



**HIGHER SCHOOL OF INSURANCE AND FINANCE (VUZF UNIVERSITY) - SOFIA**

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**OPPORTUNITIES FOR FINANCING THROUGH THE CAPITAL MARKET  
OF THE SMALL AND MEDIUM-SIZED ENTERPRISES IN BULGARIA**

**ABSTRACT  
OF A DISSERTATION**

**for the award of the educational and scientific degree „Doctor“  
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The dissertation has been discussed and admitted to internal defense at a meeting of the Department of Finance and Insurance at the Higher School of Insurance and Finance on April 15th, 2022.

At a meeting of the Council of Doctoral Programs on June 15th, 2022, the dissertation has been admitted to public defense.

The dissertation consists of 188 pages, of which 177 are main text and 11 pages of references. It is structured in an introduction, three chapters with main conclusions to each of them, a conclusion and a bibliography. Lists of tables, graphs and figures, as well as abbreviations used, are also included in the table of contents. The main text presents 21 tables, 43 graphs and 13 figures. The bibliography includes 135 sources, of which 79 in Bulgarian, 33 in English and 23 websites.

The public defense of the dissertation will be held on September 1<sup>st</sup>, 2022, at 4 p.m. in VUZF University, in a hybrid format.

The materials on the public defense are available to the interested persons at the library of the Higher School of Insurance and Finance.

# **I. GENERAL CHARACTERISTICS OF THE DISSERTATION**

## **INTRODUCTION**

### **1. Relevance and significance of the topic of the dissertation**

The processes of globalisation of the financial markets have a significant impact on the Bulgarian economy, respectively on the state and the trends in the development of the capital market in the country. The accession of Bulgaria to the European Union (EU) at the beginning of 2007 and the harmonisation of the Bulgarian legislation with the European legislation in the field of capital markets played a key role. On the other hand, the negative impact on the Bulgarian economy of the global financial and economic crisis of 2007-2009 and the subsequent debt crisis in the Eurozone of 2010, led to a deterioration of the macroeconomic environment and a loss of confidence in the capital market as a source of financing. Meanwhile, the regulatory burden increased significantly and regardless that its initial purpose was to address some of the gaps that caused the crisis it in fact led to higher operating costs for all capital market participants and further reduced the popularity of the stock market as a financing option.

The relevance of the dissertation work is determined by the ongoing processes of financial integration of the capital markets in the EU, the attractiveness of the so-called growth markets of small and medium-sized enterprises (SME Growth markets) on the stock exchanges and by the impact of these processes on the state, trends, and efficiency of the national capital market.

The topic is relevant both theoretically and practically, since the development of segments for SMEs, resp. creating markets for SMEs to traditional exchanges has been a global trend for the last fifteen years. Despite this trend, European businesses have traditionally been financed mainly through banks and considerably less through non-bank financing compared to the US economy, where the financial system is market-oriented and capital markets play a leading role.

Supporting the access to financing through the capital market for small and medium-sized enterprises in Europe and reducing their dependence on bank financing is also at the heart of the European Commission's (EC) initiative from 2014 to create a Capital Markets Union. By the establishment of this union the EC aims to reduce the fragmentation of the financial markets in EU member states and to diversify the financing of the European economy by strengthening the role of capital markets. The Capital Markets Union focuses on improving access to capital market finance for SMEs, which make up 99% of European businesses, create around 60% of gross value added and are the growth drivers of the European economy.

The business structure of the Bulgarian economy, like that of the EU economy, is formed mainly by small and medium-sized enterprises. By the end of 2019, 99.8% of active enterprises

in Bulgaria were SMEs. They provide nearly 75% of employment and create 63% of gross added value in the economy. Despite their role as the backbone of the economy, in their development SMEs face various challenges, one of which is the access to financing, which was greatly hampered given the circumstances of the global financial and economic crisis of 2007-2009.

The Bulgarian capital market is relatively small and underdeveloped. During the period 2007-2019, it was characterized by low and decreasing liquidity, absence of sufficiently attractive financial instruments and companies for investment, as well as lack of interest by strategic investors. In the medium term the key priorities for its development are related to improving the liquidity by increasing the range of traded financial instruments, supporting the access to financing for SMEs and creating an exchange segment for SMEs, attracting foreign and local investors, developing the regulatory framework in the field capital market as well as regional integration. In the long term, its development is related to the processes of financial market integration and the country's participation in the Capital Markets Union.

The support of SMEs in accessing financing through the capital market in the country is among the specific measures laid down in the Strategy for the development of the Bulgarian capital market in the period 2016-2019. The opportunities for financing through the capital market of SMEs in Bulgaria are related to the implementation of the new EC legal framework in the field of easing the conditions for SME financing and creating a SME growth market, as well as with the implementation of the national policy for stimulating of SMEs to financing through the capital market.

The creation of opportunities for financing through the capital market of small and medium-sized businesses, under eased requirements for listing, is a novelty for the Bulgarian capital market and is among the priorities for its development in the medium term. In mid-October 2018, a pilot voucher scheme was launched to assist SMEs to list on a regulated market of the Bulgarian Stock Exchange (BSE), and at the end of 2018, the BSE received regulatory approval to organize a SME Growth market BEAM (Bulgarian Enterprise Accelerator Market), with which, in practice, at the end of 2019, the BSE is among the eight licensed exchange operators of similar markets within the EU. The development of the SME Growth market in Bulgaria and the implementation of good practices in the field of financing through the capital market of SMEs shall contribute to increasing the efficiency of the Bulgarian capital market, as well as to improving the competitiveness of SMEs traded on the Bulgarian Stock Exchange and shall attract new companies and investors to the market.

## 2. Object, subject and goal of the research

*The object* of research in this dissertation are the state, main trends and challenges in the development of the capital market in Bulgaria in the period 2007-2019, and **its subject** is to study the opportunities for financing of the SMEs through the capital market.

*The main goal* of the dissertation is to present, analyze and evaluate the theoretical and practical aspects of the opportunities for financing of the SMEs in the country through the capital market.

## 3. Research thesis

The structure and the logic of the dissertation are subordinated to the *following research thesis*: The Bulgarian capital market has potential, which, if appropriate stimulating measures are taken, can lead to an increase in trading and a restoration of confidence in the capital market as a source of financing. The creation of a segment for trading of the small and medium-sized enterprises on the Bulgarian Stock Exchange (SME Growth market) can fulfill the role of an accelerator and lead to the activation of trading and to the improvement of the efficiency of the Bulgarian capital market.

## 4. Tasks

The realization of the main goal of the dissertation and the confirmation of the research thesis was carried out by decomposing the following *tasks* as follows:

- To study and analyze the state and trends in the development of the Bulgarian capital market and to outline the main problems to be solved, the strategic priorities and the prospects for development of the capital market in the country.
- To examine the key characteristics of SME Growth markets and to analyze from theoretical point of view the SME Growth market in Bulgaria.
- To analyze the advantages, disadvantages, opportunities, and threats of using the capital market as an alternative source of financing for SMEs (SWOT analysis).
- To investigate the good practices, by researching and presenting the experience in the field of financing through the capital market of SMEs in countries with problems and goals comparable to that of the Bulgarian capital market (the example of Romania), as well as presenting the experience of Poland, whose capital market has the largest market capitalization in the region of Central and Eastern Europe (CEE).

- To carry out a financial analysis of companies, traded on the SME markets at the Warsaw and at the Bucharest stock exchanges and present the benefits of their listing on the capital market.
- To carry out a comparative analysis of the markets for SMEs in Poland, Romania, and Bulgaria.

## **5. Research methodology**

The following scientific methods were used in the research:

- systematic, abstract-logical, comparative and statistical approach;
- methods of induction and deduction;
- retrospective and comparative analysis, synthesis;
- expert assessments;
- financial analysis of companies traded on the SME markets;
- the results of specific observations and analysis of economic facts and processes, as well as practical research are presented in tabular and graphical form.

## **6. Limitations and assumptions**

The dissertation has been elaborated under the following time and thematic limitations and assumptions:

- The period adopted in the study of the main trends in the development of the Bulgarian capital market is 2007-2019. In the financial analysis of the companies traded on the SME markets, the time period is extended till June 2021.
- When performing a comparative analysis of the external sources of financing for SMEs, only the possibilities for financing through bank credit and through other sources of non-bank (alternative) financing, including the capital market, has been taken into account. The possibilities of financing through European funds, etc., are not subject to consideration in this dissertation.
- The choice to research, present and compare the experience of Romania has been because at the beginning of 2007 both Bulgaria and Romania were simultaneously admitted to the EU, as well as due to the similar (relevant) to this period problems and goals for the development of Romanian and Bulgarian capital markets. The comparative analysis with the Polish capital market is related to the need to present the experience of the largest market capitalization exchange in CEE - the Warsaw Stock Exchange. The selection of companies traded on the SME markets of the Warsaw and Bucharest Stock Exchanges is

limited to two companies from each market, one of which is in the field of information technology.

- The analysis does not include presentation of Bulgarian companies, listed on the SME Growth market, due to the short period of operation of the BEAM market (one year by the end of 2021).

## **7. Review of the literature on the researched problem**

In the context of the tasks set in the dissertation, the author refers to the legislative framework in the country and in the EU in the field of the capital market, as well as to documents and data from the official websites of the regulator and the market operator of the Bulgarian capital market - Financial Supervisory Commission (FSC) and the Bulgarian Stock Exchange (BSE), the Financial Supervisory Authority of Romania and the Bucharest Stock Exchange, the Polish Financial Supervision Authority (UKNF) and Warsaw Stock Exchange (GPW).

Official documents and data from numerous national, european and international institutions such as - Bulgarian Academy of Sciences (BAS), Bulgarian National Bank (BNB), Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA), Ministry of Economy, Ministry of Finance, National Statistical Institute (NSI), Eurostat, European Bank for Reconstruction and Development (EBRD), European Central Bank (ECB), European Commission (EC), International Monetary Fund (IMF), Federation of European Stock Exchanges (FESE), Internet sources, etc. have been attached for the provision of information.

## **8. Approbation of the research**

Parts of the dissertation are published in reports presented at scientific conferences. The analysis of the SME Growth market in Bulgaria, as well as the investigated good practices for financing the SME through the capital markets in Poland and Romania, can be used in scientific research on the topic of SME Growth markets. In addition, part of the dissertation can serve as a handbook for the SMEs seeking financing through the capital market, as well as for investors and companies, acting as an authorized advisers.

## **II. STRUCTURE AND CONTENTS OF THE DISSERTATION**

The dissertation has a total volume of 188 pages - 177 pages of main text and 11 pages of references. It is structured in an introduction, three chapters with main conclusions to each of them, a conclusion and a bibliography.

The dissertation has the following structure:

### **CONTENTS**

### **LIST OF TABLES**

### **LIST OF GRAPHS**

### **LIST OF FIGURES**

### **ABBREVIATIONS USED**

### **INTRODUCTION**

1. Relevance and significance of the topic of the dissertation
2. Object, subject and goal of the research
3. Research thesis
4. Tasks
5. Research methodology
6. Limitations and assumptions
7. Review of the literature on the researched problem
8. Approbation of the research

### **CHAPTER ONE**

#### **STATE AND MAIN TRENDS IN THE DEVELOPMENT OF THE CAPITAL MARKET IN BULGARIA DURING THE PERIOD 2007-2019**

1. Place and role of the capital market in the economy of the country
2. Macroeconomic environment for the development of the capital market in the country
  - 2.1. Dynamics of the main macroeconomic indicators. Comparative analysis by main macroeconomic indicators
    - 2.1.1. Level and rate of GDP growth
    - 2.1.2. Budget deficit
    - 2.1.3. Gross government debt
  - 2.2. Sources of macroeconomic imbalances in the Bulgarian economy
3. Institutional and legal framework of the capital market in Bulgaria



- 3.1. Main institutions on the capital market in Bulgaria
  - 3.1.1. Financial Supervision Commission
  - 3.1.2. Bulgarian Stock Exchange
  - 3.1.3. Central Depository
- 3.2. Legal framework and harmonization of the legislation on the capital market in Bulgaria with the legislation in the EU
- 4. Indicators for trade on the capital market in Bulgaria for the period 2007-2019
  - 4.1. Market capitalization and share of market capitalization of the country's GDP for the period 2007-2019
  - 4.2. Financial intermediation and depth of financial intermediation of the non-banking financial sector in the country for the period 2007-2019
  - 4.3. Dynamics of stock exchange indices for the period 2007-2019
  - 4.4. Annual turnover on the BSE (liquidity) for the period 2007-2019
- 5. Main problems facing the capital market in Bulgaria
  - 5.1. Challenges and measures to stimulate the development of the capital market in Bulgaria
  - 5.2. Positive effects from the implementation of measures to stimulate the capital market and perspectives for the development of the capital market in Bulgaria

### **Main conclusions of Chapter One**

## **CHAPTER TWO**

### **THE CAPITAL MARKET AS AN ALTERNATIVE SOURCE FOR FINANCING THE SMALL AND MEDIUM-SIZED ENTERPRISES IN BULGARIA – THEORETICAL AND PRACTICAL - APPLIED ASPECTS**

- 1. Definition of SMEs
- 2. Sources of financing for the SMEs
  - 2.1. Non-bank financing of the SMEs
    - 2.1.1. Business angels
    - 2.1.2. Venture capital financing
    - 2.1.3. Crowdfunding
    - 2.1.4. Capital market financing
  - 2.2. Bank financing of the SMEs
- 3. Main trends in the financing of the SME sector in the EU and in Bulgaria in the period 2014-2020

- 3.1. Main trends in the financing of the SME sector in the EU in the period 2014-2020
- 3.2. Main trends in the financing of the SME sector in Bulgaria in the period 2014-2020
4. Capital Markets Union
  - 4.1. Prerequisites, nature and objectives of the creation of the Capital Markets Union
  - 4.2. Principles for building the Capital Markets Union
  - 4.3. Priorities and challenges in the building of the Capital Markets Union
5. New European regulatory framework in the field of the capital markets and the opportunities for financing through the capital market of the small and medium enterprises
  - 5.1. SME growth markets
  - 5.2. Opportunities for financing through the capital market of the small and medium enterprises in Bulgaria
  - 5.3. SME Growth Market in Bulgaria - BEAM Market (Bulgarian Enterprise Accelerator Market)
    - 5.3.1. Nature and main goal of the SME Growth Market BEAM
    - 5.3.2. Principles of the SME Growth Market BEAM
    - 5.3.3. Characteristics of the SME Growth Market BEAM
    - 5.3.4. Advisors of the SME Growth Market BEAM
    - 5.3.5. Easier terms for the SMEs traded on the SME Growth Market BEAM
6. Comparison of the listing process on the Main Market and on the SME Growth Market BEAM of the BSE
  - 6.1. Stages of the listing process on the Main Market of the BSE
  - 6.2. Stages of the listing process on the SME Growth Market BEAM of the BSE
  - 6.3. Comparison between the trading terms on the SME Growth Market BEAM and on the Main Market of the BSE
7. Advantages, disadvantages, opportunities and threats in financing through the capital market of the SMEs in the country (SWOT analysis)

**Main conclusions of Chapter Two**

## **CHAPTER THREE**

### **STUDY OF GOOD PRACTICES IN FINANCING THROUGH THE CAPITAL MARKET OF THE SMALL AND MEDIUM-SIZED ENTERPRISES (ON THE EXAMPLE OF THE CAPITAL MARKETS IN POLAND AND ROMANIA)**

1. Poland's experience in financing through the capital market of the SME sector
  - 1.1. Markets organized by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie, Warsaw Stock Exchange, GPW)
  - 1.2. NewConnect, a SME market on the Warsaw Stock Exchange
    - 1.2.1. Criteria and procedures for listing on the NewConnect market of the GPW
    - 1.2.2. Stages of the listing process on the NewConnect market of the GPW
    - 1.2.3. NewConnect market segments of GPW and features of trade
    - 1.2.4. Market capitalization and turnover of the NewConnect market
    - 1.2.5. NewConnect Market Indices
2. Romania's experience in financing through the capital market of the SME sector
  - 2.1. Markets organized by the Bucharest Stock Exchange (BVB – Bursa de Valori Bucuresti)
  - 2.2. AeRO, a SME market on the Bucharest Stock Exchange
    - 2.2.1. Criteria and procedures for listing on the AeRO market of the BVB
    - 2.2.2. Stages of the listing process on the AeRO market of the BVB
    - 2.2.3. Market capitalization and turnover of the AeRO market
    - 2.2.4. AeRO Market Indices
3. Comparison between the markets - NewConnect, AeRO and BEAM, as of the end of 2020
4. Financial analysis of companies listed on the SME markets in Poland and Romania
  - 4.1. Financial analysis of the IT company BizTech Konsulting, listed on the NewConnect market of the GPW
    - 4.1.1. History of the company BizTech Consulting
    - 4.1.2. Main financial indicators of BizTech Consulting
  - 4.2. Financial analysis of the company Aforti, listed on the NewConnect market of the GPW
    - 4.2.1. History of the Aforti Group
    - 4.2.2. Business structure of the Aforti Group
    - 4.2.3. Main financial indicators of the Aforti Group
  - 4.3. Financial analysis of the IT company Bittnet, listed on the AeRO market of the BVB
    - 4.3.1. History of the Bittnet company
    - 4.3.2. Business structure of the Bittnet company

4.3.3. Main financial indicators of the Bittnet Group

4.4. Financial analysis of Norofert, listed on the AeRO market of the BVB

4.4.1. History of the Norofert Group

4.4.2. Business structure of the Norofert Group

4.4.3. Main financial indicators of the Norofert Group

**Main conclusions of Chapter Three**

**CONCLUSION**

**BIBLIOGRAPHY**

### **III. SUMMARY EXHIBITION OF THE DISSERTATION**

In the Introduction, the importance and the relevance of the topic of the dissertation are argued. The research thesis is defined and the object and subject of the scientific research are indicated. The main goal and the tasks for its achievement are formulated and the methodology for the realization of the research is presented.

#### **CHAPTER ONE**

##### **STATE AND MAIN TRENDS IN THE DEVELOPMENT OF THE CAPITAL MARKET IN BULGARIA DURING THE PERIOD 2007-2019**

In **Chapter One** of the dissertation, the main trends in the development of the Bulgarian capital market during the period 2007-2019 are presented and an analysis of the influence of the factors of the external and internal environment, which form the regularities of the market, is carried out. The study of the degree of development of the capital market in Bulgaria and the outlined trends in the period 2007-2019 is carried out on the basis of the analysis of several main stock market indicators - market capitalization and the share of market capitalization in the gross domestic product of the country, financial intermediation and depth of financial intermediation of the non-banking financial sector, stock market indices and annual turnover (liquidity). The main characteristics of the Bulgarian capital market in the period 2007-2019 are analyzed and the development of the regulatory framework and infrastructure of the capital market has been examined as well. On this basis, the main problems and challenges are being summarized and

the prospects for the development of the capital market in the country in the medium term are outlined.

During the period 2007-2019 the macroeconomic environment in Bulgaria is characterized by great volatility resulting from several noteworthy events - the process of the country's accession to the EU and its full membership since the beginning of 2007, the global financial crisis that broke out in 2007 and the economic crisis, followed by the debt crisis in the Eurozone since 2010. These events (external factors) have their impact on the formation of two opposite trends influencing the state and the development of economic processes in the country during the analyzed thirteen-year period, which can be conditionally divided into three sub-periods - (pre-crisis, crisis, and post-crisis).

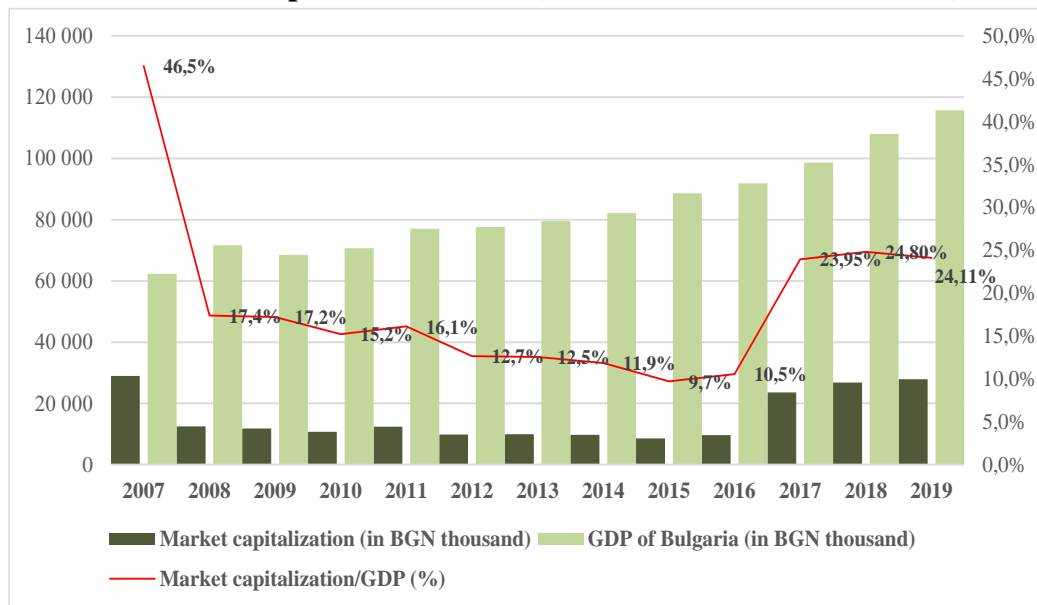
The trends in the development of the Bulgarian capital market follow those in the macroeconomic environment. The spread of the financial crisis or the so-called financial „contagion“, significantly affected the capital market in the country, and caused the suspension of its dynamic development. The negative aspects of the crisis are related to the deepening of the downward trend in the market - the withdrawal of foreign investors, the deterioration of stock market indicators and the loss of confidence in the capital market as a source of financing.

In the analysis of the external and internal environment in which the Bulgarian capital market functioned in the period 2007-2019, the trends in the macroeconomic environment of the European Union (EU 28) and the Eurozone (EU 19) are examined. Based on a comparative analysis, the peculiarities of the dynamics of some main macroeconomic indicators in the EU countries, the Eurozone and in Bulgaria are presented, and are summarized the economic and social challenges that the Bulgarian economy faces, due to the macroeconomic imbalances that have arisen.

The Bulgarian capital market is relatively small and underdeveloped, characterized by low and decreasing liquidity. In the period 2005-2007, the catalyst for the development of the market was the privatization process of 35% of the Bulgarian Telecommunications Company (BTC) through the stock exchange in 2005, which was followed by the growth of initial public offerings (IPOs) of large companies during the following two years. The successful public offerings of this period and the deepening of financial intermediation established the role of the capital market as a competitive alternative to banks for raising capital. The growth of investment activity in the period 2005-2007 contributed to a significant growth of foreign investors in the Bulgarian capital market, as a result of which, at the beginning of 2007, about 42% of the market capitalization was formed by the ownership of foreign investors. At the end of 2007, the stock exchange reached

peak levels of market capitalization of BGN 28.9 billion, a reported annual growth of 89% compared to year 2006 and a 46.5% share of market capitalization in GDP. (Graph 1).

**Graph 1. Dynamics of the market capitalization of the BSE for the period 2007-2019 (in mln. BGN and in% of GDP)**



Source: Author's graph, data from BSE and BNB

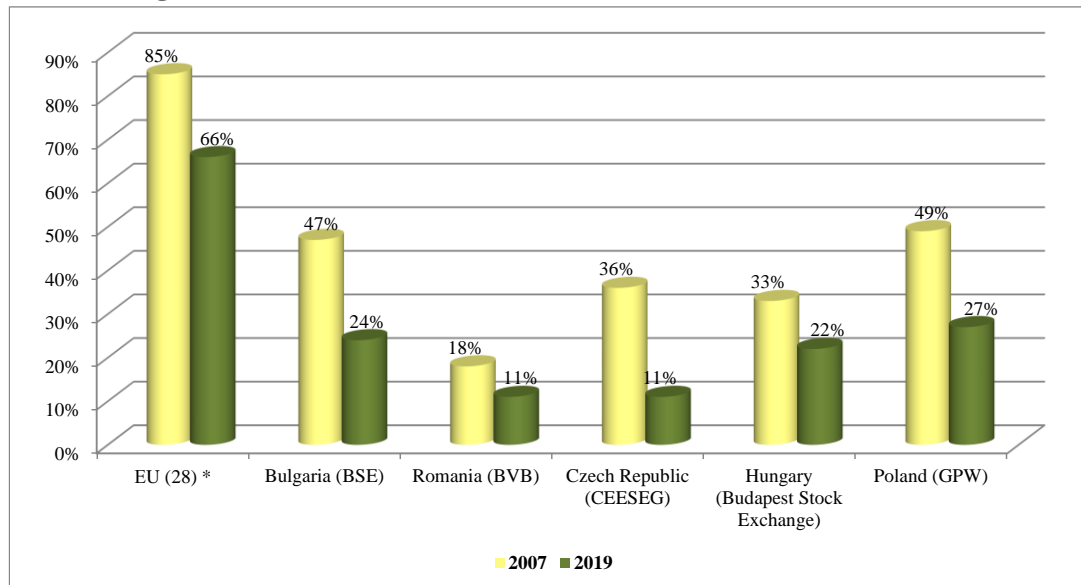
In the period 2008-2015, there is a steady trend of decreasing market indicators. From the peak levels in 2007, the level of market capitalization and its share of GDP decreased by 67% and 36 percentage points, respectively, and at the end of 2015 they reached BGN 8.6 billion and 9.7% of GDP. During the last four years of the period under review, the share of market capitalization rose and reached 24% of GDP.

For the analyzed period 2007-2019, the sectoral structure of the capital market in Bulgaria is relatively stable and is similar to the structure of capital markets in the European economies. The highest relative share in the market capitalization of the BSE by sector at the end of 2019 is traditionally held by the „Financial and insurance activities“ sector - 45%, which includes all holding companies. This predetermines the sensitivity of the BSE's market capitalization to any negative news and shocks related to the financial and insurance sectors. As of the end of 2019, this sector was followed by the sectors of Manufacturing Industry (with 27% share) and Real Estate Operations (9% share).

It is characteristic that after 2007, all CEE countries, as well as the EU (28) as a whole, saw a decline in the level of market capitalization. For EU countries (28), the share of market capitalization at the end of 2019 was 66%, compared to 85% in the year before the appearance of the negative effects of the global financial and economic crisis. (Graph 2). According to data

from the Federation of European Stock Exchanges (FESE), at the end of 2019, Poland, which is the leader in the region with a 135-billion-euro market capitalization and has the highest share of market capitalization in GDP (27%) among the developing markets of CEE. In developed European countries, this share is between 60 and 100% (France, Germany, Denmark, Belgium, Finland, etc.), and in the USA, Great Britain, Sweden, and Luxembourg it exceeds 120% of GDP.

**Graph 2. Market capitalization of the capital markets in the EU (28)\*, Bulgaria and some CEE countries for 2007 and 2019 (% of GDP)**



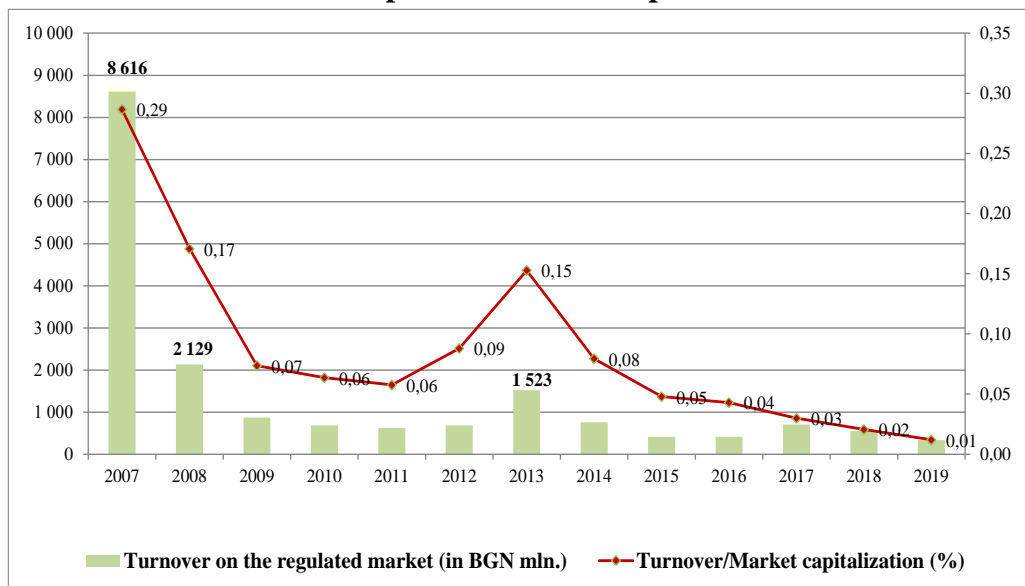
Source: Author's graph, data from European capital markets institute, Statistical package, Federation of European Securities Exchanges, FESE

The financial intermediation and the depth of financial intermediation of the non-banking financial sector are among the indicators that make it possible to assess the state and degree of development of the capital market in the country. The stable macroeconomic environment in the period 2005-2007, the improvement of the regulatory framework and the introduction of European directives in the field of financial markets led to an increase in the importance of the capital market and an increase in the activity of the participants of the non-banking financial sector - investment intermediaries, collective investment schemes (investment companies, mutual funds), insurance and pension companies, as well as to the emergence of new participants in the market - joint-stock companies with a special investment purpose (REITs). Regardless of the dynamic development of the Bulgarian capital market in the period 2005-2007, the financial sector in the country is bank-oriented and commercial banks have a leading role as a source of financing compared to other sources of non-bank (alternative) financing.

Another indicator of the state and the efficiency of the capital market is the dynamics of the stock market indices. Over the thirteen-year period under review, the blue-chip benchmark SOFIX shed 68% of its value. Nearly 80% is the drop in the broad meter - BGBX40, and the equally weighted BGTR30 loses over 50% of its value. For the analyzed period only the sector index BGREIT recovered its level from 2007 and recorded a growth of 26%.

The achieved annual turnover, the number of concluded transactions and registered issues, as well as the number of new issues, are among other important indicators characterizing the activity of the capital market. After the boom of the capital market in 2007, when the stock exchange achieved the highest results since the existence of a capital market in the country, at the end of 2008 the realized turnover of the BSE decreased by 70% compared to its level in 2007 and from BGN 8.6 billion reached BGN 2.1 billion (Graph 3).

**Graph 3. Annual turnover on the BSE (in BGN mln.) and share of the turnover to the market capitalization for the period 2007-2019**

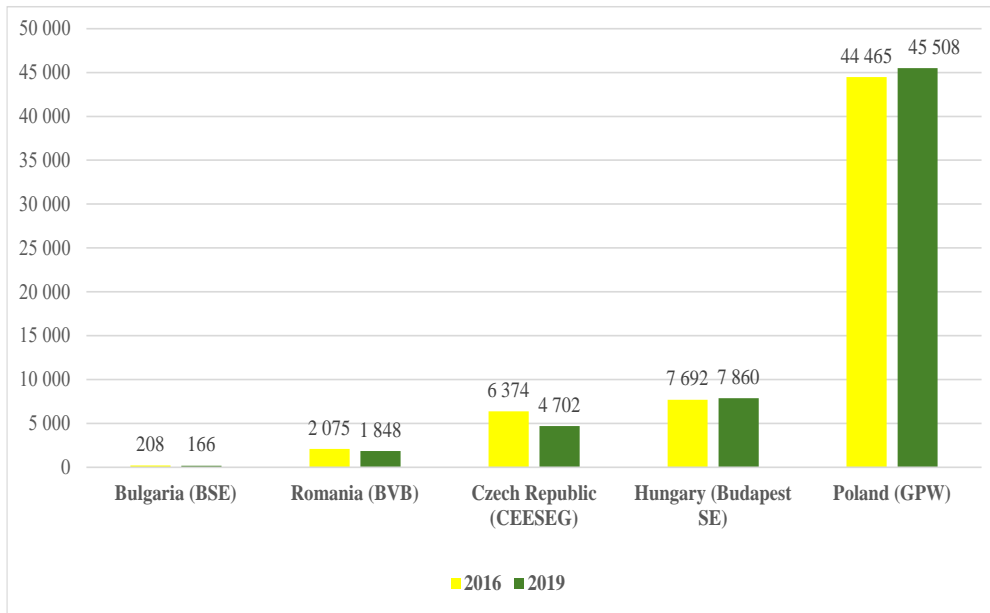


Source: Author's graph, data from BSE

When comparing the data of the annual turnover of the national capital market with the data of the capital markets in some CEE countries, the significant difference in liquidity is visible, and that is among the main barriers to foreign investors as well. (Graph 4)



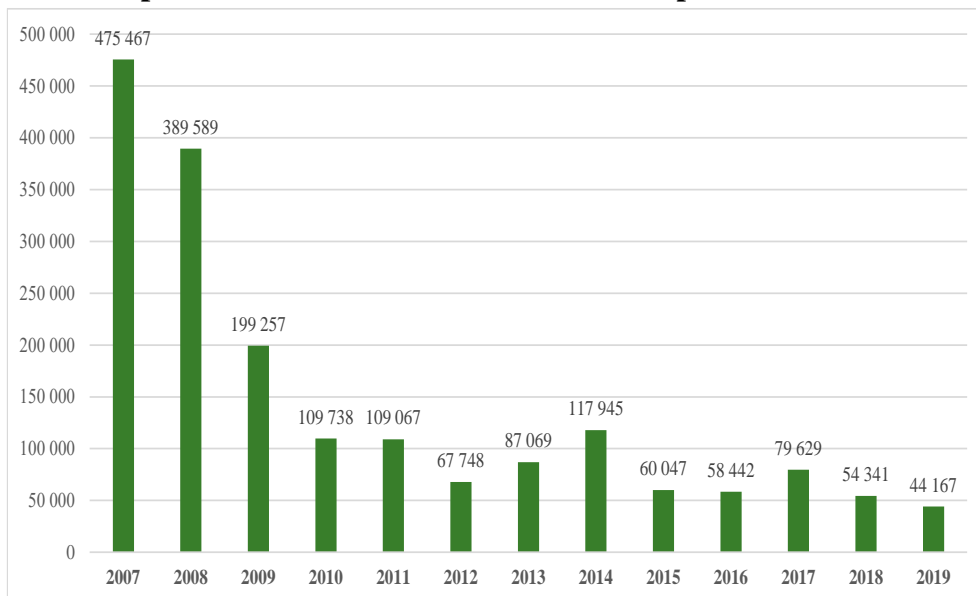
**Graph 4. Annual turnover in some countries of CEE as of the end of 2016 and 2019 (in EUR mln.)**



Source: Author's graph, data from Federation of European Securities Exchanges, European Exchange reports, 2016 -2019

The best indicator for measuring liquidity in low-liquidity markets such as Bulgaria is the number of trades. For the analyzed period 2007-2019, a negative trend is also observed in the indicators - number of trades, number of registered issues and number of new issues.

**Graph 5. Number of trades on BSE for the period 2007-2019**



Source: Author's graph, data from BSE

## **Main conclusions of chapter one**

1. The macroeconomic, political, institutional and regulatory environment has a significant influence on the state, efficiency and trends in the development of the Bulgarian capital market. The harmonization of national legislation with the European legislation in the field of the capital market is also important, and so is the role of the state and the institutions of the capital market when it comes to taking strategic measures for recovery and development of the Bulgarian capital market.
2. The processes and main trends in the development of the capital market follow the processes of economic development and the trends in the external and internal macroeconomic environment. For the considered thirteen-year period, under the influence of external factors, three sub-periods conditionally can be distinguished, respectively characterized by dynamic development of the capital market (expansion), a period of prolonged crisis (depression) and a period of gradual recovery of the capital market.
3. For the analyzed period 2007-2019, the indicators characterizing the state of the capital market - market capitalization, share of the market capitalization from the country's gross domestic product (GDP) and annual turnover of the Bulgarian capital market - show significant fluctuations towards but by the end of 2019, remain well below their 2007 peak.
4. For the period 2007-2019 the analysis of the Bulgarian capital market shows low and decreasing liquidity, absence of sufficiently attractive financial instruments and companies for investment, lack of eased access of SMEs to the capital market, as well as insufficient of interest from strategic investors.
5. In the medium term, the key priorities for the development of the capital market are related to increasing market capitalization by broadening the range of traded financial instruments and market segmentation, creating opportunities for financing SMEs and start-up companies, attracting foreign and domestic investors, improving of the regulatory framework in the field of the capital market and regional integration. In the long term, its development is related to the processes of financial market integration and the country's participation in the Capital Markets Union.
6. The positive effects of the financial integration processes and the creation of financing opportunities for SMEs and start-up companies through the capital market, under relaxing listing requirements, are related to the activation of the stock exchange trading in the country, the attraction of new issuers and investors, and an increase capital market share as an alternative source of investment.

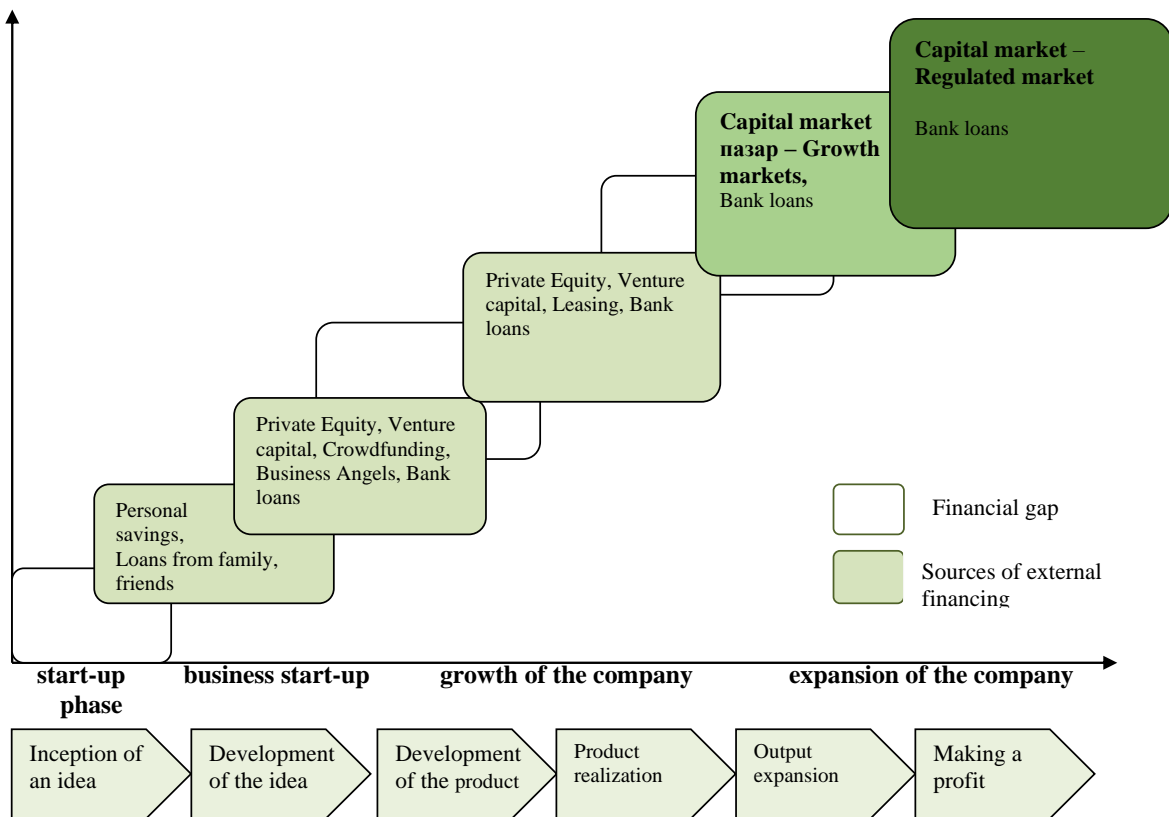
## **CHAPTER TWO**

### **THE CAPITAL MARKET AS AN ALTERNATIVE SOURCE FOR FINANCING THE SMALL AND MEDIUM-SIZED ENTERPRISES IN BULGARIA – THEORETICAL AND PRACTICAL - APPLIED ASPECTS**

In **Chapter Two** the focus of the research is dedicated to the theoretical and practical-applied aspects of financing opportunities for SMEs through the capital market. An overview of the sources of financing is made, as well as the main trends in the financing of SMEs in the EU and in Bulgaria for the period 2014-2020 are presented. The prerequisites, essence and main goals of the EC initiative to create the Capital Markets Union are examined. The principles, benefits and challenges in the establishment of the single capital market are presented and the measures taken, and legislative initiatives are examined retrospectively. Attention is also paid to the new challenges that the process of financial integration of the European capital markets face and the future priorities for the setting-up of the Capital Markets Union are indicated. The main characteristics of SME Growth markets are featured. A theoretical analysis of the nature and features of the Bulgarian SME Growth market BEAM (Bulgarian Enterprise Accelerator Market) is made and a comparison between the listing stages of the Main market and the Growth market is made as well. Through a SWOT analysis are systematized the strengths and weaknesses, opportunities and threats, when the capital market is used as an alternative source of financing for SMEs in Bulgaria.

Access to sources of financing is of paramount importance for the functioning of any company. Depending on the stage of their development - start-up phase, business start-up, growth and expansion of the company, SMEs use different sources to finance their activities. In general, they can be divided into sources of non-bank (alternative) financing and bank financing and presented through the model of the so-called Funding escalator. (Figure 1)

**Figure 1. Funding escalator model**



Source: adapted from: European Commission, COMMISSION STAFF WORKING DOCUMENT, Economic Analysis, Brussels, 8.6.2017, SWD (2017) 224 final, p.23

The *Funding escalator* model shows that bank credit is the main source of financing at almost all stages of the development of European SMEs. The decision about equity or debt financing through the capital market is about long-term financing. Depending on the life cycle of the company, its business model, as well as the amount of financing sought, the company makes its choice to raise capital through the Growth market or through the regulated market of the stock exchange.

In Europe and in Bulgaria in particular, it is characteristic that the structures of financial intermediation are of the continental type (bank-based model of financial system), while in the USA the model of financial intermediation is of the Anglo-Saxon type (market-based model of financial system), with a dominant role of non-bank financial intermediaries - investment and pension funds, insurance companies.

Defined as the backbone of the economy, European SMEs face various challenges to their development, one of which is the access to financing, which is hampered greatly given the characteristics of the global financial and economic crisis of 2007-2009.

To restore and maintain the financial stability of the European Union (EU) economy after the global financial and economic crisis, the European Central Bank (ECB) turned to unconventional monetary policy measures and the European Commission (EC) launched large-scale reforms in banking and non-banking financial sector. To diversify the financing of the European economy and overcome its dependence on bank financing, reforms were undertaken regarding the creation of a single capital market - Capital Markets Union (CMU).

Improving the access to finance for European SMEs through the capital market is among the main measures of the EC's 2014 initiative to create a Capital Markets Union. The Capital Markets Union is a long-term, strategic project of the EU, the establishment of which aims to reduce the fragmentation of financial markets in the EU member states and to diversify the financing of the European economy by providing alternative sources of financing and strengthening the role of capital markets.

The EU's priorities in regard of restoring the confidence in financial markets after the Global Financial and Economic Crisis of 2008 and of providing an easier access to finance for SMEs are related to legislative initiatives and the introduction of a new legal framework for financial markets. With the new European regulatory framework aimed at easing the conditions for SME financing, **the SME Growth markets** on the stock exchanges are regulated. It includes - the Markets in financial instruments directive II (MiFID II or also known as Directive 2014/65EU), the EU Market Abuse Regulation 596/2014 (MAR) and the Prospectus Regulation (EU Regulation 2017/1129).

The changes in the European legislation concerning the financial services give rise to changes in the Bulgarian legislation and also in the activities of the stock exchange operator. The opportunities for financing through the capital market of SMEs in Bulgaria are related to the implementation of the new legal framework of the EC aimed at easing the conditions for financing SMEs, as well as the implementation of the national policy for stimulating the access to financing for SMEs.

In Bulgaria, SMEs generate more than two-thirds of gross added value and form 75% of the total employment. At the same time, on the Bulgarian capital market, 98% of the companies are SMEs. Their support in accessing financing through the capital market, under relaxing listing requirements, is among the main goals formulated in the Capital Market Development Strategy (2016-2019). Two years after its adoption, on October 15, 2018, a pilot voucher scheme was

launched to assist SMEs to list on a regulated market on the Bulgarian Stock Exchange, and at the end of December 2018, the Bulgarian Stock Exchange operator received approval from the regulatory body for organizing a **SME Growth market, known as BEAM** (Bulgarian Enterprise Accelerator Market). Its creation aims to provide an opportunity for innovative companies with growth potential to raise capital, with lower regulatory requirements and a reduced administrative burden, compared to companies traded on the regulated market.

The Growth market BEAM offers an opportunity for small and medium-sized companies to raise up to EUR 3 million of capital or debt within every 12 months and to finance their activities from a very wide range of local and foreign, institutional, and individual investors, excluding pension companies.

The listing process on both markets of the Bulgarian Stock Exchange – the Main Market and the Growth Market BEAM, includes three phases (stages) - preparation, execution and listing, which have different duration depending on the specifics of the companies and especially on their size, phase of development and amount of funding sought.

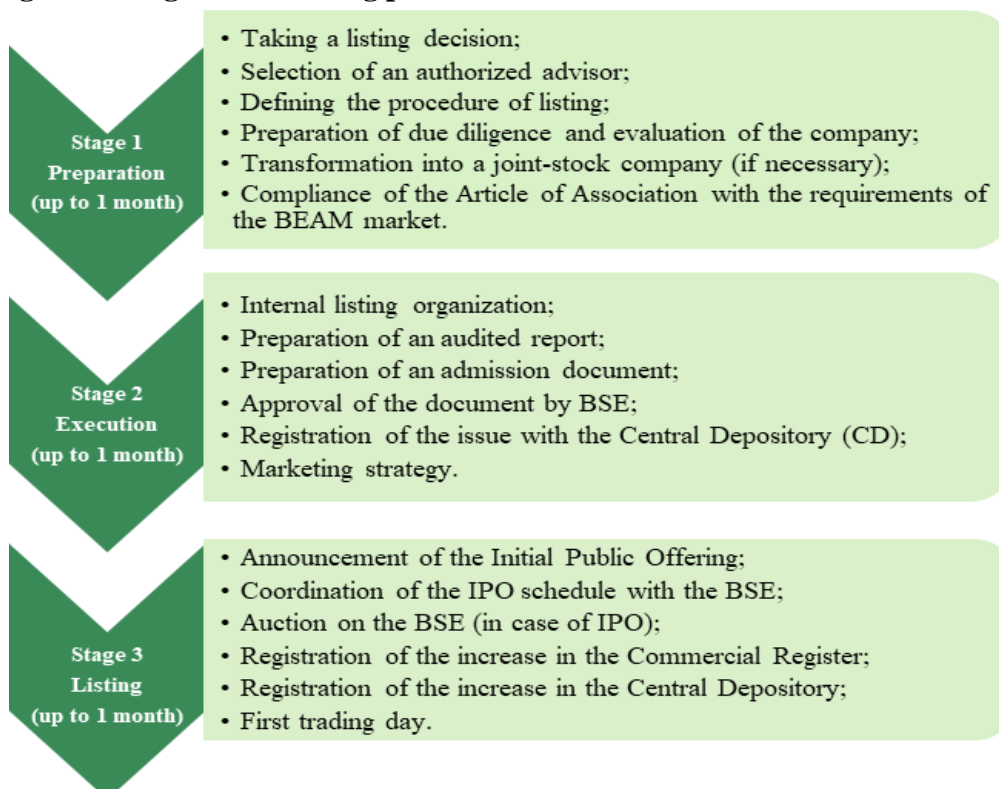
On both markets the first stage (preparatory) is related to the optimization of the company - restructuring of the business and business processes, due diligence, and evaluation of the company. The second stage is also preparatory in nature, but the main difference between the two markets is that on the Main Market there is a regulator (the Financial Supervision Commission). The third stage is related to the actual offering and listing on the stock exchange. The duration of the listing process on the Main Market is up to six-seven months, and on the BEAM market - up to three-four months, and these terms are averaged and depend on the specifics of the company. (Figures 2 and 3).

**Figure 2. Stages of the listing process on the Main market of the BSE**



Source: adapted from: BSE, [www.bse-sofia.bg](http://www.bse-sofia.bg)

**Figure 3. Stages of the listing process on the SME Growth market BEAM of the BSE**



Source: adapted from: BSE, [www.bse-sofia.bg](http://www.bse-sofia.bg), BEAM market, A Guide for entrepreneurs

The comparison between the terms and conditions for raising and increasing capital, as well as the requirements for companies traded on the two markets – SME Growth Market BEAM and Main Market of the BSE, is presented in the table below:

**Table 1. Comparison between the terms and conditions for raising funds and increasing capital, as well as the requirements to the companies traded on the SME Growth market BEAM and on the Main market of the BSE**

<b>Funds raising and capital increase terms</b>	<b>SME Growth market BEAM</b>	<b>Main market BSE</b>
Raising capital up to EUR 3 million every 12 months without an IPO prospectus from the FSC	✓	X
The document based on which the offer is carried out should be approved by the BSE	✓	X
A capital increase of up to EUR 3 million of a company, already admitted to trading on the BEAM market, also does not require an approved prospectus from the FSC	✓	X
Raising a capital over EUR 3 million, as well as increasing the capital by over EUR 3 million of a company, already admitted to trading on the BEAM market, requires a prospectus for public offering, approved by the FSC, which is simplified in form and content	✓	X
Assistance from an adviser in the preparation of the offer	✓	X
Participation of an investment intermediary	✓	X
<b>Requirements to the companies</b>	<b>SME Growth market BEAM</b>	<b>Main market BSE</b>
Relief in publication of periodic financial statements	✓	X
Management bodies can carry out fixed assets transactions above a certain value without prior approval from the General Meeting of Shareholders	✓	X
Eased requirements for convening General Meetings	✓	X
Condescension for shareholders in the company not to disclose their shareholding after passing a certain	✓	X



threshold and/or acquiring a certain percentage of voting shares		
Relief for shareholders in the company not to make a tender offer to buy out the shares of minority shareholders after passing a certain threshold	✓	X
Exemption from the requirement to appoint a dedicated investor relations person on an employment contract	✓	X
Companies can easily transfer to the Main market of the BSE	✓	-

Source: adapted from: BSE, [www.bse-sofia.bg](http://www.bse-sofia.bg)

In more detail, the advantages, disadvantages, opportunities, and threats of financing through the SME capital market are presented in the table below:

**Table 2. Advantages, disadvantages, opportunities and threats of financing through the SME capital market in Bulgaria (SWOT analysis)**

<b>Advantages (Strengths)</b>	<b>Disadvantages (Weaknesses)</b>
<ul style="list-style-type: none"> <li>• Opportunity for innovative and promising start-ups and SMEs to raise equity and debt capital</li> <li>• Simplified procedure for listing on the Bulgarian Stock Exchange for SMEs and start-up companies</li> <li>• Transparent capital raising process and equal treatment of all shareholders</li> <li>• Better recognition and increase in the trust of national and foreign business partners as a result of the status of the companies and the implementation of good corporate governance practices by them</li> <li>• Potentially easier access and cheaper financing through the national and international capital markets</li> <li>• Possibility to attract on a wide base of individual and institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient popularity of the capital market as an alternative source of financing</li> <li>• Traditionally dominant banking sector; low interest rates and cheap financing through bank credit</li> <li>• Use of other alternative funding sources such as EU operational programs, venture capital funds, crowdfunding, etc.</li> <li>• Absence of sufficiently attractive financial instruments on the capital market</li> <li>• Insufficient interest on behalf of strategic investors</li> <li>• A relatively new stock exchange segment for trading of small and medium-sized enterprises and start-up companies on the Bulgarian capital market</li> </ul>

<ul style="list-style-type: none"> <li>• Improving the capital structure by reducing the debt/asset ratio and maintaining shareholder control</li> <li>• Obtaining a fair market valuation of the company from investors and the possibility of an exit from the investment</li> <li>• Financing of projects that are not suitable for bank financing - infrastructure and innovative projects with a higher level of risk</li> <li>• Tax preferences – income from transactions on the Growth market are exempt from profit tax until 2025</li> <li>• Achievement of higher profitability than bank credit</li> </ul>	<ul style="list-style-type: none"> <li>• Costs of maintaining the status of companies on the capital market, including the fees to the Bulgarian Stock Exchange and the Central Depository</li> <li>• Obligation to periodically disclose important information to the stock exchange and the investment community-six-monthly and annual financial reports</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Establishment of the Capital Markets Union and new European regulation to improve access to financing for the SME sector through the stock exchange</li> <li>• Creating conditions for diversifying funding sources by strengthening the importance of capital markets</li> <li>• Increasing the market capitalization of the Bulgarian capital market</li> <li>• Growing popularity and confidence in the capital market as an alternative source of business financing</li> <li>• Cooperation processes with other exchanges from the region</li> <li>• Potential for developing the SME sector and increasing SMEs competitiveness</li> <li>• Attracting foreign and strategic investors in the SME sector</li> <li>• Transitioning the business "in the light"</li> </ul>	<ul style="list-style-type: none"> <li>• Unstable and deteriorating economic environment, decrease in the inflow of foreign investments existence of macroeconomic imbalances</li> <li>• Limited resource of the Bulgarian capital market</li> <li>• Strong competition by the banking sector - availability of numerous credit products and relaxing requirements for borrowers in terms of credit history, collateral, interest rates, etc.</li> <li>• Risk of a fall in securities prices</li> </ul>

In 2021, seven companies from various sectors - technology, automotive, investment, real estate, organic food production, etc. have been listed on the SME Growth market BEAM. Facilitated access to the capital market through the SME Growth market BEAM enabled these companies to make successful initial public offerings, where they managed to raise over BGN 23 million against over BGN 73 million of demand from investors. By the end of 2021, realized profitability for some of the companies exceeded 80%. The funds raised through the capital market and the higher recognition of the companies will enable them to accelerate their growth and increase their competitiveness. At the end of 2021, the realized turnover of the SME Growth market reached BGN 33 million or 5% of the turnover of the Main market. It is expected that the increased interest in the SME Growth market BEAM will lead to an acceleration of stock market activity on an annual basis and to the attraction of new issuers and investors to the Bulgarian capital market.

### **Main conclusions of Chapter Two**

1. Defined as the backbone of the economy, SMEs play an essential role in its development. Improving access to finance for European businesses and in particular SMEs through the capital market, which was severely damaged because of the global financial and economic crisis of 2008, is among the main measures of the European Commission (EC) initiative of 2014 to create a Capital Markets Union. Its establishment aims to achieve financial stability and longer-term economic growth of the EU economy by deepening the integration of financial markets and strengthening the importance of capital markets as a source of financing.
2. The business structure of the Bulgarian economy, like that of the EU, is formed mainly by small and medium-sized enterprises, whose share at the end of 2019 was 99.8% of the active enterprises in Bulgaria. The financial sector in Bulgaria is of a continental type, bank-oriented and compared to other financing alternatives, commercial banks have a key role as a source of financing for SMEs.
3. With the introduction of the new European regulatory framework, conditions are created for diversifying sources of financing by strengthening the importance of capital markets and providing opportunities for SMEs to raise funds from the stock market under eased conditions through the creation of SME Growth markets.
4. Growth markets are oriented towards innovative SMEs that have growth potential but do not meet the quantitative and qualitative criteria for listing on the regulated market. In

Growth markets, the duration of the process of listing a company on the stock exchange is much shorter compared to listing on a regulated market, the administrative procedure is eased and accompanied by lower costs for issuers. Another distinctive feature of Growth markets is that they are also an intermediate stage in the financing of SMEs with private and venture capital and listing on a regulated market.

5. In Bulgaria, the provision of opportunities for small and medium-sized businesses to raise capital, demanding lower regulatory requirements and a reduced administrative burden, compared to companies that trade on the regulated market, relates to the creation in 2018 of the SME Growth market BEAM (Bulgarian Enterprise Accelerator Market) on the BSE. Unlike the Main Market, which is suitable for companies in a more mature phase of their development and, accordingly, seeking a larger volume of financing, the SME Growth Market BEAM is suitable for SME and start-up innovative companies that have a short financial and business history, but have the potential for accelerated growth.
6. As a market model, the SME Growth Market BEAM follows the European practices where all markets have exchange-approved advisors. In the SME Growth Market BEAM, as in all Growth markets, there are also admission documents, that also should be approved by the exchange. As of the end of 2021, the threshold for a public offering without a prospectus in Bulgaria is one of the lowest (EUR 3 million) and lags behind smaller or nearby markets.
7. When comparing the stages of the listing process of companies on a regulated market and on the SME Growth Market BEAM, as well as the conditions for admission to trading and trading fees, the conclusion that can be made is that the listing on the SME Growth Market BEAM is twice as fast and cheaper than listing on the Main Market, and companies can raise up to EUR 3 million of equity or debt capital on it each year with eased regulatory requirements and reduced administrative burden.

### **CHAPTER THREE**

#### **STUDY OF GOOD PRACTICES IN FINANCING THROUGH THE CAPITAL MARKET OF THE SMALL AND MEDIUM-SIZED ENTERPRISES (ON THE EXAMPLE OF THE CAPITAL MARKETS IN POLAND AND ROMANIA)**

The **Chapter Three** has a practical aspect. It explores and presents the experience of Poland and Romania in the field of SME markets. The criteria and procedures for listing companies on the SME markets in both countries are analyzed and the stages of listing and the

peculiarities of trading on the Growth market of the Warsaw Stock Exchange - NewConnect and on the SME market of the Bucharest Stock Exchange - AeRO are examined. A comparative analysis of the markets for SMEs in Poland, Romania and Bulgaria is made. At the end, a financial analysis of companies traded on the NewConnect market and on the AeRO market is performed and the benefits of listing the companies on the stock exchange are presented.

The existence of good practices in financing small and medium-sized businesses through the capital market is not new to the European economy. It is important to clarify that initially the segments for small and medium-sized enterprises of the European capital markets operated as a multilateral trading system (MTF), and subsequently acquired the status of Growth markets.

In Europe, the first market specifically designed for small and medium-sized enterprises is the Alternative Investment Market (AIM), which was established in 1995 on the London Stock Exchange (LSE) as MTF and is considered a benchmark as regards markets for SMEs, as well as regarding good practices. Other more important examples of SME segments in the capital markets in Europe are - Nasdaq First North (2005, NASDAQ Nordics & Baltics), Euronext Growth (2005, the Euronext Growth Market, which combines the markets of Belgium, France, Portugal and Ireland), Scale market (2005, Deutsche Börse), NewConnect (2007, Warsaw Stock Exchange, GPW), BME Growth (2009, Spanish Stock Exchange, BMA), AIM Italia (2012, Italian Stock Exchange, Borsa Italiana), AeRO (2015, Bucharest Stock Exchange, BVB), etc.

The comparative analysis with the Polish capital market is related to the presentation of the experience of the Warsaw Stock Exchange, which is the leader in the region of the CEE countries in terms of market capitalization (EUR 146 billion by the end of 2020) and of number of listed companies, while the Polish capital market has the status of a developed capital market. In recent years, the Warsaw Stock Exchange has been among the exchanges characterized by strong development, and its Growth market NewConnect is the largest and most active in the region.

In the recent years the Romanian capital market, like the Polish one, has made significant progress, and a historic moment in its development is the change in its status from a frontier market to a secondary emerging market in September 2019. A distinctive feature of the Romanian AeRO market is that it does not have the status of a Growth market, and when it was created it included as well companies that until 2015 were traded on the existing RASDAQ market.

When presenting the good practices of the Polish and Romanian capital markets for financing SMEs, the emphasis is on the following **important issues**:

- What are the criteria and procedures for listing companies on the Growth market - is it mandatory to be with an IPO or do companies have the option to make a secondary offering?

- What are the requirements for the companies after their admission to the Growth market?
- What are the features of Growth market trading? Is the trading model and trading platform analogous to that of the regulated market?
- Are there any companies that have raised capital in the Growth market and subsequently listed on the regulated market?
- Are there mandatory market makers to maintain the liquidity in the Growth market?
- What are the practices of delisting on the different markets and how are the rights of minority shareholders in the Growth market protected in event of delisting?
- What criteria apply to Growth market advisers and how do the duties and responsibilities of advisers differ in different markets – where are they more effective and why?
- What is the ratio between trading on the relevant Growth market and the regulated market i.e., what is the real size of the Growth market?
- Comparisons of fees to companies and advisors in the respective Growth market and the regulated market, etc.

A summary comparison between the three SME markets in Poland, Romania and Bulgaria is presented in Table 3:

**Table 3. Comparison between the markets - NewConnect, AeRO and BEAM, at the end of 2020\***

Criteria	NewConnect	AeRO	BEAM
Year of creation	2007	2015	2018
SME Growth market status	yes	no	yes
Listing Procedures	<b>three procedures</b> - initial public offering (IPO), private placement, technical listing	<b>three procedures</b> - initial public offering (IPO), private placement, technical listing	<b>three procedures</b> - initial public offering (IPO), private placement, technical listing
Minimum capitalization / equity capital	no requirement	min. EUR 250 thousand	no requirement
Minimum stock face value or issue price	not less than PLN 0.10 (EUR 0.025)	no requirement	face value BGN 1 (~ EUR 0.50)
Minimum free-float requirement	15% free float or at least 10 shareholders	10% free float or at least 30 shareholders	no free-float requirement
Thresholds for a public offering without a prospectus	EUR 2,5 million	EUR 1 million	EUR 3 million
Duration of the process	between 5 and 11 months	between 3 and 6 months	between 3 and 4 months
Obligation for a concluded contract with an authorized advisor	yes, for a period of 36 months after the company's registration on the market	yes, for a period of 12 months after the company's registration on the market	yes, for a period of min. 24 months after the company's registration on the market
Obligation for a concluded contract with a market maker	yes	no	no
The initial fee (excl. VAT)	EUR 1,500 (PLN 6,000)	EUR 155 euros (RON 700)	EUR 250 (BGN 500)
The annual fee for listing (excl. VAT)	1st year EUR 375 (PLN 1,500), following - depending on the capitalization: min. 750 - max. EUR 2,000 (PLN 3,000 - PLN 8,000)	EUR 1,100 (RON 5,000)	EUR 500 (BGN 1,000)
Number of companies listed on the SME market	373	281	N/A
Traded financial instruments	shares and bonds	shares and bonds	N/A
Turnover of the SME market	EUR 320 million (PLN 1.5 billion)	EUR 70 million (RON 320 million)	N/A
Market capitalization of the SME market	EUR 4.4 billion (PLN 20.7 billion)	EUR 2.1 billion (RON 9.6 billion)	N/A
Financial statement publication requirements	Annual, semi-annual and quarterly reports, incl. on consolidated base	Annual, semi-annual and quarterly reports, incl. on consolidated base	Annual and semi-annual reports, incl. on consolidated base
SME market index	NCIndex, from August 2007	BET AeRO, from October 2021	N/A

Source: compiled by the author, based on data from the Stock exchanges of Poland, Romania and Bulgaria

\* **Note:** Exchange rate at the end of 2020: (1 EUR= 4,6148 PLN; 1 EUR= 4,87 RON;

1 EUR=1,95583 BGN)

### **Main conclusions of chapter three**

1. For the last fifteen years the creation of markets for small and medium-sized enterprises to traditional exchanges (SME Growth markets) has been a trend in Europe as a result of the changes in European regulations.

2. The organization of segments for SMEs on the capital markets in Poland and Romania, preceded the introduction of the new European regulatory framework. The NewConnect market has been operating on the Warsaw Stock Exchange since 2007, specifically designed to finance emerging, dynamic Polish companies. Since 2015, the AeRO market has been established on the Bucharest Stock Exchange, which is aimed at financing start-ups and SMEs with high growth potential, from various sectors of the economy. The NewConnect market of the Warsaw Stock Exchange, unlike the AeRO market, has the status of a Growth market.
3. A characteristic feature of NewConnect and AeRO, as markets for SMEs, is that they provide an opportunity to small and medium-sized businesses to raise capital with relaxing regulatory requirements, reduced administrative burden and lower fees, compared to companies that are traded on a regulated market on the Polish and Romanian stock exchanges.
4. The process of preparation a company for listing on the New Connect market and on the AeRO market is relatively short compared to the company's preparation process for listing on the Main Market of both exchanges and takes several months. Its duration depends on the company's readiness, its size, the listing procedure, as well as the size of the public offering.
5. A good practice in financing companies through the SME markets in Poland and Romania is the availability of different listing procedures, as well as the requirement to ensure a minimum free-float. An interesting practice is also the segmentation of the Polish Growth market, as well as the option for flexibility in the pricing of fees on the Warsaw Stock Exchange.
6. As a market model, the Growth market NewConnect and the SME market AeRO replicate the European practices and have authorized advisors that are approved by exchange operators. Trading on the SME Markets in Poland and Romania follows the Main Markets trading model and is carried out through the same trading platform that is used for trading financial instruments on the Main Markets. A distinctive feature of both markets - NewConnect and AeRO is the possibility of being an intermediate stage in the financing of SMEs with private and venture capital and listing on a regulated market.
7. The explored opportunities for financing SMEs through the Growth Market of the Polish Stock Exchange and the SME Market of the Romanian Stock Exchange, as well as the benefits for companies of using the SME markets as a financial instrument, are illustrated also with examples of selected Polish and Romanian companies.



## CONCLUSION

As an integral part of the financial market of any modern economy, the capital market has a key role in providing the necessary capital to finance business and growth. The state and development of the capital market depend on various factors, the most important of which are the macroeconomic and political environment, the institutional and regulatory framework. On the other hand, the ongoing processes of financial globalization and integration further influence its development and increase its role as an alternative source of financing.

In the period 2007-2019, main problems of the Bulgarian capital market continue to be the low liquidity, the absence of sufficiently attractive financial instruments and companies for investment, the lack of easy access for SMEs to the capital market, a decrease in investor interest and a lack of interest from strategic investors. The main priorities for the development of the capital market in the medium term are related to increasing liquidity by increasing the range of traded financial instruments, supporting access to financing for SMEs and creating an exchange segment for SMEs, attracting foreign and domestic investors, improving the regulatory framework in the field of capital market and regional integration. In the long term, its development is related to the processes of financial market integration and the country's participation in the Capital Markets Union.

During the past fifteen years, development of SME segments to traditional exchanges has been a global trend supported by the changes in European regulations. Despite this trend, European enterprises traditionally are financed mainly through banks (77%) and significantly less through non-bank financing (23%) in contrast to the American economy, where the model of financial intermediation is market oriented.

Improving the access to capital market finance for European SMEs is at the heart of the European Commission's 2014 initiative to create a Capital Markets Union. Its establishment aims to create well-functioning and integrated capital markets in all EU member states and to improve the balance between bank and market financing. Among the main objectives of the single capital market is the improvement of access to finance for all European businesses, and especially for SMEs, by providing opportunities for SMEs to raise funds from the stock market under mitigated conditions.

Priorities in the field of providing easier access to financing for SMEs are also related to the introduction of the new European legal framework for financial markets and the establishment of SME Growth markets. Growth markets target innovative SMEs that have growth potential but do not meet the quantitative and qualitative criteria for listing on the

regulated market. In Growth markets, the duration of the process of listing a company on the stock exchange is much shorter, compared to the listing on a regulated market, the administrative procedure is simplified and accompanied by lower costs for the issuers. Another distinctive feature of Growth markets is that they are also an intermediate stage in the financing of SMEs with private and venture capital and listing on a regulated market.

As for the Bulgarian capital market, the opportunities of financing SMEs and start-up companies through the capital market under relaxing listing requirements are a novelty and are one of the priorities for the development of the market in the medium term. At the end of 2018, the market operator of the capital market in our country - the Bulgarian Stock Exchange received approval from the regulatory body for organizing a SME Growth market BEAM, thanks to which, by the end of 2019, BSE is among the eight licensed exchange operators of such markets within the EU being one of the four markets in CEE.

Unlike the regulated market, which is suitable for companies in a more mature phase of their development and, accordingly, seeking a larger amount of financing, the SME Growth market BEAM is suitable for SMEs and start-up innovative companies that have a short financial and business horizon history, but have the potential for accelerated growth. Compared to the regulated market, listing on the SME Growth market BEAM is twice as fast and cheaper, and every 12 months companies can raise up to EUR 3 million of capital or debt on this market, facing lower regulatory requirements and reduced administrative burden. In 2021 alone, seven companies from various sectors were listed on the growth market. Facilitated access to the capital market through the SME Growth market BEAM enabled companies to make successful initial public offerings, where they managed to raise over BGN 23 million against over BGN 73 million of demand from investors. By the end of 2021, realized profitability for some of the companies exceeded 80%.

To prove the working and research thesis, the good practices in Europe for financing of small and medium-sized businesses through the capital market are studied, namely, the Polish and Romanian capital markets. The choice of the Polish and Romanian markets is dictated by the need to present the experience of the largest market capitalization in CEE – the Warsaw Stock Exchange, whose Growth market is among the largest and most active in Europe. The experience of the Romanian capital market which in 2007 had problems and goals comparable to those of the Bulgarian capital market is presented as well, but which market has achieved a significant progress in its development during the recent years. The presentation of SME financing opportunities on the Polish and Romanian capital markets is also illustrated with examples of companies traded on the SME markets of the Warsaw and Bucharest Stock Exchanges.

The practical orientation of the study and the presentation of the experience of Poland and Romania in the field of financing through the SME capital market on the one hand, and the analysis of the state and development of the Bulgarian capital market for the period 2007-2019 on the other, prove the author's thesis, that the **Bulgarian capital market has a potential which, if appropriate stimulating measures are taken, can lead to an increase in stock trading and to the return of confidence in the capital market as a source of financing. The creation of a segment for trading of small and medium-sized enterprises on the Bulgarian stock exchange (SME Growth market) can fulfill the role of an accelerator and lead to the activation of stock trading and to the improvement of the efficiency of the Bulgarian capital market.**

#### **IV. SCIENTIFIC CONTRIBUTIONS OF THE DISSERTATION**

1. The state, dynamics and trends in the development of the capital market in the country for the period 2007-2019 have been analyzed, and the main problems, challenges and directions for stimulating its development have been systematized.
2. Institutional initiatives in the EU regarding the integration of capital markets and the creation of a single capital market have been studied.
3. A theoretical analysis of the SME Growth market of Bulgaria and an analysis of the advantages, disadvantages, opportunities and threats (SWOT analysis) for financing the activity of the SME in the country through the capital market was carried out.
4. The good practices in the field of financing through the capital market of the SME have been studied and presented (on the example of the capital markets in Poland and Romania) and a comparative analysis of the SME markets on the stock exchanges in Poland, Romania and Bulgaria has been made.

#### **V. DIRECTIONS FOR FUTURE RESEARCH**

Recommendations for more important future research related to financing through the capital market of the SME, and more specifically through the Growth market BEAM, can be outlined in several aspects:

1. Development of a methodology for empirical research of the propensity to finance through the capital market of the SME in the country.
2. Survey among the managers of the most dynamic (100 in number) SME in the country of the propensity to finance through the capital market of the SME for the last three years.
3. Presentation of the analyzed results of the empirical research.

## VI. AUTHOR'S PUBLICATIONS RELATED TO THE DISSERTATION

1. Yotinska, Sn. (2017), *Macroeconomic imbalances and challenges to the Bulgarian economy*, Report of the Annual Reporting Scientific Conference of VUZF, December 15-16, 2016, VUZF Review, Issue 2, 2017, pp. 97-107;
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## DECLARATION OF ORIGINALITY

I declare that the dissertation „**Opportunities for financing through the capital market of the small and medium-sized enterprises in Bulgaria**“ is an entirely author's product. No publications and developments of other authors are used in violation of their copyrights during the development of this dissertation work.