, i.e. approximately two thirds of the population of the Czech Republic. In addition, investment funds will, in light of amendments to current legislation, be transformed in the near future into open-ended unit trusts.
- 2.2 The obligatory public tradability of shares of those companies that were privatized under the voucher method resulted in a large number of nonliquid issues on and off the public markets. Currently, there are no incentives aimed at motivating small companies to be publicly traded. Titles that are not liquid are gradually being delisted off the Prague Stock Exchange.
- 2.3 Yes. Joint stock companies may issue priority shares to which voting rights are not attached. In addition, shares may be issued in the form of GDRs, which are offered particularly to foreign investors.
- 2.4 One of the main factors that discourage investors from investing in shares is the persistent non-transparency of the capital market. This was caused primarily by the lack of market regulation since the market's creation up until the establishment of the Czech Securities Commission in April 1998. In addition, another factor is the failure of issuers to duly publish regularly and on time their economic and financial results. Similarly, negative past experiences also play a role in discouraging both domestic and foreign investors. As a result of the absence of market regulation, substantial fraud and theft (tunneling) occurred of the capital that had been privatized. This applies in particular to investment funds and unit trusts.

3. Minority shareholder protection

- 3.1 The provisions of commercial law that govern the protection of minority shareholders against abuse by majority shareholders or the illegal activities of persons participating in corporate management are contained in the Commercial Code (hereinafter "CC").

In particular, section 66^a CC governs the position of controlled and controlling persons; section 66b defines acting in concert. These sections have a practical impact on the protection of minority shareholders only when applied together with sections 183b and 183d CC.

Section 183bCC governs mandatory public share repurchase offers (buybacks) for shares in a company. This obligation applies to majority shareholders who acquire a certain percentage of public shares to which voting rights are attached that amount to or exceed the limits specified under the Act. The price of such shares must be a minimum of the weighed average of prices quoted on public markets for the last six months prior to the day that such an obligation arises.

Section 183d CC governs the reporting duties of persons acting in concert when they acquire a share in the voting rights of a publicly traded company in the amounts stipulated under the Act.

The provisions of section 186^a CC govern the obligation of a company to tender a public share repurchase offer (buyback) if its general meeting passes a resolution to cancel the public tradability of the company's shares. The public offer must be made to those persons that were shareholders on the day that the general meeting was held and who either had not voted in favor of canceling the public tradability of these shares or who did not attend the general meeting.

Section 220^a CC governs the winding-up of joint stock companies that have legal successors. The first paragraph of this section provides that, if on the basis of an agreement between the shareholder and the company, the shareholder chooses not to be a shareholder in the new company, the legal successor is obliged to reimburse the shareholder a percentage of the net assets of the former company. Pursuant to s. 220^a(6) CC, if the general meeting of the company passes a resolution to transform the company from a joint stock company into another type of company or a cooperative, those persons who were shareholders on the day of the general meeting and that had not voted for the transformation or who did not attend the general meeting shall be entitled to request that the legal successor to the company redeem the value of the destroyed or cancelled shares, or interim

certificates for a price based on the ratio of the value of the shares or interim certificate to the net assets of the company. A shareholder must exercise both of these rights within one month of the day on which the general meeting was held, otherwise such rights shall be statute-barred.

3.2 In our opinion, the provisions that support investor confidence in the fairness of the market are those sections that govern the obligation to tender a public share repurchase offer (buyback) either on the part of the majority shareholder (section 183b CC) or on the part of the company (186^a CC).

4. Developing a Culture of Investing

4.1 Although the Czech Securities Commission was established as the administrative body for the regulation of the capital market only in April 1998, it actively participates in the various programs aimed at increasing the knowledge of investors. In addition, a special project is being prepared that will focus on informing and increasing the knowledge of all aspects of investing, particularly with respect to retail investors. Moreover, the Commission actively informs the public of all its activities on the capital market.

4.2 The Czech Securities Commission does not have any special requirements for formulating or submitting complaints. As such, it is easy for investors to submit complaints. The majority of complaints that were submitted last year were directed against securities traders and collective investments. Another large group of complaints were those that were aimed at the non-fulfillment of disclosure requirements by issuers and majority shareholders not fulfilling their obligation to tender a public share repurchase offer.

4.3 Yes. For example, the forced administration of an investment company resolves the disputes between the above-stated market participants.

5. Employees' participation

5.1 The practice of a company issuing shares to its management or employees is not very widespread. It is more common for shares that were previously issued as employee shares to be transformed into common stock on the basis of a resolution passed by the general meeting. There are no tax incentives for such transactions.

5.2 In the Czech Republic, the privatization program was based on the acquisition of publicly tradable shares by retail investors under the process of voucher privatization. In this manner the majority of state-owned corporations were privatized and a large number of citizens acquired shares for a minimal price. The voucher privatization was very successful from the perspective of dissemination of shares between retail investors.

6. Markets

6.1 The average monthly turnover compared to the total market capitalization in the Czech Republic was, for example, 1.71% in January 1999.

6.2 Yes. Volume is concentrated only in a small number of shares, where 15% of the largest issues represent 95% of the capitalization of the market.

6.3 No. In the Czech Republic there do not exist any mechanisms that promote the liquidity of small companies.

6.4 No. There are no measures as such in the Czech Republic that provide incentives to brokers to accept retail investors as clients.

6.5 The brokerage commission varies according to the size of the order. Generally, it may be said that the charges decrease proportionally with the size of the volume of trading.

6.6 No. Retail investors do not have the possibility of monitoring stock quotations in real time. Although technically it is possible, so far only traders have done so.

HUNGARY

Hungarian Banking and Capital Market Supervision

1. Some figures About Your Market

1.1 – 1.3 The number of companies in permanent state ownership is 182 and out of this number the Hungarian Privatization and State Holding Company exercises ownership rights over its assets –in accordance with the provisions of the Privatization Act- in 116 companies. The Hungarian Privatization and State Holding company (APV Rt.) was established by the government pursuant to Act No. XXXIX of 1995, as the legal successor of the State Holding Company. The task of the APV Rt. Is the early sale of state-owned shares, business stakes and other assets to private owners. In addition, it is responsible for the utilization of state property before privatization and the efficient management of the assets that remain in permanent state ownership. The records of data kept, maintained by the Hungarian Banking and Capital Market Supervision (HBCMS) pursuant to Act No. CXI of 1996 (Securities Act) are related to the securities issuing companies and broker-dealer firms as well. As regards securities issuers the HBCMS essentially records company data but not data related to the proprietors/stockholders of the companies. Such information –in case of corporations- is maintained by the Court of Registry. In case of public companies records on the owners'/shareholders' structure at the founding of the company are kept by the Court of Registry, later on the owners and their composition –taking in consideration of the public status of the company- are practically untraceable owing to their frequent changes especially in case of companies listed on the stock exchange. Accurate records are kept and maintained on the broker-dealer companies licensed to provide investment service activities.

2. Policies Towards Dissemination of Stock Property

- 2.1 This information similarly to figures under point 1.1-1.3 is available at the Hungarian Privatization and State Holding Company.
- 2.2 The supervisory authority does not stimulate or cannot even stimulate companies to go public. There is no special regulation for small or family-owned companies, the same requirements are to be met like in case of other forms of business organizations independently whether it is a private placement or a public issue. The essence of the relevant rules are contained in Articles 24-44 and 55-60 of the Securities Act (please see Annex No. 1).
- 2.3 The legal regulation (corporate law) makes possible for companies to issue non-voting shares.
- 2.4 The main factors influencing investors or potential investors to avoid putting their money in stocks –in our opinion- greatly depend on the actual demand of the market: deposit interest, credit interests, bond, government bond yields, the risk taking ability and willingness of the investors and whether, in a given market situation the investments are determined by investment or ownership interest.

3. Protection to Minorities

- 3.1 The protection of minority shareholders is laid down in the Securities Act and the Corporate Law, as well. (For further details please see Annex No. 2). There is a two directional legal protection, on the one hand the shareholder is protected against individuals acquiring an influential stake –more than 33 %- in the company (specified under Article 94/A of the Securities Act, this part dealing with take-over will come into force on June 16, 1998), from the aforementioned date a license issued by the Supervision should be obtained in case of take-over of public companies. On the other, the minority shareholder is also protected against decisions made by the General Meeting concerning unfair changes of shareholders' rights. Such a decision can be made only by 3/4voting majority and all the resolutions of the GM can be challenged in the court within 30 days of their adoption.
- 3.4 The aforementioned provisions protect mainly the investors' rights rather than the fairness of the market. Market integrity –in the Hungarian regulation- is ensured through the relevant provisions of the law and exchange rules stipulated for trading.

4. Developing a Culture of Investing

- 4.1 The HBCMES primarily does not promote campaigns for investor awareness concerning risks and benefits of investing in capital markets. As regards market participants the HBCMS has an indirect and partial possibility: 20% of the amounts originating from the supervisory fines is to be spent on the training of capital market professionals. Unfortunately the supervision has no financial resources available for the development of capital market knowledge and skills of the masses of investors.
- 4.2 The supervision as an agency of public administration is not only authorized to investigate any complaint related to the organizations and their activities subject to its supervision but obliged to do. Sanctions are applied against the investment service provider if the complaint turns out to be well-founded as a result of the investigation carried out by the Supervision. So, we can say that investors have an appropriate channel to formalize complaints.
- 4.3 As regards disputes between the investors and brokers, the Supervision is authorized by statute only to conduct the investigation which inevitable implies conciliatory talks between the interested parties. It should be noted that this quasi informal consuming process a court verdict takes in civil cases in Hungary.

5. Employees' Participation

- 5.1 Yes, there is an existing practice of distributing shares to company managers and employees. From the point of legal regulation this is the case of private placement. No additional favorable conditions are defined for both the company managers and employees. It should be mentioned that licensing of private placement transactions is more simple, faster and less expensive.

6. Market - Liquidity and Practices

- 6.1 (Please, see Annex No. 3).²
- 6.2 Stocks of companies listed on the stock exchange are primarily much sought after, and some of them are in great demand. As of now there is volume concentration in stocks of telecommunication, oil industry and electricity supplier companies.
- 6.3 The HBCMS does not have mechanisms to promote liquidity for small companies rather the Supervision has project related banking mechanisms. Bond issue can be regarded as a source of liquidity but it is not specialized for small companies.
- 6.4 Pursuant to the Securities Act the investment service providers have an obligation to provide services related to clients' orders to be executed on the stock exchange. In Hungary there is a keen competition among brokers to provide services to the retail investors since the market relatively small and the number of brokerage (95) firms is relatively high and some of the brokerage firms owned by big banks play a dominant role in the market.
- 6.5 The fixing of the brokerage commission is at the discretion of the broker firm. The Supervision does not but the market does control the charges of the services provided by the broker firms. It can be observed that charges are decreasing as the volume of investments is on the increase.
- 6.6 Practically every broker can provide information on the actual prices on the phone, some of them supply the exchange prices on a real-time basis to their clients through electronic facilities. This service is just beginning to take shape and it should be mentioned that it is not specifically cheap.

² Copy of Annex 3/1, 3/2 and 3/3 holds figures related to Exchange Turnover of Investment Firms in 1997 in , is available in our Office and will be sent by fax to members interested in its contents.

Questionnaire on Measures to Disseminate Stock Property

1. Some figures About our Market

- 1.1. Data on the number of shareholders in Israel is not available. Yet, a substantial portion of the population, (5,905,500) invests in the stock market in an indirect way: mutual funds, provident funds and educational funds.
- 1.2. Number of companies: 673 (end of 1997).
Market capitalization: 46 Billion US\$ in equity and 40 Billion US\$ in debentures.
- 1.3. Shareholders controllers – 67.3 %
Domestic Institutional Investors – 11.5%
Foreign Investors – 21.2%
Data on the other groups is not available.

2. Policies Towards Dissemination of Stock Property

- 2.1. Share price for IPOs is the same for all investors and is determined through an open auction. Allocation of shares is made as follows: all investors with a bid higher than the auction price are fully allocated the full order. The orders of investors with a bid price equal to that of the auction price are allocated pro-rata. Institutional investors may be allocated 40% - 70% of the issue depending on the size of the issue and the type of securities being issued. The Institutional investors may receive discounts in commissions. There is currently a proposal to amend the underwriting system, similar to that of the US. There is currently a proposal to amend the underwriting system, similar to that of the US.
- 2.2. The TASE (Tel Aviv Stock Exchange) proposing to ease the listing requirements, to be compatible to foreign stock markets. In IPSs allocation of shares is required to be at least to 275 individuals.
- 2.3. Starting from 1990, a company can issue only one class of common shares. The issuing of preferred stocks is also permitted.
- 2.4. The main factors that may influence investors or potential investors to refrain from investing the stocks are: high volatility, low profitability of the companies and better alternative investment opportunities.

3. Protection to Minorities

- 3.1. Minority investors are protected in many ways. The most important ones are:
- "A special confirmation" – A functionary that is a party having interest in the company cannot participate in votes concerning matters in which he is involved in or has a private interest in. In those cases, it is possible to reject a proposal if one third of the non-interested voters have voted against it (veto).
 - Institutional investors are required participate in general meeting of a company in which they have shares, if it is for the benefit of their beneficiaries. They also have to report the way they have voted in different matters on the agenda of the meeting.
 - "Full disclosure" – all public companies are required to disclose all the information that an investor may need in order to make an investment decision.
- 3.2. The "full disclosure" requirements includes: immediate reports of controlling share holders and interested parties, and the obligation of institutional investors to participate in general meetings, are considered to be the most important provisions relevant for investors.

4. Developing a Culture of Investing

- 4.1. No.
- 4.2. The director of the secondary market supervision department is in charge of public complaints. Also, investors can turn to the Israel Securities Authority (ISA) to request the financing of a class action against a public company for different reasons (such as deceptive detail in prospectus). The ISA may finance a class action if it finds it justified.
- 4.3. No.

5. Employees' Participation

- 5.1. private placements of shares and warrants to employees are very common in public companies in Israel, especially for senior managers.
- 5.2. There is a Governmental Companies Authority that handles the process of privatization. Privatization programs allow prescription based on what is thought to generate the highest price. Approximately half of companies privatized have done so via IPOs in the TASE.

6. Market – Liquidity and Practices

- 6.1. The average monthly turnover – 4.0 Billion dollars.
Total market capitalization – 46 Billion dollars.
- 6.2. 20 of the 730 stocks traded on the TASE account for 46 % in the total trade volume.
- 6.3. No.
- 6.4. No.
- 6.5. The brokerage commission differs according to the size of the order and the type of client.
- 6.6. Since August this year when TASE moved to the continuous trade system, it is possible for an investor to monitor stock quotations on a real time basis, using services provided by TASE and by its members (banks, etc.).

1. MARKET STATISTICS

- 1.1 There is no available statistics on the number of shareholders in public companies in Jamaica. The JSE estimated the figure to be 2600. That is an estimated 1% of the Jamaican population.
- 1.2 There are 48 listed companies on the JSE, with a Market capitalization of US\$ 2 billion as at December 23, 1998.
- 1.3 Because of the overlap of the different categories the percentage figure at the end will exceed 100%. In terms of market capitalization and value traded:
 - a) Shareholders controllers – no figure available
 - b) Domestic Institutional Investors account for approximately 40% of market capitalization and 75% of value traded.
 - c) Domestic Financial Institutions account for approximately 30% of market capitalization and between 20-25% of the value traded.
 - d) Domestic non-financial Corporations account for an approximate 30%.
 - e) Domestic Individuals account for approximately 15% of market capitalization and about 20% on the value traded.
 - f) A number of the larger companies listed on the JSE are controlled by foreigners. They account for approximately 70% of market capitalization and they do not trade their shares.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1 There is no clear public policy in this regard. Interested persons need only to purchase stocks through licensed stockbrokers. Both primary and secondary markets are, however, supported by the recently established Central Securities Depository (CDS) and the JSE.
- 2.2 Not at this time.
- 2.3 Yes.
- 2.4 Both the Securities Commission (SC) and the JSE have embarked on public education programs to broaden the knowledge base in the securities industry.

3. PROTECTION OF MINORITIES

- 3.1 Small shareholders receive protection in the Securities Act; the Company's Act and the JSE Rules.
- 3.2 3.2 Sections 44-60 of the Securities Act are the main provisions in the legislation that foster investor confidence in the market. These provisions prohibit and provide penalties for:
 - i. False Trading and market rigging transactions.
 - ii. Stock market manipulation.
 - iii. False or misleading statements, etc.
 - iv. Fraudulently inducing person to deal in securities.
 - v. Employment of manipulative and deceptive devices.
 - vi. Dealings in securities by insiders.
 - vii. Employment of manipulative and deceptive devices.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1 Yes. The Securities Commission promotes investor awareness in the capital market through its public education program. This program was introduced in March 1998.
- 4.2 Yes. The most frequent complaint is about delays in receiving share certificates. The Jamaica Central Securities Depository is addressing this problem. In addition, the Jamaica Stock Exchange and the registrars and transfer agents have introduced "best practice" codes that also address this problem.
- 4.3 No. The JSE plays a role in facilitating this process.

5. EMPLOYEE'S PARTICIPATION

5.1 Yes. This practice is, however, not widespread.

5.2 Jamaica embarked on a program of privatization during the 1980s. By both groups. Yes. There are incentives for companies that implement Employee Share Ownership Plans (ESOP).

6. MARKE – LIQUITY AND PRACTICE

6.1 In comparison to monthly turnover market capitalization in Jamaica is approximately 1.7%.

6.2 Yes.

6.3 No.

6.4 No.

6.5 Yes.

6.6 No.

Answers to the Questionnaire on Measures to Disseminate Stock Property

- 1.1. Approximate number of public companies' shareholders in your country. Compare that number with the population.

# of shareholders (A)	Population (B)	A/B
2.680.000	45.991.000	5.83%

- 1.2. Number of public companies and market capitalization in US\$

# OF PUBLIC COMPANIES	748
Market capitalization	US\$ 114,090,000,000

Note: F/X rate of 1US\$=1,207.8 KW at the end of 1998

- 1.3. What is the approximate percentage of the participation in your market of the following investors, in terms of market capitalization and value traded:

	Market Cap. (end of 97)	Value Traded (during 98)
Institutional investors	26.3%	12.2%
Individuals	29.6%	77.4%
Foreign investors	13.7%	7.5%
Others	30.5%	2.9%

2. Policies Towards Dissemination of Stock Property

- 1.1. Please describe the policies to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction. Also detail the outcomes of those policies.

No specific policies exist to facilitate or prohibit the dissemination of companies' stock among retail investors in the process of public offering of companies.

Any corporate may go public if it satisfies certain requirement, such as profitability, stability and the provision of audited financial statements.

If a company wishes to list its shares in the KOSDAQ market, it must issue new shares totaling at least 50% of the total issued and outstanding shares.

- 1.2. Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?

- No specific incentives exist for small and family-owned companies to go public.
- However, in the case of venture companies, the KOSDAQ listing requirement is relatively easier than other companies. In particular, no specific requirement of years of operation, net income and negative retained earnings, exist for venture capitals.
- Capitals gain tax for general companies shall be exempted in cases of public sales of outstanding shares, and separate taxation rules for employee stock ownership associations shall be applied.
- Requirements of stocks dissemination
 - Minority shareholders ratio shall be either more than 30% or 10% in case minority shareholders hold more than 10 million shares.

- Number of minority shareholders shall be more than one thousand.

1.3. Is it possible for companies to issue non-voting shares?

Possible (Pursuant to the Commercial Law).

2.4 In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money in stocks

- Shortage of investment merit
- Low Propensity to dividend of public companies
- Deficiency of transparency
- Because of fraudulent accounting practices, the companies' account contents don't reflect the real activities and results so investors cannot accurately analyze the companies in which they wish to invest.
- Insufficiency of public notification system
- Weak punishment of the violation of public notification obligations. However by strengthening of the punishment of the violation of public notification obligations and improving the systems for transparency pursuant to the arrangements with IMFF, World Bank and ADB, the problems are now being reduced significantly.
- Market volatility

3. PROTECTION OF MINORITIES

3.1 Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders on of misconduct of corporate governors.

- Strengthening the minority shareholder's right (the Securities Exchange Law, the Commercial Law)

	Listed companies, registered companies	Unlisted corporations
Class Action	Holding continuously more than 0.01% for 6 months	Holding continuously more than 1.0% for 6 months
Dismissal Claims against directors	Holding continuously more than 0.5% for 6 months	Holding continuously more than 3.0% for 6 months.
Maintenance claims against illegal actions by directors	Same as above	Holding continuously more than 1.0% for 6 months
Inspection claims of the account book	Holding continuously more than 1% for 6 months	Holding continuously more than 3.0% for 6 months.
Call for an extraordinary general meeting of stockholders	Holding continuously more than 3% for 6 months	Holding continuously more than 3.0% for 6 months.
Inspection claims of the operation's proper status	Holding continuously more than 3% for 6 months	Holding continuously more than 3.0% for 6 months.

- Claims for Stock Purchase
If a listed corporation makes such significant resolutions as M&A, Transfer of Business, etc., which will effect company's business any minority shareholder who opposes this may withdraw invested funds through the use of claims for the purchase of their own stocks by the corporation.
- Introducing accumulated voting system
Minority shareholders holding more than 3% of stocks may cast their voting rights in appointing 2 directors in the general meeting of stockholders.
- Introducing shareholders suggestion system
By sending letter to the director, shareholders who own more than 3% can add their own agenda to the Agenda lists of the general meeting of stockholders.
- External directors appointment
More than ¼ of directors shall be external directors for the fairness of company management and investor protection.

3.2 Which of those provisions do you think is more relevant to foster investors confidence in the fairness of the market.

Strengthening of small shareholders' claims would be the most relevant factor to increase the investors' confidence.

4. Developing a culture of investing

4.4 Does your agency promote campaigns for investor awareness concerning risks and benefits of investing in capital markets?

- Obligatory requirements to explain the abstract & risk of the future & options transactions to investors through written documents.
- Call attention to investors through designating supervision items or through disclosing their options for delisting.

4.5 Do investors have an easy channel to formalize complaints? What are the most frequent complaints received?

- Securities companies are operating organizations to manage the complaints of investors. The FSS is also operating a committee of financial dispute mediation.
- Disputes mainly occur from unauthorized trading, discretionary trading and illegal inducement which guarantees regular profits.

4.6 Is there any existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.?

Disputes connected with securities investment are manageable through the process of securities dispute mediation by the FSS and legal effects its mediation is binding.

5. Employee participation

5.1 Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favorable conditions? Are there tax or other kind of incentives for those companies?

- Stock-sharing plan for employees & Stock option plan.
- In the case of public offering, allotment of a specific amount of shares is reserved for the employees
- Tax exemption on the balance, damages recognition both of the stock acquisition subsidy money and of operational expenses of the association for the benefit of accounting.

5.3 If your country has a privatization program, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favorable conditions?

- Main items such as object scales and time of stock assignments are decided and operated by the object company itself
- However, in the case of national enterprises, the government body in charge of the enterprise is able to intervene.
- Object of stock assignment includes the general public or employees, and in that case, benefits give to the stock sharing plans are to be endowed.

6. Market – Liquidity and practices

6.1 Which is the average monthly turnover compared to the total market capitalization in your country?

Monthly turnover: 18.1%

6.2 Is there a volume concentration in a few stocks?

Top five (5) stocks amounts to 11.9 percent.

6.3 Do you have mechanisms to promote liquidity for small companies in your country?

No particular mechanisms. However, corporations meeting specific conditions can raise funds by using face value split system. In addition, small & medium enterprises including venture companies can secure liquidity to some degree if they register to and trade on the KOSDAQ Market.

6.4 Do any measures exist, in your country, encouraging or compelling brokers to accept retail investors as clients?

Securities companies conduct brokerage affairs without distinguishing types of investors.

6.5 Does the brokerage commission differ according to the size of the order?

The securities companies freely decide the trust commission and their commission ratio differs by the order size. In addition, they discount commission if the order is submitted by program trading or by using electronic communications.

6.6 Is it possible for retail investors to monitor stock quotations in a real time basis?

The Korea Stock Exchange provides market information such as bid/sell price and turnover in real time through the securities terminals.

1. Figures about our market

- 1.1. There are approximately 75,000 shareholders of public listed companies compared with a population of 1.1 million.
- 1.2. There are forty listed companies to date, with a market capitalization of around US \$ 2 billion.
- 1.3. In general the market is dominated by institutional investors, which make up of about 80% of the total turnover.
About 45% of the total transaction on the market is carried out by foreign investors, mainly institutional ones.

2. Policies towards dissemination of stock property

- 2.1. There is a listing condition which clearly stipulates that an applicant company seeking a listing on the exchange must have 15 % of its capital in the hands of the public (public is defined as individuals who own less than 5% of the share capital of a company) and which should reach 25% by the end of the fifth year.

This condition has been observed by all the listed companies.

Moreover, under the Approved Investment Institution Rules (copy of which is enclosed), an investment institution must have an amount of not less than 40% of its capital subscribed within one year of the formation of the company by means of shares offered to members of the general public other than its directors.

- 2.2. Among the many incentives given by the Government to companies seeking listing is the reduction in the corporation tax rate-from 35% to 25%. Approved Investment Institution pays corporate tax at a rate of 15%. The same listing condition (refer to 2) applies to family owned companies which seek a listing.
- 2.3. Yes, it is possible for companies to issue non-voting shares provided the Companies' Act and the Stock Exchange regulations are not being violated.
- 2.4. Like any other exchange, ours is also affected by companies' performance, the current economic and political climate and public information. So, in my opinion the same basic factors affecting any exchange may also affect ours.

3. Protection to minorities

- 3.1. Section 184 of our Companies' Act provides remedy in cases of oppression by controlling shareholders which may be seen as unfairly discriminatory or unfairly prejudicial to a shareholder. The latter may apply to the Court for an order under this Section.

Section 185 of the same act enables a shareholder, with leave of the Court, to maintain an action in a representative capacity for himself or other shareholders to obtain a remedy for the breach, if any right, duty or obligation, owed to the company under the Act or under any other law in force that could be enforced by the company itself.

- 3.2. Both sections are immensely important to foster investors confidence in the fairness of the market.

4. Developing a culture of investment

- 4.1. The Commission is in the forefront of organizing and executing promotion campaigns for investor awareness concerning risks and benefits of investing in the capital market. In fact the Stock Exchange regulations stipulate that the Commission be responsible, to a great extent, for the promotion of the Stock Exchange.
- 4.2. Generally investors make complaints to the Commission –in writing or by phone. The most frequent complaints received are those associated with price increase of illiquid stocks underpinned by low performing companies.
- 4.3. It is usually the Commission which tries to solve market-related disputes in accordance with the powers conferred upon it by the Stock Exchange Act, 1988 and a series of regulations concerning the capital market.

5. Employees' participation

- 5.1. Yes, there is a practice in my country for companies to distribute shares to managers and employees. Yes, the distribution is made in favorable conditions. No there are no tax or any other kind of incentives for those companies.

A few listed companies had employee participation scheme where employees bought shares at a discount price prior to listing but were not allowed to trade them for a certain period of time.

- 5.2. Yes, my country has a privatization program designed for the general public including employees. The acquisition was made in favorable conditions where employees has been given a discounted price.

6. Market – Liquidity and Practices

- 6.1. The average monthly turnover of the market is about US\$ 10 m compared to the market capitalization of US\$ 2 billion.
- 6.2. There is relatively a volume concentration in a few stocks, namely in the banking/insurance and hotel sectors.
- 6.3. There are two markets, the Official Market which attracts major companies and is well regulated and the Over the Counter Market which has smaller companies and loosely regulated. Very often, OTC companies submit applications to be considered for listing on the Official List once they are in a position to satisfy the listing requirements.

So far, the OTC has provided a market which is fairly liquid for small capital based companies.
- 6.4. No, there are not any measures to encourage or compel brokers to accept retail investors as clients. The brokers are free to do business with retail or institutional clients.
- 6.5. The brokerage commission does not differ to the size of the order and is not negotiable.
- 6.6. The Stock Exchange provides internet and telephone services for those who are interested to monitor stock quotations.

**MAURITIUS STOCK EXCHANGE
STOCK EXCHANGE COMMISSION
DATA SUMMARY CALENDAR YEAR**

Official Market	JULY- DEC 89	JAN-DEC 90	JAN-DEC 91	JAN-DEC 92	JAN-DEC 93	JAN-DEC 94	JAN-DEC 95	JAN-DEC 96	JAN-DEC 97	JAN- APR 98
1. No. Of listed companies	6	14	20	22	30	35	41	45	46	47
New listing	6	8	6	2	8	5	6	4	1	1
2. Turnover (Rs. Million)	14.26	88.51	81.24	177.43	691.63	1519.49	1220.49	1601.69	2996.99	727.69
Yearly rate of increase (%)		521%	-8 %	118%	290%	120%	-20%	31%	87%	
3. Shares trades (Million)	0.61	3.55	4.48	10.48	37.34	50.64	59.38	92.00	164.09	33.02
Yearly rate of increase (%)		479%	26%	134%	256%	36%	17%	55%	78%	
4. Market Capitalization (Rs. Billion)	1.22	2.21	3.15	6.60	14.91	28.54	27.82	33.38	36.93	42.68
Yearly rate of increase (%)		81%	42%	109%	126%	91%	-3%	20%	11%	
% of GDP (Market prices)	4.52%	6.97%	8.74%	15.54%	31.01%	52.31%	4.09%	49.15%	49.33%	
5. Evolution of the SEMDEX	115.2	171.23	154.17	183.18	302.63	473.67	344.44	353.46	391.12	451.99
Yearly increase (points)		56.03	-17.06	29.01	119.45	171.04	-129.23	9.02	37.66	
Over the Counter Market										
6. Turnover (Rs. Million)		39.27	50.27	92.45	126.56	404.96	232.39	167.28	269.41	92.67
Yearly rate of increase (%)			28%	84%	37%	220%	-43%	-28%	61%	
Capital raised on the primary market (Rs Million)		236.97	122.81	1,256.54	484.06	1,469.79	1,396.05	305.30	2,785.00*	

N.B. The figures for Market Capitalization and SEMDEX are for the last session of the year.

*Debentures Issues only (Rogers, G. Civic, HWF, S. Resorts, NMH, PCM, CMT, MUA)

QUESTIONNAIRE ON MEASURES TO DISSEMINATE STOCK PROPERTY**1. Some Figures About the Moroccan Market**

- 1.1. There are approximately 45,000 public company's shareholders in Morocco. The total Moroccan population is 27 million.
- 1.2. As of April 20, 1998, there were 48 companies listed in the Casablanca Stock Exchange. Total Market capitalization was USD 13.7 billion.
- 1.3. For the time being, the requested data is not available.

2. Policies towards Dissemination of Stock Property

- 2.1. Not applicable.
- 2.2. The Securities Law n° 1-93-211 of September 21, 1993 was amended in January 1997 to ease listing requirements for small companies. A second compartment was created to accommodate those companies. To be eligible for listing in this new compartment, companies need to have a minimum capital of MAD (Moroccan Dirham) 10 million (USD 1 million), and float at least 15% of their shares. As for the first compartment, listing requirements are more stringent as the minimum capital is MAD 15 million (USD 1,5 million) and the minimum floats is set at 20%.
- 2.3. The 1996 corporate law n° 17-95 introduced the possibility for incorporated companies to issue non-voting preferred shares through a capital increase or the conversion of existing ordinary shares. However, only companies that have earned net profits during the last two fiscal years can issue those instruments. The law also states that these shares cannot belong to members of the board of directors. In some cases, they cannot either belong to the executive directors and their spouses. In addition, the non-voting preferred shares cannot represent more than 25% of the company's capital.
- 2.4. In Morocco, the "shareholder culture" is poorly developed as Moroccans traditionally invested in real estate or bank deposits. Moreover, for many years, they could earn high yields on Treasury debt securities. The situation is now gradually changing mainly for the following reasons:
 - Yields on Treasury debt securities have entered a downward trend;
 - The successful privatization program, that was heavily advertised, provided new investment opportunities;
 - The inception of mutual funds, in 1996, which experienced a significant growth.

3. Protection of Minorities

- 3.1. As per the 1996 corporate law, minority shareholders can to a certain extent contribute in designing and/or influencing the company's overall management objectives. Through a legal action, they can conduct an investigation, dismiss one or several auditors, or even call the general meeting.
 - **Right of Investigating by Judicial Decision**

By virtue of this right, one or several shareholders representing at least 10% of the capital, can ask the President of the Court to designate one or several experts, specially commissioned to report on one or several management issues. However, the law states that examination can by no mean focus on day-to-day operations conducted in normal business conditions.
 - **Right of Dismissal of One or Several Auditors**

One or several shareholders representing at least 10% of the capital can ask the President of the Court to dismiss the auditors for well-grounded reasons.
 - **Right to the General Meeting**

Generally, the convening of the general meeting falls under the competence of the board of directors or the managing board depending on the company's by-laws. If these managerial bodies are negligent, the law allows minority shareholders to have recourse to the President of the Court who will appoint a required trustee to convene the general meeting.
- 3.2. We believe that all three provisions are of paramount importance because they represent a genuine surveillance policy in the hands of the minority stockholders.

4. Developing a Culture of Investing

- 4.1. For the time being, CDVM does not promote campaigns for investor awareness concerning risks and benefits of investing in capital markets. However, the agency projects, as part of its business plan, to issue awareness brochures and pamphlets targeted to the general public to help them make wise investment choices. These documents may be related to many topics such as recommendations on how to read prospectuses, the rights of investors, the risks associated with various investment instruments, etc..
- 4.2. As per the 1993 securities law, investors can send their complaints to the DVM whose main mission is to protect investors. These complaints are received either by phone, facsimile or mail. They are mainly related to a misunderstanding of capital market mechanisms, as investors are not always aware of the risks associated with their investments.
- 4.3. There is no specific administrative procedure to solve disputes between investors and brokers, issuers, mutual funds.

5. Employees' Participation

- 5.1. Some of the listed companies started issuing shares to their employees as part of employee motivating programs. The price of the listed shares is generally sold with a markdown ranging from 15% to 40% of the market price.
- 5.2. As per the law n° 39-89 of October 16, 1990 related to the privatization of state owned companies, shares can be sold to the employees of the company being privatized. However, total shares sold to the employees cannot exceed 10% of the company's capital or 20% of the State's stake that is being sold. Moreover, a markdown to the price per share is allowed but it cannot exceed 15%.

6. Market Liquidity and Practices

- 6.1. The average monthly turnover was USD 269 million in 1997 with a market capitalization of USD 11.9 billion.
- 6.2. The 10 largest traded stocks have represented over 85% of total traded volume over the past three years (1995-1997).
- 6.3. There is no mechanism to promote liquidity for small companies.
- 6.4. There are no measures to encourage or compel brokers to accept retail investors as clients.
- 6.5. Brokerage firms are free to set their commissions under a ceiling set at 0.6% for equity securities and 0.4% for fixed income securities. These ceilings are set by a decree of the Ministry of Finance, after the advice of the CDVM. Brokers can choose to change their commissions according to the size of the order but this is not a requirement.
- 6.6. Stocks are traded daily from 10:00 am to 12:00 am. Stock quotations are available in the afternoon of each day.

1. MARKET STATISTICS

- 1.1 Information not available.
- 1.2 1.2 There are 28 public companies in Panama and the market capitalization is US\$ 3.752.371.667.00. February 1, 1999.
- 1.3
 - a) Information not available.
 - b) Information not available.
 - c) Information not available.
 - d) Information not available.
 - e) Information not available.
 - f) Information not available.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

- 2.1 There are no policies to facilitate the dissemination of public companies stock among retail investors in Panama.
- 2.2 There are no specific incentives to small or family owned companies to go public.
- 2.3 It is possible for companies to issue non-voting shares.
- 2.4 The main factors influencing investors or potential investors to avoid putting their money in stocks is the lack of shares in the market.

3. PROTECTION OF MINORITIES

- 3.1
 - a) All pacts between a society and their directors interested in those pacts will be submitted to the approval or disapproval of the board. In case the new board disapproves actions of the former board, they can put legal actions. Individually, one stockholder can put legal actions too.
 - b) When the legal representative of the corporations incurs a misdeed against it, at least 5% of stockholders may obtain the legal representation of the corporation and denounce the misdeed before a court of justice.
 - c) Every stockholder has the right to protest against the agreements of the board before a court of justice.
 - d) I think the provisions b) is more relevant to foster investors confidence in the fairness of the market.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1 The agency does not promote campaigns for investor awareness concerning risks and benefits of investing in capital market.
- 4.2 Investors have an easy channel to formalize complaints. The most frequent complaints is to get the financial statements on time.
- 4.3 There is no existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc..

5. EMPLOYEE PARTICIPATION

- 5.1 In Panama the practice of distributing shares to company managers or employees is very small. I think the distribution is made in favorable conditions. There are no tax or other kind of incentives for those companies.
- 5.2 Panama has a privatization program. It prescribes the acquisition of a small amount of shares by the employees but not by the general public. The big amount of shares go the big firms.

6. MARKET LIQUIDITY AND PRACTICES

- 6.1 The average monthly turnover is US\$ 9.250.000.00. The market capitalization is US\$ 3.752.371.667.00.
- 6.2 There is a volume concentration in a few stocks.
- 6.3 The agency does not have mechanisms to promote liquidity for small companies in Panama.

- 6.4 In Panama there are no measures encouraging or compelling brokers to accept retail investors as clients.
- 6.5 The brokerage commission differs according to the size of the order.
- 6.6 It is not possible for retail investors to monitor stock quotations in a real time basis.

PARAGUAY

Comisión Nacional Supervisora de Empresas y Valores

CUESTIONARIO SOBRE MEDIDAS PARA DISEMINAR LA PROPIEDAD ACCIONARIA

1. ESTADISTICAS DEL MERCADO

- 1.1 Número aproximado de accionistas de empresas de capital abierto que hay en su país. Compare el número con la población.

En promedio, existen 30 accionistas por empresa. Habiendo 60 sociedades emisoras de capital abierto, entonces habría un número aproximado de 1.800 accionistas de empresas de capital abierto en el Paraguay.

Considerando que hay aproximadamente 5.085.000 de habitantes en el país, entonces solo un 0,035% de la población sería accionista en sociedades de capital abierto.

- 1.2 Número de empresas de capital abierto y capitalización del mercado en US\$.

A la fecha se encuentran calificadas por la Comisión Nacional de Valores como Sociedades Emisoras de Capital Abierto un total de 60 empresas.

La capitalización del mercado es de US\$ 315.886.228, al día 30 de setiembre de 1998, último dato disponible.

- 1.3 ¿Cuál es el porcentaje aproximado de participación en su mercado de los siguientes inversionistas, en términos de capitalización del mercado y monto negociado? :

- a) Accionistas controlantes;
- b) Inversionistas institucionales locales;
- c) Instituciones financieras locales;
- d) Empresas no financieras locales;
- e) Individuos locales;
- f) Inversionistas extranjeros.

No se dispone de estos datos.

2. POLITICAS TENDIENTES A LA DISEMINACION DE LA PROPIEDAD ACCIONARIA

- 2.1 Favor describa las políticas para facilitar la diseminación de las acciones de empresas de capital abierto entre pequeños inversionistas que existen en su jurisdicción. También detalle los resultados de esas políticas.

No existen políticas concretas al respecto. En general, esto responde a políticas determinadas por cada empresa, sobre la base de sus propias realidades y su ámbito de actuación.

- 2.2 ¿Existen incentivos para las empresas pequeñas o familiares para abrir su capital?. Si es así, ¿cuáles son los requerimientos para la diseminación de sus acciones entre un cierto número de accionistas?

Si bien no hay incentivos exclusivos para empresas pequeñas o familiares, existen incentivos fiscales para las sociedades emisoras de capital abierto en general, sean pequeñas, medianas o grandes empresas:

*La Ley 548/95 de Retasación y Regularización de Bienes de Empresas, modificada por la Ley 1106/97, establece que las empresas que abran su capital en la forma dispuesta por dicha ley serán beneficiadas con un régimen tributario especial, consistente en la reducción de la tasa impositiva del Impuesto a la Renta del 30% al 10%, existiendo el requerimiento de aumento e integración de capital en un 45% en un plazo de 3 años. Esta Ley también dispone que por el solo hecho de acogerse a los términos de la mencionada ley, la empresa pasará a ser una sociedad anónima emisora de capital abierto. No obstante, a falta de cumplimiento de la desconcentración accionaria exigida, dichas empresas perderán los beneficios fiscales pero no perderán su calidad de sociedad anónima emisora de capital abierto. **Para las PYME's las exigencias se reducen a la mitad.***

Se considera sociedad anónima emisora de capital abierto a una empresa en la cual por lo menos veinte personas son titulares de acciones ordinarios y/o preferidas, nominativas o al portador.

La nueva Ley de Mercado de Valores, N° 1284/98 que empezará a regir en agosto de 1999 también contiene disposiciones referentes a los incentivos fiscales. El artículo 234 dice que las sociedades anónimas emisoras de capital abierto tendrán un régimen tributario especial, por un plazo de diez ejercicios fiscales, a partir de la vigencia de la ley y también establece cuales son los requisitos para acceder a dichos incentivos fiscales. El incentivo consistee en el pago de la mitad del impuesto a la renta general.

2.3 ¿Es posible para las compañías emitir acciones sin votos?

No existe prohibición específica al respecto. Sin embargo, puede interpretarse que existe esta posibilidad, en virtud de lo dispuesto por el artículo 1064 del Código Civil Paraguayo que dice lo siguiente: "... Los estatutos pueden prever diversas clases de acciones con derechos diferentes..."

2.4 En su opinión, ¿cuáles son los principales factores que influyen a los inversionistas o potenciales inversionistas para evitar poner su dinero en acciones?

Uno de los factores preponderantes para la inversión en acciones es el desarrollo del mercado de valores, cuando mayor es el mismo, mayor interés existe en invertir en acciones, debido a la participación (presencia bursátil) atractiva de las compañías que negocian y cotizan acciones en Bolsa.

Además, la transparencia de la información es fundamental así como la posibilidad de participación de todos los accionistas dentro de las decisiones de la empresa y la protección que reciban los pequeños accionistas frente a los accionistas mayoritarios.

3. PROTECCION DE MINORIAS

3.1 Favor especificar las provisiones contenidas en su ley de sociedades anónimas que refieran a la protección de pequeños accionistas contra los abusos de los accionistas controlantes o la mala conducta de los que gobiernan las empresas.

La ley no hace mención específica a los accionistas controlantes.

El artículo 32 de la Ley 94/91 de Mercado de Capitales, modificado por la Ley 1106/97 establece: el destino obligatorio del 25% (veinticinco por ciento) por lo menos de las utilidades realizadas, luego de deducidos los importes destinados a reserva legal, remuneraciones del Directorio, del Síndico y de la Entidad Fiduciaria que representa a los obligacionistas y el impuesto a la Renta del ejercicio, a dividendos para ser distribuidos en dinero efectivo entre los accionistas, salvo que la Asamblea, con el voto favorable de los accionistas que representen el 75% (setenta y cinco por ciento) de las acciones ordinarias presentes, resuelva reducir dicho porcentaje hasta el 10% (diez por ciento) de aquellas;

Asimismo, establece la fijación de límites a las remuneraciones que deberán ser establecidos por la Asamblea para miembros del Directorio y Síndicos en relación al capital integrado, importancia de las operaciones sociales y monto de las utilidades realizadas. Si los dividendos a distribuirse no alcanzan por lo menos a 3% (tres por ciento) del capital integrado, los Directorios y Síndicos no tendrán derecho a retribuciones adicionales provenientes de las utilidades, salvo que la Asamblea, con el voto favorable de los Accionistas que representan el 60% (sesenta por ciento) de las acciones ordinarias presentes, resuelva pagar remuneraciones a los Directores que hubieren realizado o prestado, a solicitud de la sociedad emisora o sociedad emisora de capital abierto, de que se trate, tareas, comisiones o servicios especiales;

Además, el Código Civil Paraguayo establece la responsabilidad ilimitada y solidaria de los Directores ante la sociedad, los accionistas, y terceros por la inejecución o mal desempeño del mandato, así como por la violación de la ley o de los estatutos, y cualquier otro perjuicio ocasionado por dolo, abuso de facultades o culpa grave. Asimismo, dispone que los directores y gerentes no pueden votar en la aprobación de los balances y demás cuentas y actos relacionados con su gestión administrativa, ni en las resoluciones sobre su responsabilidad y remoción. Igualmente se establece que los socios pueden examinar los negocios de la sociedad y pueden exigir que se le presenten los libros, documentos y papeles y además, pueden formular las reclamaciones que juzgaren convenientes.

3.2 ¿Cuál de estas provisiones cree Ud. que es más relevante para promover la confianza de los inversionistas en la igualdad del mercado?

Las provisiones más relevantes para promover la confianza de los inversionistas son las exigencias sobre transparencia y control de gestión de los directores de las sociedades emisoras de capital abierto.

4. DESARROLLO DE UNA CULTURA INVERSIONISTA

- 4.1 ¿Promueve su agencia campañas de concientización a los inversionistas con respecto a los riesgos y beneficios de invertir en los mercados de capitales?

Si, la CNV se halla abocada a la promoción y concientización al público en general sobre los riesgos y beneficios de invertir en el mercado de capitales y sobre la importancia de su desarrollo en el país. Para ello se utilizan varios métodos como la elaboración y distribución de boletines informativos, participación y organización de seminarios, cursos, talleres y charlas tanto en el ámbito empresarial como en colegios y universidades del país.

- 4.2 ¿Tienen los inversionistas un canal fácil para formalizar quejas? ¿Cuáles son las quejas más frecuentemente recibidas?

Debido a la función de la CNV de regulación y fiscalización del mercado de valores, las quejas o denuncias deben ser presentadas o informadas a esta Institución, si bien este proceso no está reglamentado. Sin embargo, aun no se han registrado quejas ni denuncias, debido tal vez al poco desarrollo del mercado.

- 4.3 ¿Existe algún procedimiento administrativo para resolver disputas entre inversionistas y corredores, emisores, fondos mutuos, etc.?

No, aun no se ha reglamentado ningún tipo de procedimiento administrativo para estos casos.

Existen sanciones administrativas que pueden ser aplicadas por la Autoridad, en virtud de las atribuciones legales otorgadas por la Ley 94/91 de Mercado de Valores. De esta manera la CNV tiene competencia para aplicar sanciones administrativas (apercibimiento, multa, suspensión y prohibición de hacer oferta pública) a las personas que intervienen en el Mercado de Valores, a través de sumario administrativo, regulado también por la citada Ley.

5. PARTICIPACION DE LOS EMPLEADOS

- 5.1 ¿Existe una práctica en su país de distribución de acciones a gerentes o empleados de las empresas? ¿Es esta distribución realizada en condiciones favorables? ¿Existen incentivos impositivos u otros incentivos para esas compañías?

No existen incentivos. Esta práctica está dada de acuerdo a la política particular de cada empresa.

- 5.2 Si su país tiene un programa de privatización, ¿prescribe el mismo la compra de acciones por el público en general o por los empleados? ¿Es esta adquisición hecha en condiciones favorables?

Si, según la Ley N° 126/91 de Privatización, existe derecho de preferencia para empleados y sectores vinculados. Las acciones de empresas privatizadas se negocian libremente.

6. MERCADO - LIQUIDEZ Y PRACTICAS

- 6.1 ¿Cuál es el promedio mensual de rotación comparado con la capitalización total del mercado en su país?

La capitalización bursátil de país al 30 de setiembre de 1998 es de US\$ 315.886.228, y el promedio de negociación mensual a la misma fecha de US\$ 11.777.

- 6.2 ¿Existe un volumen de concentración en pocas acciones?

No existe concentración en pocas acciones.

- 6.3 ¿Tienen mecanismos para promover la liquidez para pequeñas empresas en su país?

No se cuenta con dichos mecanismos.

- 6.4 ¿Existen medidas, en su país, que estimulen u obliguen a los corredores a aceptar a pequeños inversionistas como clientes?

No existen medidas al respecto por lo cual depende de las Casas de Bolsa. En general los corredores de Bolsa aceptan órdenes de compra o venta de títulos valores inscriptos en Bolsa, independientemente de que sea un pequeño o gran inversionista.

6.5 ¿Difiere la comisión del corredor dependiendo del tamaño de la orden?

La CNV no ha reglamentado dicha comisión por lo tanto por el momento, la comisión del corredor por la operación concretada con el cliente es de libre pacto entre las partes.

La tasa de la comisión que la Bolsa de Valores percibe de las Casas de Bolsa por las operaciones realizadas en la bolsa varía de acuerdo al tipo de instrumento (renta fija o variable). La tasa es fija por cada tipo de instrumento y no varía por el tamaño de la orden, lo que varía es el monto de la comisión de acuerdo al volumen negociado.

6.6 ¿Es posible para los pequeños inversionistas controlar las cotizaciones de acciones en una base de tiempo real?

Todavía la bolsa no cuenta con medios informáticos que permitan controlar en tiempo real o en línea las fluctuaciones o cotizaciones de acciones o variaciones de precios. Sin embargo, estas cotizaciones son actualizadas en forma diaria por la Bolsa de Valores.

PERU

CONASEV – Comisión Nacional Supervisora de Empresas y Valores

Questionnaire on Measures to Disseminate Stock Property

Responded by the Comisión Nacional Supervisora de Empresas y Valores of Peru

1. Some Figures About Peruvian Market

- 1.1. Approximate number of public companies' shareholders in your country. Compare that number with the population.
There are approximately 450 000 public companies' shareholders in Peru, around 3,4% of the peruvian adult population.
- 1.2. Number of public companies and market capitalization in US\$:
As of December 1998, there were 252 listed companies in Peru, and the market capitalization was US\$ 11 035,3 million.
- 1.3. What is the approximate percentage of the participation in your market of the following investors, in terms of market capitalization and value traded.
As of December 1998 we have the following data in terms of market capitalization.
- a) Shareholders controllers: not available
 - b) Domestic institutional investors: Mutual Funds held US \$ 365,3 million in assets, 1,4% of which were equity. Pensions Plans held US\$ 1 732 million in assets, 33,5% of which were equity. Other institutional investors' holdings are not available.
 - c) Domestic financial institutions: not available
 - d) Domestic non-financial corporations: Not available.
 - e) Domestic individuals: not available.
 - f) Foreign investors: they held approximately US \$ 2 638,5 million in book-entry securities (44% of all book-entry holdings).

2. Policies towards Dissemination of Stock Property

- 2.1. Please describe policies (current, existing in the past or planned) to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction.
Under a especial government Commission, several privatization programs of state-owned companies are underway, while others are already through. The privatization process began in 1994 for public utility companies such as the telephone company. The privatization strategies vary according to the company to be privatized, although large and attractive companies such as public utilities and banks have been partially privatized through a program called Participación Ciudadana (citizen participation), which enables retail investors to purchase a stake in such companies. Most of these programs included information campaigns. Approximately, 400 000 new retail stockholders are the most important outcome of these privatization programs.
- 2.2. Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?
There are no current policies to promote equity or debt issuance by small businesses.
- 2.3. Is it possible for companies to issue no-voting shares?
Yes, it is. Their legal framework is provided by the Ley General de Sociedades (Corporate Law).
- 2.4. In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money into stocks?
The main factors are precedents of fraud, high volatility, limited market depth due to lack of liquid stocks, poor financial culture, and high transaction costs for small investors.

3. Protection of minorities

- 3.1. Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors.

The following provisions can be mentioned:

- A company must have a defined purpose.
- One tenth of voting stockholders can have the financial statements audited, either by including such provision in the social contract or by asking for an specific audit.
- Decisions against the interest of the company are void. Any stockholder can have such decisions nullified by a court order.
- If need be, stockholders representing one fifth of all voting shares (one twentieth in the case of sociedades abiertas – large companies which are allowed to list their securities), can obtain a court order calling for a general stockholders' assembly. Regardless of their voting stake, any shareholder can do just the same if ordinary annual assemblies fail to be called.
- Any stockholder can return his stock to the company recovering its value if the company makes decisions such as moving outside the country, changing its purpose, or limiting the stocks' negotiability.
- In the event of a capital increase stockholders may keep their equity portion, unless otherwise decided.
- Directors and managers are accountable to the company, to stockholders, or to any other person for damages caused intentionally or by negligence. In the first case, the company can be represented by one third of its stockholders.
- Stockholders can have access to any document related with the purpose of the general assemblies after these are announced. In sociedades abiertas, they have access anytime, if they represent one twentieth of the stock.

- 3.2. Which of those provisions do you think is more relevant to foster investor's confidence in the fairness of the market?

We believe that all the above provisions are relevant, but it is important to mention provisions from the Securities Market Law, v.g., free access to the securities market's Public Registry, disclosure of financial and non-financial information, and prohibition of insider trading. Finally, there is the Foreign Investments Law, which provides for equal treatment for all investors in Peru.

4. Developing a Culture of Investing

- 4.1. Does your agency (or self-regulatory entity) promote campaigns for investor awareness concerning risks and benefits of investing in capital markets?

The CONASEV frequently conducts campaigns to provide investors, potential investors and issuers, students and public at large with information about the securities market and its opportunities. These campaigns include publications, and events in many Peruvian cities and universities.

A highlight of this year will be the educational campaign organized by the Council of Securities Regulators of the Americas (COSRA), which the CONASEV is member of. This will be one week long regional campaign aimed at enhancing financial awareness and literacy in the region's youth.

- 4.2. Do investors have an easy channel to formalize complaints? What are the most frequent complaints received?

There are various channels. In most cases the first instance is the Stock Exchange itself (see next question). Most of the complaints deal with delayed execution of operations and the use of securities as guarantee by intermediaries.

- 4.3. Is there any existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.?

The procedure to settle disputes between one brokerage firm and another one, and between these firms and their clients begins at the Lima Stock Exchange. The Exchange looks into each particular case and makes a decision, which can be appealed to the CONASEV. These appeals are examined by the CONASEV's Administrative Tribunal, which hands down a decision. Eventually, the case can be brought to a civil court if the CONASEV Tribunal's decision is not acceptable.

Complaints filed by the mutual funds administrators, and by investors in non listed companies are investigated by the CONASEV senior management. Should these cases call for sanctions they will eventually be decided upon by the CONASEV's Administrative Tribunal. If not, they will be settled by the CONASEV's Board.

In addition to this, all securities market participants have the right to settle their disputes through an arbitration process.

According to a legal interpretation of our legislation, disputes involving mutual funds would have to be resolved by the CONASEV's Board.

5. Employees' participation

- 5.1. Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favorable conditions? Are there tax or other kind of incentives for those companies?

To make such distributions is not a legal obligation today as it was in the past. However, labor stock (a form of non-voting stock) generated in the early 70s, is still outstanding.

- 5.2. If your country as a privatization program, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favorable conditions?

As mentioned in 2.1, a number of these privatization programs are open to the general public in a percentage defined by each program under equal conditions for all investors. In a subsequent stage, foreign investors may be offered another stake in the company.

6. Market – Liquidity and Practices

- 6.1. Which is the average monthly turnover compared to the total market capitalization in your country?

In 1998 the traded volume in stock was US \$ 3 067 million, and by the end of that year market capitalization was US\$ 11 035 millions.

- 6.2. Is there a volume concentration in a few stocks?

As regards floor trading, in 1998 the top four stocks made up 39% of traded volume, and the top ten reached 58%.

- 6.3. Do you have mechanisms to promote liquidity for small companies in your country?

Besides the traditional banking mechanisms and products, there are no current policies to promote liquidity for small businesses through the securities market. However, there is a borrowing mechanism at the Lima Stock Exchange (LSE) whereby any person can raise short-term funds by using securities as collateral (kind of a repo). The LSE determines which securities can be used as collateral.

- 6.4. Do any measures exist, in your country, encouraging or compelling brokers to accept retail investors as clients?

There are no such compelling measures.

- 6.5. Does the brokerage commission differ according to the size of the order?

The amount of the brokerage commission is not regulated, but the common practice is to fix it according to the order size and other variables. The lowest percentage may vary between 0,50% and 1,0% and increases as much as the brokers policy pursues to discourage small orders.

- 6.6. Is it possible for retail investors to monitor stock quotations on a real-time basis?

Quotes with a 20 minutes lag can be found at the Lima Stock Exchange Website: www.bvl.com.pe.

POLAND

Polish Securities and Exchange Commission

1/

1.1

Number of shareholders of public companies can be measured against the number of investment accounts. In 1997 number of investment accounts was equal 1325 compared to 38 mil population.

1.2

Number of entities admitted to the public trading by the Polish Securities and Exchange Commission – 217.

Capitalization of the Warsaw Stock Exchange /28.04.98/ - 16,947.8 mil USD.

1.3

We do not hold data on that subject. Except for point of the participation of foreign investors in capitalization of the Warsaw Stock Exchange – 38%, the remaining part can be roughly allocated in a half to domestic institutional investors and in a half to domestic individuals.

2/

2.1

There are certain capital requirements for companies, among others they include:

- The share capital of the company which shares are to be admitted to trading on the main market should amount to at least PLN 7 million and at least 500 shareholders hold the shares to be admitted.
- The share capital of the company whose shares are to be admitted to trading on the parallel market should amount to at least PLN 3 million and at least 300 shareholders hold the shares to be admitted,
- The share capital of the company which shares are to be admitted for trading on the free market should amount to at least PLN 1.5 million.

There are no capital requirements for companies which shares are to be admitted to trading on the over-the-counter market /CTO/.

Summing up, small companies have possibility to be traded on the regulated market as well, without any additional problems.

2.2

There are no incentives to small companies to go public. There are certain requirements for companies which shares are to be traded at the Warsaw Stock Exchange or on the over-the-counter market /CTO in Poland/.

The Exchange Supervisory Board may admit securities for trading on main parallel or free market, if among others:

- They are admitted to public trading,
- Transferability of the securities is not limited
- Dilution of the ownership of securities other than shares ensures adequate liquidity and proper course of stock exchange transactions.

2.3

On the Polish capital market it is not possible for companies to issue non-voting shares.

2.4.

There are several very important factors influencing investors or potential investors decision to avoid putting their money in stocks in Poland, among others:

- High risk connected with price of the shares
- High interest rates

3/

A shareholder may appeal from resolutions of The General Meeting of shareholders, in accordance to the Commercial Code.

Moreover, "The Law on Public Trading of Securities" of 21 August 1997 /art. 147-161/ introduces certain procedures to protect minorities.

It is important for investors to know who controls the company, which shares they have. "The Law on Public Trading of Securities" of 21 August 1997 /art. 147-161/ includes principles regulating the process of taking over control of a public company and certain requirements imposed on buyers of major stakes.

The acquisition of major stakes involves an obligation to inform the company which shares have been purchased, the PSEC and the Competition and Consumer Protection Office. The public company is required to submit the information to a press agency. This requirement covers purchase and sale transactions if a given transaction results in reaching or exceeding 5 percent or 10 % every 2% of the total number of votes at the general meeting of shareholders.

The appearing of a big shareholder in a company may be considered adverse by other investors. That is while a special procedure for acquiring "substantial block of shares" was introduced. Whoever intends to acquire the substantial blocks of shares has to announce a summon to subscribe for the sale or conversion of shares. The summons is directed to all the investors who hold the shares the announcer intends to acquire. Each of the investors has a chance of reselling his shares through the announcement procedure.

4/

4.1

In 1997, The Polish Securities and Exchange Commission conducted the education program from means allocated within the European Union's Aid Program Phare.

Multimedia campaign concerning the capital market included the realization and issuing of an 32-part educational serial on the principles of functioning of the capital market/ e.g. legal aspects of the capital market, general principles of investing/. The film was shown on TV. The campaign also included publication of brochures, this way expanding and completing subjects discussed in the film. The brochures have been passed over tho the secondary schools.

Furthermore, a set of books on the capital market prepared under the supervision of the PSEC, was published in 1500 copies. The books have been passed over to universities, which agreed to introduce the subject of the capital market into their teaching programs.

4.2

Investors have an easy access to formalize their complaints. There is the Complaint position in The Authorization Department of the PSEC which reviews complaints concerning brokerage firms and investment fund corporations.

4.3

Disputes between investors and brokers, issuers, etc. Are viewed as civil disputes. They are solved in civil courts. The Polish Securities and Exchange Commission does not solve the above mentioned disputes and does not act as a party here, but Chairman of the PSEC is entitled to act as a persecutor on behalf of an investor.

5/

5.1 and 5.2

"The Act on Privatization and Commercialization of the State Companies" enables the management board as well as employees to receive free of charge up to 15% of shares of privatized companies, which are owed by the State Treasury. The management board has a right to sale their shares after the period of 3 years, while employees are allowed to do it after the period of 2 years.

5.2

According to the privatization program there is possibility for the management board as well as employees to receive free of charge up to 15% of shares of privatized companies, which are owed by the State Treasury. The rest of the shares can be sold to institutional investors or to the public.

6/

6.1

The average monthly turnover on the WSE in 1997 amounted to 4,361.8 mil PLN, capitalization on the WSE in 1997 amounted to 43,766 mil PLN/exchange rate: 1USD=3.5 PLN.

6.2

6.3

On the over-the counter market /CTO/ designed for listing smaller companies there is the system increasing liquidity --the market maker system.

6.4

Polish capital market is dominated by individual investors, so there is no need to encourage brokers to accept this kind of clients.

6.5

Yes.

6.6

It is possible for retail investor to monitor stock quotation on a real time basis, provided they use the charged, specialized WSE system. However fees taken from monitoring the stock quotation in this system are very high.

Moreover individuals investors have possibility to monitor stock quotation in brokerage houses, which pay WSE for such service.

Questionnaire on Measures to Disseminate Stock Property

1. MARKET STATISTICS

- 2.1 No. of shareholders in Singapore incorporated companies listed on the Stock Exchange of Singapore (SES): 1.184 millions as at end December 1998.
- 1.2 No. of listed companies (Singapore incorporated only) on SES: 321 as at 31 December 1998.
Market Capitalisation: US\$ 1.2 billion.
- 1.3 Data only available as follows for value traded.

Residency	Category	Trading
Local	Individual	27.56%
Local	Corporation	5.95%
Local	Broker	26.32%
Foreign Investors		40.18%

2. Policies towards dissemination of stock property

- 2.1. **Please describe the policies to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction. Also detail the outcomes of those policies.**

The SES' policy is that shares of listed companies should be as widely distributed as possible in order to promote liquidity in the company's shares. In an initial public offering, a certain portion of the shares would be required to be sold by a public offer for subscription, as compared to placement. In addition, a minimum portion of the public offer is required to be set aside for retail investors.

The SES has also undertaken initiatives to facilitate the subscription of shares at initial public offerings and rights issues by retail investors such as allowing the shares to be subscribed via the bank's network of automated teller machines which are distributed throughout Singapore.

These policies have resulted in and facilitated the substantial participation of retail investors in our stock market, and broadened the ownership of listed companies among Singaporeans.

- 2.2. **Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?**

The SES operates two boards, the Main Board and SESDAQ. SESDAQ is positioned as the board that provides greater flexibility to companies in terms of lower quantitative criteria, in terms of length of operating track record, profitability and size of capital, lower shareholding spread and a higher percentage of shares available for issue under an employee share option scheme, compared to a listing on the Main Board. As such, it provides an avenue by which small and medium sized companies and start-up companies could raise funds from the capital market. A listing on SESDAQ requires that at least 15% of the shares be disseminated to the public to ensure adequate spread, although there is no specific requirement for a minimum number of shareholders. In contrast, the Main Board requires a minimum public float of 25% to be held by at least 1,000 shareholders.

- 2.3. **Is it possible for companies to issue non-voting shares?**

The Companies Act requires all ordinary shares issued by Singapore-incorporated companies to have one vote for one share. Thus, Singapore-incorporated companies cannot issue non-voting ordinary shares.

- 2.4. **In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money in stocks?**

The Singapore stock market enjoys a high level of participation from the public. The reasons why some persons may be reluctant to invest in the stock market include their lack of knowledge of share investing, aversion to the risks of share investments and better yields from alternative investments.

3. Protection of Minorities

3.1. Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors.

The following provisions in the Singapore Companies Act relate to the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors:

- (a) Section 157 imposes a duty on directors to act honestly and use reasonable diligence in the discharge of the duties of his office.
- (b) Section 162 prohibits a company from making a loan to its directors or to directors of related corporations, or giving a guarantee or security in connection with such a loan.
- (c) Section 216 gives shareholders personal remedies where the majority shareholder(s) act in a manner that is oppressive or unfairly discriminates against shareholders.
- (d) Section 201B requires Singapore-incorporated listed companies to establish audit committees and imposing duties which such a committee is required to discharge.

In addition to the above provisions in the Companies Act, the SES Listing Manual also provides rules on Interested Person Transactions which are designed to safeguard the interest of public shareholders by requiring transactions that involve the interest of directors and substantial shareholders to be disclosed and where appropriate, subject to approval by independent shareholders.

3.2. Which of those provisions do you think is more relevant to foster investor confidence in the fairness of the market?

While the above statutory provisions are necessary to foster investor confidence in the fairness of the market, it is most important for shareholders to be able to effectively enforce their rights and obtain adequate remedies in the event of abuses by directors and controlling shareholders.

4. Developing a Culture of Investing

4.1. No campaign as such, but the SES organises investment fairs and money talks periodically to educate investors on the risks and benefits of investing in the stock market.

4.2. Yes. Aggrieved investors can write in to the Public Affairs Department of the SES.

Most frequent complaint relates to the timely disclosure of information by listed companies.

4.3. Administrative procedure: Dispute goes to the investigation department of the SES and the case would be brought to the Disciplinary Committee for action if necessary.

5. Employees' participation

5.1. Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favourable conditions? Are there tax or other kind of incentives for those companies?

It is common practice for listed companies to distribute shares to company managers and employees by way of an employee share option scheme. The rules of the SES on employee share option schemes limit the size and tenure of the schemes.

There are no tax or other kind of incentives for those companies.

5.2. If your country has a privatisation programme, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favourable conditions?

State-owned companies are, from time to time, privatised by an offer to the general public and to foreign and local institutional investors made in conjunction with a listing on the SES. Generally, shares in such transactions have been offered to investors including employees on the same terms, but there has been an instance of shares having been offered to Singapore citizens on favourable conditions.

6. Market – Liquidity and Practices

6.1. Average Monthly Turnover in 1997: S\$ 8.22 billion per month, 3.1% of total market capitalisation.

6.2. Yes, 20 most active stocks comprise more than 50% of total turnover.

6.3. There is a Second Board (SESDAQ) for the listing of small companies.

6.4. No, retail investors are free to choose any broker that is available, and vice versa.

6.5. Brokerages

The SES has set the following commission rates payable for securities transactions on the Mainboard and SESDAQ:

On the first S\$250,000	: 0.95%
On the next S\$250,000	: 0.855%
On the next S\$250,000	: 0.76%
On the next S\$250,000	: 0.665%
On the next S\$500,000	: 0.475%
On amounts exceeding S\$1.5 million	: Negotiable, subject to a minimum of 0.285 %

Subject to a minimum brokerage of S\$ 10 per contract for transactions of at least 500 units and S\$ 3 per contract for transactions of less than 500 units.

Clearing Fees, Stamp Duties and GST

In addition to brokerage fees, the following charges are payable:

A clearing fee of 0.05% on the value of the contract, subject to a maximum of S\$ 100.

A contract stamp duty of 0.05% on the value of the contract. The Singapore Government has suspended the stamp duty on contract notes for shares transactions for one year with effect from 30 June 1998. The suspension was extended for one more year with effect from 30 June 1999.

A transfer stamp duty of 0.2% on the value of the contract when shares are sent for registration. No transfer stamp duty is charged for securities that are settled on a book-entry basis.

A Goods and Services Tax (GST) of 3% on brokerage and clearing fees.

7. 6.6 Yes, real-time quotes are available from various information vendors.

MEASURES TO DISSEMINATE STOCK PROPERTY

1. Market Statistics

1.1. There are about 2 million shareholders of listed public companies in South Africa, Whilst the total population per our 1995 census was 41.242.000.

Please note the following with respect to the number of shareholders quoted above:

- There may be substantial double counting included in the figure. The number represents the approximate total number of shareholders added up from listed company share registers. A shareholder holding more than one type of share will be double counted.
- Nominee shareholders included in the count may hold shares on behalf of substantial numbers of individual shareholders, whilst being counted once per share register entry. At present, it is not compulsory in South Africa for nominee shareholders to disclose the identities of the ultimate beneficial shareholders. However, legislation is being considered to compel disclosure of beneficial interests.
- There are currently 156 Unit Trust Portfolio's (investing in listed securities) in South Africa, who would be included as single shareholders in the above count. The total number of Unit Trust Accounts, representing accounts of mostly individuals with indirect portfolio investments on the Johannesburg Stock Exchange ("JSE") via Unit Trust Portfolios, amount to about 1,2 million. A further double count is included in this figure in respect of individuals with investments in more than one Unit Trust Portfolio.

1.2. Number of public companies and market capitalization in US\$:

	No. of listed companies	Market capitalization
January 1998	638	US\$ 240,211 Million
<i>Note: 27 foreign listings are included.</i>		

1.3. Percentage participation in the market:

Information unfortunately not available.

2. Policies towards Dissemination of Stock Property

2.1. Policies to disseminate public companies' stock among retail investors.

The previous Government (prior to 1994) issued a White Paper containing a policy for the privatization of state assets. As result thereof, one major corporation (Isacor- the SA Iron and Steel Corporation) was privatized through a process which included a preferential share issue price to its employees. A number of other state owned enterprises were converted into public companies to facilitate privatization, but are still owned by the State.

The present Government has a number of initiatives to economically empower historically disadvantaged persons. One of these initiatives the establishment of the National Empowerment Fund ("NEF"). The NEF will provide means through which historically disadvantaged persons can acquire shares in state owned and private sector enterprises, and affordably priced unit portfolios consisting of shares in public and private sector enterprises. Legislation in this regard is presently being compiled.

2.2. Incentives to small or family owned companies to go public and requirements for dissemination of their stocks among a certain number of shareholders:

The JSE created three categories of listing. The Venture Capital Market especially encourages the listing of smaller companies. The major listing requirements for these categories are as follows:

Listing requirements	Main Board listing	Development Capital Market	Venture Capital Market
Min. Capital	R 2,000,000	R 1,000,000	R 500,000
Min. Issued shares	1,000,000	1,000,000	1,000,000
Min. Share issue price	100c	50c	50c
Profit history requirement	3 years	2 years	None
Min. Extent of annual profit	R 1,000,000	R 500,000	None
Public shareholding required:			
- Percentage equity	10%	5%	5%
- No. Of equity shareholders	300	75	75

For the Venture Capital Market, no profit history is required to obtain a listing, although credible business plans must be submitted to the Listings Committee of the JSE. Only 25% of the securities held by the entrepreneurs in such a company will initially be listed, and the balance after a period of two years.

2.3. Non-voting shares

For practical purposes, non-voting shares are a reality in South Africa. Although section 193(1) of the Companies Act, 1974 determines that every member of a company shall have a right to vote in respect of each share held by him, the following further provisions are relevant:

- Section 195(2) – The voting rights of a member of a private company are determined by the articles of the company.
- Section 75(1)(i) – Companies may have different classes of shares. In practice, the following sections quoted may be applied to certain classes of shares only.
- Section 194(1) – The articles of a company may provide that preference shares shall not confer the right to vote at meetings of the company except:
 - when any dividend on such shares remains in arrear and unpaid; or
 - in resolutions which directly affect any of the rights attached to such shares, including the winding-up of the company or for the reduction of its capital.
- Section 195(4)(b) – The articles of a company may provide for either:
 - the votes of a member above a stated number to increase, not in direct proportion to the number of shares held, but in some lower proportion; and/or
 - that the votes of any member may be limited to a specified number.

2.4. Factors influencing investors or potential investors to avoid putting their money into stocks:

- Relatively high real interest rates in South Africa;
- Trading costs, including brokerage and Marketable Securities Tax

3. Protection of minorities

3.1. Some of the more important provisions in the Companies Act, 1974, relating to the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors, are as follows:

- Section 252 – The Court may make any order it deems fit on application by a member in case of oppressive or unfairly prejudicial conduct by a company.
- Section 257 – The Minister may order an inspection of the company's affairs on the application of members holding not less than 5% of the issued shares. There are various sections facilitating wide ranging powers of inspection.
- Section 266 – Any member of a company may initiate proceedings on behalf of the company against a director or officer of a company where a company has suffered loss as a result of any breach of faith or trust

by such person and the company has not itself instituted proceedings for the recovery of the loss. Alternatively, a member may apply to Court for the appointment of a curator ad litem to institute such proceedings on behalf of the company.

- Section 424 – The Court may declare that directors and others are personally liable for any of the debts or other liabilities of the company as the Court may direct, without any limitation of liability, when it appears that any business of the company was carried on recklessly or with intent to defraud by such persons. In addition, such persons shall be guilty of an offence.

There are also various provisions contained in the Companies Act directed at safeguarding the interests of investors, potential investors and members of companies, such as:

- Sections 142-169 – Offering of Shares and Prospectus
- Sections 269-283 – Requirement to appoint Auditors and the duties of Auditors
- Sections 311-321 – Compromise, Amalgamations, Arrangement and Take-overs
- Sections 440A-440N – Regulation of Securities, including limited insider trading prohibitions

3.2. Provisions relevant to foster investor's confidence in market fairness:

- Of the above provisions, the requirement for companies to appoint independent auditors and the consequences thereof, probably has the highest impact on fostering investors' confidence in the fairness of the market.
- In addition, new legislation on Insider Trading is to be promulgated this year, which we believe will have a significant impact on investor confidence in market fairness.

4. Developing a Culture of Investing

4.1. Campaigns for investor awareness concerning risks and benefits of investing in capital markets:

- The Financial Services Board itself does not promote or fund any investor awareness campaigns.
- The JSE, a self-regulating entity, has a continuous program of investor awareness campaigns.
- The Government intends that the NEF (refer paragraph 2.1. above), once established, will also assist with investor education programs.

4.2. Channel to formalize complaints and most frequent complaints received.

At present, South Africa has no formal regulation of retail investment services, but is in the process of formulation policy and draft legislation in this regard. General consumer protection legislation is also being drafted on Provincial level.

Investors can direct complaints to statutory regulatory bodies, such as the Business Practices Committee and the Financial Services Board. These bodies can only act against institutions in respect of unlawful conduct and non-compliance with legislation. Most frequent complaints received relate to investment scams by unregistered operators, not necessarily share investments.

The JSE also deals with investor complaints against stockbrokers. If complaints relate to the non-adherence to the provisions of the Stock Exchange Control Act, 1985 or the JSE rules by a stockbroker, the JSE can take the matter further in an internal disciplinary hearing against the broker. Most frequent complaints received by the JSE relate to:

- Late scrip deliveries; and
- Non-execution or incomplete execution of buy orders.

4.3. Existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.

There are neither formal dispute resolution mechanisms nor an ombudsman to deal with investor complaints against stockbrokers, issuers and mutual funds.

If the JSE receives a complaint relating to the non-adherence to listing requirements by an issuer, the JSE can take action against the issuer; at worse to suspend its shares from listing. However, this would not include resolving investor disputes.

5. Employees' participation

- 5.1. practice of distributing shares to company managers or employees.

There is a market practice, driven by the free market system, for share incentives and share options for managers and employees.

Favorable conditions and incentives for distributing shares to company managers or employees:

- The Companies Act, 1974, contains a relaxation on the general prohibition in section 38 for granting of financial assistance to purchase shares of the company or its holding company, where shares are bought by trustees in accordance with a scheme for the benefit of its employees.
- In general, there are no tax or other incentives designed to promote the distribution or sale of shares to company employees. Our Income Tax Act contains provisions which determine how eventual profits on the sale of shares obtained in terms of an employee share option/purchase scheme are to be taxed. This merely has the effect that tax will be payable on the difference between the purchase price and the ruling price at the purchase date when the shares are sold.

- 5.2. Privatization program.

It is not yet clear to what extent privatization per se is the objective or will be achieved through the Government's National Empowerment Policy. A separate policy on privatization of public enterprises has not been compiled.

The intended dissemination of shareholding in State owned enterprises through the NEF (refer paragraph 2.1. above) will be aimed at historically disadvantaged persons, who will be members of the general public. Favourable conditions will be created whereby such shares will be disseminated.

6. Market – Liquidity and Practices

- 6.1. Turnover compared to market capitalization on the JSE.

Period	Month of January 1998	Year 1997
Market Capitalization US\$ Million	240,211	230,040
Turnover for the period US\$ Million	3,712	44,696
Turnover as % of Market Capitalization	1,55%	19,43%

- 6.2. Volume concentration in a few stocks:

1997 JSE statistics – Listed shares	Market capitalization	Turnover
Total JSE (638 companies) US\$ Million	230,040	44,696
The top ten companies US\$ Million	67,745	13,157
Percentage	29,45%	29,44%

- 6.3. Mechanisms to promote liquidity for small companies.

Please refer to the three categories of listing allowed by the JSE as mentioned in paragraph 2.2. above, which may provide an avenue for share liquidity for smaller companies.

- 6.4. Measures compelling brokers to accept retail investors as clients.

There are no measures prescribing client profiles to brokers. Certain brokers, however, concentrate on retail investors as their market niche.

- 6.5. Brokerage commission in South Africa

Brokerage commissions have been deregulated in South Africa. Commissions are negotiable and are more favourable for larger clients and large orders.

- 6.6. Retail investor's access to stock quotations on a real-time basis:

The JSE provides real-time stock quotation services to its stockbroker members. Stockbrokers usually supply telephone services to their clients to monitor real-time market prices. Some stockbrokers provide these services to clients via the Internet

THAILAND

Office of the Securities and Exchange Commission

Questionnaire on Measures to Disseminate Stock Property

1. Market Statistics

- 1.1. There are approximately 777,000 public companies shareholders in Thailand as of August 11, 1998. However, such figure is not an official figure and does not include those scrippless shareholders whose ownership status is registered under the title of Thailand Securities Depository Co., Ltd.
- 1.2. As of June 30, 1998, the number of listed companies was 428, with the total market capitalization of US\$ 21,842.53 mil.
- 1.3 Approximate percentage of the participation in your market of the following investors, in terms of market capitalization and value traded:

Investor Groups	Trading Value (mil.USD) ^{1/} Jan - Jun 1998	As % of Total Trading Value
Domestic Institutional Investors	1,020.56	5.96
Domestic Individual Investors	8,458.71	49.44
Foreign Investors	7,630.62	44.60

Source : *The Stock Exchange of Thailand and Bank of Thailand*

Note : ^{1/} Data is based on the exchange rate (average reference rate) of June 30, 1998 (US\$ 1 = 42.313)

2. Policies towards dissemination of stock property

- 2.1 To facilitate the dissemination of public companies' stocks in the process of IPO under current market conditions, without placing a burden on the issuer or the underwriter, the appropriate proportion of the new issues to be allocated to retail investors is allowed to be at the underwriter's discretion. However, there is a regulatory requirement that the newly issued stocks cannot be given to the underwriter's or the issuer's major shareholders or management for the purpose of preventing conflict of interest. In this regard, even though it is not required by the SEC as to a certain percentage of new issues to be disseminated among retail investors, the SET has a requirement for this purpose as a condition for listing.
- 2.2 The SEC's existing IPO requirement is not a constraint for small or family-owned companies to go public. Moreover, there exists the SET's listing requirement, particularly for those businesses with production unit located in the provinces outside Bangkok or the vicinity area, which is streamlined in regard to the required size and operational performance of the business as well as the dissemination of its new issues. This requirement will be in the near future applied for all small and medium sized companies seeking to go public.
- 2.3 Currently, some legal aspects as to the issuance of non-voting shares are still a matter for debate. Nevertheless, as there is no provision concerning the issuance of shares in the Public Limited Companies Act B.E. 2535, any types of shares are classified as securities and can be issued under the provisions of the SEC Act.
- 2.4 The factors that are influencing investors to avoid putting their money in stocks include :
1. Negative expectation of listed companies' earnings.
 2. Better alternative investment opportunities.
 3. Investors' unconfidence in the transparency and fairness of the market.

3. Protection of minorities

- 3.1. In the Public Limited Companies Act B.E.2535, the provisions addressing the protection of small shareholders against misconduct of corporate governors are those primarily related to directors' qualifications, duties and liabilities and related penal provisions in case of contravention which can be listed as follows:

Section 43 Subject to Section 44, the board of directors may not dispose of the property received as payment on the subscription of shares of the company or expend the money received from payments on share subscription in any

business prior to the acceptance of registration of the company by the Registrar, except for expenses approved by the statutory meeting.

Section 77 The board of directors has the power and duty to manage the company in compliance with the objects and articles of association of the company and the resolutions of the shareholder meetings.

The board of directors may assign one or several directors or any other person to perform any acts on its behalf, unless it is expressly stipulated otherwise in the company's articles of association.

Section 85 In conducting the business of the company, the directors shall comply with all laws, the objects and the articles of association of the company, and the resolutions of the shareholder meetings in good faith and with care to preserve the interests of the company.

If director performs any act or does not perform any act which constitutes non-compliance with the first paragraph, the company or the shareholders, as the case may be, may proceed as follows:

(1) If such act or omission causes damage to the company, the company may claim compensation from such director. Where the company fails to make such claim, any one or more shareholders holding shares amounting to not less than five percent of the total number of shares sold of the company may issue a written notice directing the company to make such a claim. If the company fails to take action as directed by the said shareholders, such shareholders may bring an action to the court to claim compensation on behalf of the company.

(2) If such act or omission is likely to cause damage to the company, any one or more shareholders holding shares amounting to not less than five percent of the total number of shares sold of the company may request the court to order that such act be stopped.

Where the shareholders are the persons who proceed under the second paragraph, they may also request a court order to remove such director from office. The shareholders who proceed under the second and the third paragraphs shall hold shares of the company at the time such director performs or does not perform the act which causes damage to the company or which is likely to cause damage to the company, as the case may be.

Section 87 If any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other persons, unless approved by the board of directors such purchase, sale or deal shall not bind the company.

Section 88 A director shall notify the company without delay when the following events occur:

- (1) he or she has a direct or indirect interest in any contract which is made by the company during a fiscal year, and shall indicate nature of the contract, names of the contracting party and interest of the director in the contract (if any);
- (2) he or she holds shares or debentures of the company or an affiliated company, and shall indicate the total number of shares increasing or decreasing during a fiscal year (if any).

Section 89 No company shall grant a loan to any director, staff member or employee of the company unless:

- (1) It is a loan in accordance with the regulations on the welfare of the staff member and employees, or
- (2) It is a loan in accordance with the law relating to commercial banking, life assurance, or other laws.

The granting of a loan referred to as follows shall be regarded as the granting of a loan to a director, staff member or employee of the company in accordance with the first paragraph:

- (a) the granting of a loan to the spouse or a child who is not sui juris of a director, staff member or employee;
- (b) the granting of a loan to an ordinary partnership in which a director, staff member or employee, or spouse or a child who is not sui juris of a director, staff member or employee, is a partner;
- (c) the granting of a loan to a limited partnership in which a director, staff member or employee, or a spouse or a child who is not sui juris of a director, staff member or employee, is a partner with unlimited liability;
- (d) the granting of a loan to another company or private company in which a director, staff member or employee, or a spouse or a child who is not sui juris of the director, staff member or employee holds shares totaling more than one half of the total number of shares of such company or private company.

The granting of a loan under the first paragraph shall include giving a guarantee for a purchase or discount of a bill and the granting of collateral for the repayment of a loan.

Section 90 No company shall pay money or give any property to any director unless it is a payment of remuneration under the articles of association of the company.

If it is not so stipulated in the articles of association of the company, the payment of remuneration under the first paragraph shall be in accordance with the resolution of the shareholder meeting supported by a vote of not less than two-thirds of the total number of votes of the shareholders present at the meeting.

Section 91 The directors shall be jointly liable for any damage to the company in the following cases:

- (1) the calling for subscribers to make payment on share subscription or to transfer the ownership of the property to the company in a manner that does not comply with Section 37 or Section 38;
- (2) the spending of money for the payment on share subscription or the disposal of property received in payment for shares of the company in a manner which contravenes Section 43;
- (3) the performing of any act in contravention of Section 85;
- (4) the granting of a loan in contravention of Section 89;
- (5) the payment of money or giving of other property to a director which does not comply with Section 90;
- (6) the payment of dividends to shareholders which contravenes Section 115, or an event giving rise to liability under Section 118, unless it can be proven that such act was performed in good faith and based on the evidence or financial reports certified to be accurate by the chairman of the board or a financial officer of the company or an auditor;
- (7) the failure to prepare or keep accounts, registers or documents of the company in accordance with this Act, unless it can be proven that they have taken reasonable action to avoid such failure.

Section 94 The directors shall be jointly liable for any damage to the shareholders and persons concerned with the company in the following cases unless it can be proven that they had no part in such wrongdoing:

- (1) making false statements or concealing any information that should be disclosed about the financial condition and business operation of the company in the offer for sale of shares or debentures or other financial instruments of the company;
- (2) presenting or filling out a document submitted to the Registrar containing false information or particulars or which does not correspond to the accounts, registers or documents of the company;
- (3) preparing a false balance sheet, statement of profit and loss, minutes of a shareholder meeting or minutes of a meeting of the board of directors.

Section 196 Any board of directors which fails to comply with Section 39, Section 40, Section 150, Section 157 or Section 182 shall be liable to a fine not exceeding forty thousand baht.

Section 204 Any director, managing director or person authorized to act on behalf of the company, who does any act in contravention of Section 89 shall be liable to a fine not exceeding twenty thousand baht or two times the amount of loans granted, whichever is higher.

Section 207 Any board of directors that presents particulars mentioned in Section 114(3), (4) or (5) which are incomplete or inaccurate as to truthfulness shall be liable to a fine not exceeding twenty thousand baht.

Section 214 Any director or any liquidator of a company dishonestly making any false statement or concealing any fact which should be clearly notified to the shareholder meeting and which is related to the financial condition of that company shall be liable to a fine not exceeding fifty thousand baht.

Section 215 Any person who is responsible for the business operation of a company, doing any act or not doing any act in order to acquire unlawful benefits for himself or for other persons which causes damage to that company, shall be liable to a fine not exceeding fifty thousand baht.

Section 222 Where the company is the wrongdoer and is liable to penalty under this Act, any director who connives at the commission of such wrongdoing or who does not reasonably attempt to prevent the commission of such wrongdoing shall be liable for the penalty provided for such wrongdoing.

Provisions on the protection of small shareholders against abuses of controlling shareholders lie in the area of shareholders' rights and remedies which can be listed as follows:

Section 69 There shall be no restrictions on a shareholder becoming a director.

Section 76 The shareholder meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Section 100 Shareholders holding shares amounting to not less than one-fifth of the total number of shares sold or shareholders numbering not less than twenty-five persons holding shares amounting to not less than one-tenth of the total number of shares sold may submit their names in a request directing the board of directors to call an extraordinary general meeting at any time, but the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholder meeting to be held within one month of the date of receipt of such request from the said shareholders.

Section 103 Unless otherwise stipulated by this Act, in order to constitute a quorum, there shall be shareholders and proxies (if any) attending at a shareholder meeting amounting to not less than twenty-five persons or not less than one half of the total number of shareholders and in either case such shareholders shall hold shares amounting to not less than one-third of the total number of shares sold of the company.

Section 105 The chairman of the shareholder meeting has the duty to conduct the meeting in compliance with the articles of association of the company relating to meetings and to follow the sequence of the agenda specified in the notice call for the meeting, provided that the meeting may pass a resolution allowing a change in the sequence of the agenda with a vote of not less than two-thirds of the number of the shareholders present at the meeting.

If the consideration of the matters referred to in the first paragraph is finished, the shareholders holding shares amounting to not less than one-third of the total number of shares sold may request the meeting to consider matters other than those indicated in the notice calling for the meeting.

If the meeting has not concluded the consideration of the matters according to the sequence of the agenda as referred to in the first paragraph or the matters raised by shareholders under the second paragraph, as the case may be, and it is necessary to postpone the consideration of the meeting, the meeting shall determine the place, date and time for the next meeting and the board of directors shall, not less than seven days prior to the date of the meeting, deliver to the shareholders notice calling the meeting which indicates the place, date, time and the agenda of the meeting. The notice calling the meeting shall also be published in a newspaper not less than three days prior to the date of the meeting.

Section 107 Unless otherwise stipulated by this Act, a resolution of the shareholder meeting shall require:

- (1) in an ordinary event, the majority vote of the shareholders who attend the meeting and cast their votes. In case of a tie vote, the chairman of the meeting shall have a casting vote.
- (2) in the following events, a vote of not less than three quarters of the total number of votes of shareholders who attend the meeting and have the right to vote:
 - (a) the sale or transfer of the whole or important parts of the business of the company to other persons;
 - (b) the purchase or acceptance of transfer of the business of other companies or private companies by the company;
 - (c) the making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the company, the assignment of the management of the business of the company to any other persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

- (3) In the event that the provisions of the articles of association of the company provide that the resolution of the shareholder meeting on any matter shall require more votes than that specified in (1) or (2), such provisions shall prevail.

Section 108 If a shareholder meeting was called or a resolution was passed with a failure to comply with or in contravention of the articles of association of the company or the provisions of this Act, not less than five shareholders or shareholders representing not less than one-fifth of the total number of shares sold may make a motion to the court for an order to cancel a resolution passed at such meeting, provided that the motion shall be made within one month of the date the resolution was passed.

If the court orders cancellation of the resolution of the shareholder meeting under the first paragraph, the company shall notify the shareholders within one month of the date of the final judgment.

Section 146 Two or more companies, or any company and a private company, may amalgamate to become a company by a resolution of the shareholder meeting of each company passed by a vote of not less than three quarters of the total number of votes of the shareholders attending the meeting who have the right to vote, and in the case of an amalgamation with a private company, a special resolution as provided for the Civil and Commercial code is required.

Where there is a resolution for an amalgamation under the first paragraph but a shareholder objects to the amalgamation, the company shall arrange for the purchase of shares belonging to such shareholder at the price last traded on the Securities Exchange prior to the date on which the resolution of the amalgamation is passed. In case there is no traded price in the Securities Exchange, the price determined by an independent appraiser appointed by both parties shall be adopted. If such shareholder does not agree to sell his or her shares within fourteen days of the date of receipt of the purchase offer, the company shall proceed with the amalgamation, and it shall be deemed that such shareholder is a shareholder of the company formed by the amalgamation.

- 3.2 All of the provisions specified in 3.1 are aimed to foster investors' confidence in the fairness of the market. In addition to those provisions, other legal and regulatory prescriptions have been put in place in our securities laws and regulations as well as the listing rules to ensure the achievement of such objective. Those provisions center primarily on disclosure requirements and requirements relating to corporate governance.

4. Developing a culture of investing

- 4.1 Investor and public education has been a priority on our agenda. Various educational programs have also been encouraged via the Exchange and professional bodies. This year, in particular, we plan to launch a nationwide program of public education called "How to Invest Wisely" by means of seminars, trainings, publications, etc. with a view to enhancing public knowledge of basic investment, including risk-return concept as well as investment in the capital market.
- 4.2 Investors can lodge formal written complaints with either the SEC or the SET. Most of the complaints centered on the following issues :
- Trading practices :
 - a) price manipulation, and
 - b) insider trading
 - Listed company corporate governance :
 - a) misconduct or fraud by management of listed companies such as buying the assets of related person(s) at the prices considered to be unfair to other shareholders and the removal from or transfer to related person(s) or major shareholders of any interest.
 - Brokerage company practices :
 - a) use of clients' accounts by marketing officers of the securities companies,
 - b) disputes on the amount owed by clients through the use of margin loan trading, and
 - c) handling of the discretionary accounts.
 - Asset management company practices :
 - a) funds management with regard to the information given in the prospectus.
- 4.3 In cases where there are disputes concerning the trading of listed securities on the SET, either between SET members or between a member and its clients, the disputing parties may file an application for settlement by arbitrators to the SET.

5. Employee' participation

- 5.1 The SEC issued the Notification no. Gor Jor 12/2538 on the Employee Stock Ownership Plan (ESOP) to govern the practice of share distribution to company managers or employees. The regulatory requirement in the notification was aimed to :
- a) restrain the dilution effect, with regard to both number and price of shares, on the shareholders
 - b) ensure fair treatment with respect to share allocation among the company directors, managers, and employees.
- In this regard, in the case where any director is going to acquire five percent or more of the total number of shares offered, the details of the acquisition must be reported to the shareholders in the shareholder meeting for the resolution on the capital increase for this purpose.
- 5.2 There is no particular rule on the acquisition of shares from privatization programs by the general public or employees. However, in practice, the shares from privatized projects will, by and large, be allocated to those groups and the distribution of shares will be subject to the procedure stated in 2.1 or 5.1.

6. Market-liquidity and practices

- 6.1 Average monthly turnover compared to the total market capitalization.

	Jan -Jun 1998 ^{1/}
Average Monthly Turnover (mil.USD)	2,851.65
Compared to Total Market Capitalization	13.06%

Source : The Stock Exchange of Thailand and Bank of Thailand

Note : ^{1/} Data is based on the exchange rate (average reference rate) of June 30, 1998 (US\$ 1 = 42.313)

- 6.2 Yes. There is a volume concentration in a number of stocks, whose daily trading value combined accounting for more than 50% of the total market trading value. Most of those stocks are the ones with high market capitalization in the banking, telecommunication, energy, and finance sectors, which are preferable to foreign investors.
- 6.3 A study to facilitate fund mobilization of small and medium sized companies has been underway by a working group comprising the SEC, the Stock Exchange of Thailand, The Bangkok Stock Dealing Center, The Industrial Financial Cooperation of Thailand, The Small Industry Finance Cooperation and the Federation of Thai Industry. Under the scope of the study, they are looking closely at the funding system of the SMEs, regulatory constraints hampering fund mobilization and, the role of secondary markets.
- 6.4 No. Such policy of selecting wholesale or retail clients is formulated by the brokerage houses themselves.
- 6.5 Our brokerage commission structure depends on the types of clients as follows :
- | <u>Client</u> | <u>Brokerage Fee</u> |
|------------------------|-------------------------------|
| Sub-broker | Fully negotiable |
| Foreign broker | Negotiable with floor at 0.3% |
| Foreign retail client | Negotiable with floor at 0.5% |
| Domestic retail client | Fixed at 0.5% |
- 6.6 Stock quotation is televised live on a local TV station throughout the trading period. Moreover, investors who regularly visit the trading room of a brokerage company can gain access to the SET price reporting system which also shows all the bids, offers and value of all stocks traded on a real time basis.

CHINESE TAIPEI

Securities and Futures Commission

Answers to Questionnaire on “Measures to Disseminate Stock Property” from Chines Taipei

- 1.1. Approximate number of public companies shareholders in this country is around 7.5 million; whereas the population is around 21.5 million.
- 1.2. Number of public companies – 405; market capitalization –around 35 billion US dollars.
- 1.3. Approximate percentage of the participation in our market of the investors, in terms of market capitalization and value traded:
 - a) Domestic Institutional Investors – 8.2%
 - b) Domestic Individuals – 90.2 %
 - c) Overseas Chinese and Foreign Investors – 1.6 %
- 2.1. Policies to facilitate the dissemination of public companies’ stock among retail investors existing in our jurisdiction and their outcomes:
 - a) Bolster the development of securities market and facilitate accessibility of the market to the public.
 - b) Improve the operation of the securities market to ensure a fair and fully disclosed market environment.
 - c) Promote the development of the securities services industry to help channel savings into investment.
 - d) Require certified public accountants to enhance their professional standards and credibility in disclosing information of public companies.

The outcomes are that investors became more confident in selection profitable stocks and are more willing to engage in securities investments.
- 2.2. Yes. Incentive requirements for dissemination of small or family owned companies to go public are such that:
 - a) minimum capital requirement only NT\$ 50,000,000, which is equivalent to US\$ 1,52,000;
 - b) REGISTERED SHAREHOLDERS HOLDING SHARES BETWEEN 1,000 AND 50,000 SHOULD BE NO LESS THAN THREE HUNDRED;
 - c) Duration of establishment no less than three years;
 - d) Annual profitability ratio no less than 2% of the capital, etc.
- 2.3. Yes.
- 2.4. Main factors influencing investors or potential investors to avoid putting their money in stocks:
 - a) risks in negative stock price fluctuation;
 - b) collection of either securities trading or securities income taxes;
 - c) collection of trading commission;
 - d) changes in political, SOCIAL AND ECONOMICAL ENVIRONMENT.
- 3.1. Provisions addressing the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors are such as:
 - a) small shareholders may, after gathering 3% of the total shares, call a temporary stockholders meeting and elect inspectors to investigate company’s businesses and financial situations;
 - b) after gathering 5% of the total shares, small shareholder may sue against the directors of the board;
 - c) after gathering 3% of the total shares, small shareholders may request the court to send inspectors to investigate company’s business and financial situation;
 - d) after gathering 3% of the total shares, small shareholders may request the court to dismiss liquidator.
- 3.2. a) and b) provisions are more relevant to foster investors’ confidence in the fairness of the market.
- 4.1. Yes. In addition to this Commission, several of our agencies promote campaigns for investor awareness concerning risks and benefits of investing in capital markets.

- 4.2. Yes. The most frequent complaints received from investors are securities firms failure to deliver securities or pay money due after trading.
- 4.3. Yes.
- 5.1. Yes, we do have a practice of distributing shares to company managers and employees. This practice is often favorable to employees, such as tax exemption, free commission, lower buying price, etc..
- 5.2. Yes. Our privatization programs prescribe the percentage of shares by the general public or by the employees. Favors are usually rendered to employees only.
- 6.1. Average monthly turnover rate for 1997 was 30.85, whereas for January and February of 1998, it was 12.41 and 32.89 respectively.
- 6.2. Yes. For example, in recent half a year, volume concentrated in electronics stocks which were said to have more profits.
- 6.3. Yes. The OTC market was created to help promote liquidity for small companies.
- 6.4. No. As there are 856 brokerage firms (including branches), the competition for business among them is very keen. They try their best to absorb every possible customer.
- 6.5. Yes. The larger the size of the order, the lower of the commission.
- 6.6. This Commission and Taiwan Stock Exchange keep close eyes on stock quotations to ensure fair transaction. The investors have full faith in the electronic trading system. Should they are suspicious about the transactions, they may report to this Commission for investigation.

¹ Copy of Annex 3/1, 3/2 and 3/3 holds figures related to Exchange Turnover of Investment Firms in 1997 in , is available in our Office and will be sent by fax to members interested in its contents.

1/ Statistiques du marché:

1.1/ Information non disponible actuellement.

1.2/ A la fin du mois de février 1999, la capitalisation boursière s'élevait à 2619 millions de dollars. A la même date, le nombre des sociétés faisant appel public à l'épargne s'élève à 130 dont 39 sociétés admises à la cote de la Bourse des Valeurs Mobilières de Tunis.

1.3/ La capitalisation boursière se répartit comme suit:

- 5,44% représente la contribution des investisseurs institutionnels domestiques.
- 6,58% représente la contribution des institutions financières domestiques;
- 13,02% représente la contribution des entreprises non financières domestiques
- 11,33% représente la contribution de l'Etat;
- 20,98% représente la contribution des investisseurs étrangers
- la part restante, soit 42,65% est celle des investisseurs qui possèdent moins de 5% du capital de la société considérée.

Le volume des transactions de la cote de la Bourse a été de 167 millions de dollars durant l'année 1998. La part des étrangers dans ce volume représente 7,19%, soit 12 millions de dollars.

2/ La politique d'ouverture des entreprises:

2.1/ Concernant les mesures visant à faciliter l'ouverture du capital des sociétés aux petits porteurs, une législation relative à la restructuration des entreprises à participations publiques prévue depuis 1989, permet au gouvernement de céder tout ou partie des participations de l'Etat dans les entreprises où la participation publique se prête à une révision, en considération du caractère concurrentiel de l'entreprise dans le secteur.

Pour faciliter les opérations de privatisation, certains avantages fiscaux et non fiscaux sont constitués par le législateur, sur décision du premier ministre après avis de la commission d'assainissement et de restructuration des entreprises à participations publiques.

2.2/ Les incitations pour les petites entreprises ou les entreprises familiales pour s'ouvrir au public:

- Pour vaincre la réticence de ces entreprises, à ouvrir leur capital au public, le législateur tunisien a permis l'émission de titres ne donnant pas droit de vote: ce sont les actions à dividende prioritaire sans droit de vote et les certificats d'investissement qui, cumulés, peuvent atteindre 49% du capital;
- Plus récemment des mesures d'incitation fiscale sont intervenues, dans ce sens instituant une réduction du taux de l'impôt sur les sociétés de 35% à 20% pour une durée de 5 années, pour les sociétés qui acceptent d'ouvrir leur capital au public à hauteur d'au moins 30%.

2.3/ La possibilité d'émission d'actions sans droit de vote.

Il s'agit des actions à dividende prioritaire et des certificats d'investissement.

2.4/ Les facteurs à l'origine de la réticence à l'égard de l'investissement en valeurs mobilières:

Principalement, il y a le manque de culture financière, le manque de traditions dans l'investissement financier et les facteurs conjoncturels. Ces derniers ont créé une méfiance de l'épargnant à l'égard de l'investissement en valeurs mobilières à une évolution conjoncturelle particulière conjuguée avec le manque de culture financière qu'a connu le marché tunisien à une certaine période 1994-1998.

Ce phénomène a engendré une crise de confiance, née d'une méconnaissance de la part de ces épargnants des finalités réelles de l'investissement dans le marché financier, comme l'épargne à long terme. Livré à un mouvement de spéculation effrénée, sur un marché peu transparent entre 1993 et 1995, ces épargnants ont été déçus de voir la situation se renverser, inévitablement suite au dégonflement de la bulle spéculative, tirant le marché vers la baisse et l'induisant dans un état d'illiquidité.

Aussi, le fait de sécuriser le marché et de le moderniser et de créer une véritable "tradition boursière" par la vulgarisation d'une culture financière, seraient autant de facteurs pour l'instauration d'une confiance plus avertie dans l'investissement financier.

Par ailleurs, des incitations fiscales ont été consenties en vue de favoriser l'investissement en valeurs mobilières au regard des autres formes de placement.

3/ Protection des minorités:

3.1/ Les mesures prises en vue de sécuriser la situation des petits porteurs:

- déclarations des franchissements de seuils;
- obligation d'information pour toute personne physique ou morale, agissant seule ou de concert, venant à détenir plus du 1/20, du 1/10, du 1/5, du 1/3 ou de 1/2 ou 2/3 du capital d'une société faisant Appel Public à l'Épargne de le déclarer à la société émettrice et à l'organisme de régulation pour être publié avec le nombre total d'actions et de droits de vote qu'elle détient déjà;
- la protections des minorités lors des opérations d'offre publique;
- l'obligation de lancement d'une OPA dans certains cas;
- pour l'actionnaire ou le groupe d'actionnaires, agissant seuls ou de concert, s'ils franchissent le seuil du contrôle majoritaire. Ce qui permet aux actionnaires minoritaires, qui s'accommodent mal du nouveau contrôle, de répondre positivement à l'offre du nouvel actionnaire majoritaire;
- La procédure de maintien de cours: pour permettre aux actionnaire détenant moins de 5% du capital ,qui en sont informés par communiqués, d'apporter leurs titres en bourse. L'acquéreur du bloc majoritaire étant, alors, obligé d'acheter les titres offerts, à un prix qui ne peut descendre au dessous de celui auquel il a acquis le bloc de contrôle majoritaire;
- La possibilité pour l'actionnaire minoritaire de demander au Conseil du Marché Financier –CMF- de requérir de toute personne physique ou morale qui vient de détenir 95% des droit de vote de procéder à une offre publique de retrait, afin de lui permettre de se retirer de la société.

3.2/ Toutes ces mesures ont été prévues pour mieux protéger les petits porteurs et défendre leurs droits.

4/ Développement de la culture d'investissement:

4.1/ Des actions de sensibilisation peuvent être envisagées dans un futur proche.

4.2/ Le CMF est habilité à recevoir et se prononcer sur les pétitions et les plaintes émanant des épargnants en valeurs mobilières. Ainsi ces derniers peuvent à tout moment avoir recours au CMF pour les questions rentrant dans sa compétence.

4.3/ En dehors de la procédure judiciaire, le CMF présente une procédure de règlement des différends, permettant la solution des conflits entre les différents intervenants sur le marché.

Tout intéressé a la possibilité, en vertu de la législation tunisienne sur le marché financier, de présenter des pétitions et des plaintes au CMF, qui procède sur leur base aux investigations requises.

5/ La participation des employés:

Il n'y a pas de législation particulière pour la participation des salariés mais il y a des réflexions sur la possibilité d'introduire le plan d'épargne d'entreprise.

6/ Liquidité du marché:

6.1/ La moyenne mensuelle du volume des transactions durant l'année 1998 était de 18 millions de dollars, soit 0.8% de la capitalisations boursière au 31 décembre 1998.

6.2/ Sur les 39 sociétés cotées, 5 sociétés ont réalisé durant l'année 1998 43% du volume des transactions de la cote de la bourse. Ces sociétés appartiennent au secteur industriel (3), au secteur financier (1) et au secteur de services (1).

6.3/ Il n'existe pas de mécanismes pour développer la liquidités des petites sociétés en particulier, mais il existe des mécanismes pour agir sur la liquidité des titres des sociétés admises à la cote qui sont:

- la possibilité pour les sociétés admises à la cote de la Bourse d'acheter les actions qu'elles émettent en vue de réguler leurs cours sur le marché sous certaines conditions prévues par la loi 94-117 relative à la réorganisation du marché financier tunisien;
- le contrat de liquidité conclu entre la société émettrice et un intermédiaire en Bourse qui est chargé d'assurer la régulation du marché des titres de ladite société par les opérations d'achat ou de vente pour le compte de la société et/ou ses principaux actionnaires;

- la contrepartie: les intermédiaire en Bourse sont autorisés à acheter pour leur propre compte les titres des sociétés cotées ou celles figurant sur le hors cote sous certaines conditions. Ils sont obligés de remettre sur le marché les titres acquis chaque fois que l'état du marché l'exige.

6.4/ La réglementation tunisienne ne fait pas de distinction entre grands investisseurs et petits porteurs. Les intermédiaires en bourse doivent par conséquent exécuter tous les ordres sur un même pied d'égalité.

6.5/ Les commissions perçues par les intermédiaires en bourse sont à la discrétion de ces derniers.

6.6/ Il est possible aux petits investisseurs de suivre les cotations en temps réel, et ce au siège de la Bourse des Valeurs Mobilières de Tunis.

1. MARKET STATISTICS

1.1. The approximate number of public companies' shareholders may be inferred by the custodian accounts at the Istanbul Stock Exchange Settlement and Custody Bank. There are 555,722 accounts as of 15 March 1999. However the figure given above may be higher when the customer based custodian system enabling the sub-custody accounts to be followed by the name of the customers put into effect completely. For the time being, this system has been completed to a large extent but some customer accounts of the settlement members are followed by the codes without having information on the identification of the customers.

This figure is associated with 277 companies whose shares are traded on the Istanbul Stock Exchange (ISE). On the other hand, the number of publicly held companies registered with the Capital Market Board (CMB) is 862 as of 1998 year-end. Pursuant to the Capital Market Law (CML), if a company has more than 100 shareholders then its shares shall be considered to have been offered to the public although those shares are not necessarily traded on the exchange.

The population of Turkey per 1997 census was 63,528,225.

1.2. The total number of companies traded on the ISE Stock Market is 277 representing a total market capitalization of US dollar 33,975 million as of the end of 1998.

1.3. This information is not available in so detailed. The percentage of the participation of shareholders controllers in terms of market capitalization and value traded is not available. However to give an idea, it is estimated that shareholder controllers hold approximately 70% of public companies' shares and these shares have not traded on the stock exchange.

As for the percentage of the participation of other investors please refer to the table below as of March 1999:

Type of Investor	Domestic Individual Investor	Domestic Legal Entities	Foreign Individual Investors (*)	Foreign Legal Entities(*)
Number of share	78.44%	4.50%	0.63%	16.43%
Market Capitalization	69.05%	4.13%	0.45%	26.37%

(*) This figure will be higher when the customer based custodian system enabling the subcustody accounts to be followed by the name of the customers put into effect completely.

With respect to trading value, foreign investors account for 10.6% of total traded value on the ISE as of the end of February 1999.

2. POLICIES TOWARDS DISSEMINATION OF STOCK PROPERTY

2.1. Some tax incentives are designed in order to encourage investing in stocks. Starting from 1.1.1999 capital gains on stocks purchased through the stock exchange are tax exempt if they have been held for longer than three months.

Also to expand the small investor base for securities, mutual funds were regulated. The first mutual fund was established in 1987 and their numbers reached 197 as of the end of 1998. Tax advantage was launched in 1993 to develop institutional investors and investments of mutual funds in stock. Capital gains from the sale of participation certificates of mutual funds of which 25% of the portfolios consist of resident company stocks are also tax exempt. This had a positive effect on the stock market.

By the recent Communiqué of the Principles Concerning Registration with the CMV and the Selling of Shares it was intended to make easier for newly privatized companies to place stocks in the market more quickly and easily. To expand the investor base for stocks the CMB amended methods by giving firms more flexibility to determine the best composition of price and quantity when launching IPOs. Providing for book-building method and allowing to sell supplementary shares after the termination of the public offering period are the main changes, among other things, introduced by the Communiqué.

2.2. The incentives for small or family owned companies to go public are summarized below:

- i. Tax incentives,

When family owned companies distribute their income as dividend, they should pay withholding tax. However, no tax is paid for dividend payments of public companies. Therefore total tax burden of the public companies is 33% instead of 40.37%.

ii. Registered capital,

Registered capital is the capital of public companies registered at the Trade Register which shows the maximum amount of shares which can be issued by the decision of the board of directors, without being subject to provisions of the Turkish Commercial Code.

iii. Borrowing limit,

The limit of the total value of bonds and other debt securities issued by the public companies is determined higher than that of the Turkish Commercial Code for the bonds to be issued by joint stock companies.

iv. Exemption from CML obligations,

The companies having assets less than the amount determined by the CMB can be exempted partly or completely from the obligations such as independent auditing, distribution of dividend arising from the CML.

It is also worth mentioning that publicly held companies are allowed to sell their shares above the nominal value.

The only requirement to benefit from the first three incentives is to make public offering. As mentioned earlier, if the number of the shareholders of a joint stock company exceeds 100, its shares shall be considered to have been publicly offered and can benefit from these incentives.

2.3. Joint stock companies can issue non-voting but preferred shares with respect to dividends and they can offer shares representing them to the public provided that such a provision exists in their Articles of Incorporation. However until now there has been no issue of non-voting shares.

2.4. We made a questionnaire with 18.600 households about their saving and investment behavior. The results were extended as to represent 5,190,301 households and the survey gathered detailed information on the composition of their assets and investments. For 2,944,838 households that have savings their investment preferences never consisted of capital market instruments. The table below shows the main reasons for not investing in capital market instruments.

	Number	%
Having no information	2,162,027	38.04
Risky	263,164	4.63
Low Return	86,916	1.53
Buying Difficulty	140,739	2.48
No regular Return	91,787	1.61
Selling Difficulty	28,514	0.50
Inconsistent with Beliefs	223,645	3.93
Insufficient Prevention Against Inflation	45,917	0.81
Lack of Time	335,657	5.91
Experienced Loss Before	45,020	0.79
Insufficient Savings	2,260,120	39.77
TOTAL	5,683,506	100.00

Also, other factors influencing investors to avoid putting their money in stocks are economic instability, short term investing mentality and better investment alternatives such as high return government securities.

3. PROTECTION OF MINORITIES

3.1. The protection of small shareholders is regulated by the Commercial Code, CML and communiqués issued by the CMB.

Pursuant to the Commercial Code minority rights provided to the shareholders representing at least one tenth of the capital are to:

- i. Request bringing a suit against the members of the board of directors and the auditor in shareholders meeting,
- ii. request to postpone shareholders meeting discussions with respect to financial statements,
- iii. Request to postpone shareholders meeting discussions with respect to financial statements,
- iv. Request appointment of special auditor,
- v. Demand for convocation of shareholders meeting and for inclusion of new items to the agenda.

In addition, any shareholder can bring a suit against the members of the board of directors in cases that the dividends are distributed or paid from fictitious earnings, the decisions taken at the shareholders meeting are not implemented without any acceptable reason, the duties arising from the law or articles of incorporation are not fulfilled deliberately or neglectfully.

As for the CML provisions of proxy voting for publicly-held companies and the obligation to make offer to buy for all of the remaining shares and the right for minority shareholders to sell their shares to the controlling group or person in case the proxies or owning the voting shares are collected which affects the controlling interest in the company or owning.

The communiqué concerning accounting standards of publicly held companies and the auditing standards are in use since 1987. The financial statements prepared according to these standards are required to be submitted to the CMB and the ISE and to be published periodically.

Public disclosure of material events is regulated to ensure transparency in publicly held companies. The scope of this regulation is to disclose to the public all kinds of information including changes in equity ownerships of the corporations; buying, selling and leasing of tangible assets; changes in business, investments, financial structure and administrative matters or corporations; changes in the control of the companies.

Illegal activities such as insider trading and manipulation are prohibited in order to enhance the transparency and to ensure confidence and stability in the capital market.

- 3.2. All provisions described above and the regulations of the CMB are relevant to foster investor confidence in the fairness of the market.

4. DEVELOPING A CULTURE OF INVESTING

- 4.1. CMB has published books and brochures about capital markets to inform investors. Also information on capital market regulations and weekly and monthly bulletins are available at the web-site of the CMB (<http://www.spk.gov.tr>).

On the other hand the ISE has been carrying out activities aimed at informing market participants through the seminars, conferences, publications and investor information centre.

- 4.2. Investors can direct complaints by;
 - i. applying to the stock exchange,
 - ii. applying to the CMB
 - iii. litigation rights

The subjects of petitions received by the CMB are given below;

Types of petition	1997	1998
Brokerage Houses	219	531
Banks	21	19
Stock Exchange	3	5
Halt of Brokerage Houses Operation	1	9
Denunciation of Brokerage Houses without Permission	103	9
Manipulation	-	4
Companies	52	59
Settlement	-	1
Investment Companies and Mutual Funds	3	169

Financial Statements	-	1
Other	1	2
Total	403	809

As can be seen, the most frequent complaints are related to the activities of the brokerage houses.

The complaints reached to the ISE by their subject are give below.

Types of Petition	1997	1998
Return of the Cash and Stocks in Custody	5	3
Transaction without Order (purchase and sale)	49	96
Neglect of Order (purchase and sale)	16	17
Transactions inconsistent with the Order	8	3
Loss arising from the Use of Dividend and Preemptive Rights	2	4
Exceeding the limits to Margin Trading	3	2
Excess Interest and Commission Charge	2	5
Others	3	13
Total	88	143

- 4.3. Conflicts relating to the stock exchange transactions between the stock exchange members and their clients can be solved pursuant to the ISE regulations. Stock exchange board of directors is the decision making body to solve the conflicts by the help of the conflict committee. Under this procedure, if there is a conflict related parties apply to the stock exchange with a petition. After that, conflict committee examines the case and administrative board makes a decision. Against board of directors decision, the parties can apply to the CMB within ten working days. CMB should make a decision related to the objection within 7 days and this is the final decision. Moreover apart from going over the irregularities, the periodic inspections on the intermediary institutions have been intensified as well as sweep examinations by the CMB.

5. EMPLOYEES' PARTICIPATION

- 5.1. Parallel to the development in primary markets, the number of corporations which realized initial public offerings increased. In 1996-1997 and 1998 51 and 21 corporations made initial public offerings, respectively (investment trust are not included). The percentage of the shares sold and their distribution in terms of the investor types are given below.

Types of Investors	1996-1997	1998
Institutional Investors	3.14%	4.6%
Foreign Investors	63.14%	64.4%
Employees	1.30%	2.8%
Individual Investors	26.89%	28.2%

As can be seen from the table, only 2.8% of the shares sold was distributed to company managers or employees and the priority was given to the public. Appropriation was made for managers or employees. There aren't any tax or other kind of incentives for these companies.

- 5.2. In Turkey the privatization program was first initiated in 1983, when the privatization Administration was founded as a legal entity and privatization started in 1985. However, the most comprehensive regulatory framework for privatization was established through the enactment of Law No. 4046 in November 1994. The targets of the privatization program are minimizing state involvement in the industrial and commercial activities of the economy expanding and deepening existing capital markets by promoting wider share ownership, and providing a more efficient allocation of resources. Principles of Privatization Law are determined widespread participation of the public in privatizations. Privatization methods are decided by Privatization High Council according to characteristic

of privatization companies. Public offering, sale to the employees and sale on the stock exchange are the main privatization methods mentioned in the Privatization Law. However the Law didn't prescribe any of these methods. In practice, selling shares to the employees in instalments and credit opportunity are given and privileges are provided to demands with small amounts of shares.

Privatization Methods	Number of Privatization Companies		Privatization Revenue (US \$ million)	
	Number	%	Amount	%
Bloke sale	98	24.0	2,002.1	44.7
Public offering	29	7.1	1,391.0	31.1
Selling on stock exchange	75	18.4	523.7	11.7
Asset sale	206	50.5	557.2	12.5
Total	408	100.0	4,474.0	100.0

6. MARKET – LIQUIDITY AND PRACTICES

6.1. The average monthly turnover and market capitalization as of 1998 are summarized in the following table.

Months	Monthly Turnover (US \$ million)	Total Market Capitalization (US \$ million)
January	5,869	63,311
February	5,859	53,235
March	5,505	51,680
April	7,578	64,753
May	8,853	57,935
June	7,425	61,442
July	7,453	62,981
August	5,009	37,453
September	4,973	33,900
October	3,788	31,002
November	4,592	34,485
December	3,492	33,975
Monthly Average	5,866	48,846

6.2. At the ISE stock market, frequency distribution of companies' trading volume in 1998 exhibited that, among 25 companies which are traded most actively, the first 5 companies represented 28.1% while the last 5 companies constituted 5.25% of the total trading value. As can be seen from the table below 25 companies account for 63.64% of the total trading value in stocks.

Ranges		The Percentage of Companies in Total Trading Values		
		1996	1997	1998
First 5 Companies	TL billion %	738,287	2,006,532	4,002,350
		25.19	22.33	28.17
Second 5 Companies	TL billion %	308,200	1,121,044	1,947,356
		10.50	12.47	13.72
Third 5 Companies	TL billion %	202,020	833,226	1,338,689
		6.89	9.27	9.42

Fourth 5 Companies	TL billion %	143,673 4.89	639,525 7.13	1,004,817 7.08
Fifth 5 Companies	TL billion %	129,171 4.40	386,838 4.30	746,158 5.25
Total 25 Companies	TL billion %	1,521,351 51.87	4,987,165 55.50	9,039,370 63.64
Total Number of Companies		228	258	277

- 6.3. The only regulation for small companies with low capital and low trading volume is the establishment of regional market. The others are not directly related to promote liquidity for small companies. There are mainly four markets in ISE; national market, regional market, watch list companies and new companies market. The only difference among these markets is the listing requirements. The regional market was established with aim of promoting trading in stocks of small and medium size companies incorporated in all parts of the country. This market consists of companies delisted temporarily or permanently from ISE's national market, as well as companies that fail to fulfill the listing requirements and lacking the necessary qualifications for trading on the ISE National Market.

Decreasing asymmetric information in stock market cuts cost of trading so increase liquidity. In that case reporting requirements are regulated in Turkey. The companies traded on ISE are obliged to submit to the ISE their financial statements on a quarterly basis. In addition to reporting all corporate action to the ISE, the traded companies are also required to disclose material events.

For the companies traded on the Istanbul Stock Exchange the standard "lot size" is 1,000 shares. Odd-lot trades that involve less shares than the round lot amount are also available. In the computerized trading system, the odd-lot transactions take place during the same period with round lot session. Every order involving a price limit also limited by a maximum lot quantity. Lot limits are either 100, 250 500 or 1000 lot. These limits for each share are determined according to average monthly lot amount. The maximum lot limit for "fill or kill" orders is TL 500 billion/order. Also regulation regarding price fluctuation is made. The base price is determined by rounding the previous session's weighted average price to the nearest price tick. Price margin is generally limited to 10% above or below the base price.

- 6.4. There is no measurement for encouraging or compelling brokers to accept retail investors as clients.
- 6.5. According to the CMB regulation, commission rate may range between 0,2% and 1% (excluding tax). Within this range, the brokerage commission is negotiable depending on the amount and frequency of trading.
- 6.6. Yes, individual investor can monitor stock quotations in real time basis from data provider like Reuters or Internet. Moreover investor can follow stock quotation in brokerage houses.

Trading information, daily market information as well as statistics are disseminated through international and local data vendors on a real time basis. Market information is also broadcasted via some television channels.

Questionnaire on Measures to Disseminate Stock Property

1.1. Approximate number of public companies' shareholders in your country. Compare that number with the population.

We have not the number of public companies' shareholders, however the most important companies listed at the Caracas Stock Exchange Have the following number of shareholders in 1998.

COMPANY	NUMBER OF SHAREHOLDERS
Electricidad de Caracas	68.699
Compañía de Teléfonos	47.900
Banco Provincial	6.900
Fondo de Valores Inmobiliarios	<u>1.333</u>
	124.832
Population 22.000.000,00	1%

Note: In Venezuela there are 24 Mutual Funds with 27.479 investors. These Mutual Funds are Shareholders of the above mentioned companies. The majority of the shareholders of Electricidad de Caracas may be also share holders of any other of the above listed companies.

1.2. Number of public companies and market capitalization in US\$

1998

Companies Listed at the Caracas Stock Exchange	75
Market Capitalization	US\$ 7.580,42 MM

1.3. What is the approximate percentage of the participation in your market of the following investors, in terms of market capitalization and value traded:

	Capitalization	Value
a) Shareholders controllers	N/D	Traded
b) Domestic Institutional Investors	-	-
c) Domestic Financial Institutions	48	58
d) Domestic non-financial Corporations	N/D	N/D
e) Domestic Individuals	N/D	N/D
f) Foreign Investors	20	40

Note: Domestic Institutional Investors are the same Domestic Financial Institutions.

2. Policies Towards Dissemination of Stock Property

2.1. Please describe the policies to facilitate the dissemination of public companies' stock among retail investors existing in your jurisdiction. Also detail the outcomes of those policies.

The Venezuelan Capital Market Law has the provision of preference to the retail investor during the first five days of public offer of securities. The Privatization Policy has also facilitated the dissemination of public companies.

2.2. Are there incentives to small or family owned companies to go public? If yes, are there requirements for dissemination of their stocks among a certain number of shareholders?

If they go to public through stock exchange, they pay the 1 percent of income tax otherwise they have to pay the 34%.

2.3. Is it possible for companies to issue non-voting shares?

The capital market has no provisions about this, however, the companies can issue shares with limitation, for example, preferred shares.

2.4. In your opinion, which are the main factors influencing investors or potential investors to avoid putting their money in stocks

The Venezuelan investors have a bank investment culture, however during the last ten years the shareholders number was increased but the international and domestic economic crisis means a decrease in this market, lately.

3. PROTECTION OF MINORITIES

3.1 Please specify the provisions contained in your corporate law addressing the protection of small shareholders against abuses of controlling shareholders or of misconduct of corporate governors.

The provisions are the following:

- The companies must distribute the 50% of the net gain between all the shareholders and the 25% of the 50% must be in cash.
- The companies must to inform to the public any event that could affect the price of the shares, otherwise, the information could be considered as insider trading.
- Any persons who obtained more than the 10% of the share of a company through a public offer must to inform to the Commission this event two day after.
- The shareholders controllers who obtained shares through a public offer of the companies must to inform to the Commission two day after the event.

3.2 Which of those provisions do you think is more relevant to foster investors confidence in the fairness of the market.

The most relevant is the information about any event that could have any effect on the price of the share.

4. Developing a culture of investing

4.7 Does your agency promote campaigns for investor awareness concerning risks and benefits of investing in capital markets?

Our agency has not any promote campaigns, however, it had set up a rule regarding risk control according to Basilea Principles.

4.8 Do investors have an easy channel to formalize complaints? What are the most frequent complaints received?

The investors made their complaints at the Commission and the most frequent complaints received is related to the nonfulfilment of the order of buy and sell.

4.9 Is there any existing administrative procedure to solve disputes between investors and brokers, issuers, mutual funds, etc.?

The Capital Market Law has the provisions that the Comisión Nacional de Valores has to promote the arbitrage and its rules to solve disputes between investors and brokers. The Commission also enacts administrative procedure to solve disputes between investors and issuers, mutual funds, etc..

5. Employee participation

5.4 Is there a practice in your country of distributing shares to company managers or employees? Is this distribution made in favorable conditions? Are there tax or other kind of incentives for those companies?

In Venezuela there is the practice of distributing share to company managers and employees, which is made in favorable conditions. However there is not incentives for those companies.

5.5 If your country has a privatization program, does it prescribe the acquisition of shares by the general public or by the employees? Is this acquisition made in favorable conditions?

The privatization program prescribes the acquisition of share by the general public and in favorable conditions for the employees, at least the 20% of the public offer goes to the employees.

6. Market – Liquidity and practices

6.1 Which is the average monthly turnover compared to the total market capitalization in your country?

	1998
Average Monthly turnover	262.56MM US\$
Market Capitalization	7,580.42 MM US\$

6.2 Is there a volume concentration in a few stocks?

There are 75 listed companies at the Caracas Stock Exchange and the volume is concentrated in 10 companies.

6.3 Do you have mechanisms to promote liquidity for small companies in your country?

The Venezuelan Capital law has not special mechanism to promote Liquidity for small companies. There is a tax incentive for all companies going to the Stock Exchange, which is 1% on income tax, otherwise they have to pay 34%.

6.4 Do any measures exist, in your country, encouraging or compelling brokers to accept retail investors as clients?

There is a provision in the Capital Market Law in the case of public offer. The offer must go to the retail investors during the first five days.

6.5 Does the brokerage commission differ according to the size of the order?

The brokerage commission does not differ according to the size of the order but it differs from each brokerage.

6.6 Is it possible for retail investors to monitor stock quotations in a real time basis?

The retail investors are always in contact with their brokers in order to monitor stock quotations in a real time basis.