



... WIENER BÖRSE ... ATX PRIME ... ATX ... WIENER BÖRSE ... VIENNA STOCK  
EXCHANGE ... VIENNA STOCK EXCHANGE ... ATX PRIME ... ATX ... WIENER

## History of the Vienna Stock Exchange

December 2016



## 1771 – Foundation of Wiener Börse

Wiener Börse was founded in 1771 by Maria Theresia. In the initial years, the exchange served mainly as a marketplace for trading bonds, bills of exchange and foreign currencies. Special intermediaries, the Official Brokers (called “Sensale” in German), were responsible for the smooth operation of trading. The Official Brokers received a commission for each trade mediated. On some days, over 2000 persons met on the exchange floor for trading.

## The 19th Century

Shares were traded for the first time in 1818. The first stock corporation to be listed on Wiener Börse was the Austrian National Bank. Due to the political and economic significance of the Habsburg monarchy at the time, Wiener Börse soon gained international recognition. Since its foundation, new regulations and stock exchange legislation had become necessary to help maintain an orderly market in the midst of very lively trading. The economic boom also brought a wave of highly speculative companies to the exchange. This trend was cut off abruptly by the stock market crash of May 1873. About 90% of all listed companies disappeared from the price list. It took decades for the stock exchange to recover from the shock.

Industrial companies switched from seeking financing through the stock market to taking out loans from the major banks who were to become one of the most important factors for the capital market and trading. Meanwhile, it became necessary to draft new exchange rules and laws to deal with the increasingly livelier trading. In 1875, the third Stock Exchange Act since the founding of Wiener Börse was passed that guarantees the complete autonomy of Wiener Börse and has ensured uninterrupted trading ever since. The historic stock exchange building designed by Theophil von Hansen on Schottenring opened its door with an official inauguration ceremony in 1877.

## 1900 - 1979

From the end of the 19th century until the start of World War I, the situation on the capital market continued to consolidate. The stock market had a loyal base of rich financiers. The bond market was dominated by a broad middle class of so-called rentiers.



## World War I and World War II

The exchange was closed during World War I. It was only at the end of 1919 that stock trading started again officially and Wiener Börse experienced a strong revival and boom that ended abruptly in March 1924. Stock prices recovered in Vienna in the following years only sluggishly. The consequences of the global economic crisis and the collapse of banks was also very detrimental to exchange trading in the subsequent years, causing not only stock prices but also the number of traders to decline steeply. However, the stock market crash on the New York Stock Exchange in October 1929 did not have any major impact on Vienna.

Even though the position of Wiener Börse as a financial marketplace was strongly diminished due to the collapse of the empire, it retained its significance for Southeast Europe. Many securities from the successor states of the empire such as Hungary and the Czech Republic were still traded in Vienna. Of the 205 securities traded on Wiener Börse in 1937, 75 were foreign securities from the successor states.

The restoration of the government budget entailed some far-reaching changes in the ownership structures of the Austrian business sector. Major banking groups emerged. This alienated some branches of industry from the capital market, while those industries having close relations with the banking groups grew steadily.

With the incorporation of Austria into the Deutsche Reich in 1938, Wiener Börse lost its independence and was subjected to German exchange law from then on. Stock market trading - continued though only very limited - until shortly before the end of World War II.

## The Post-war Era and the Reconstruction

The stock exchange reopened in 1948. In July 1949, the first government bond (reconstruction bond) of the Second Republic was issued. After the war, the stock market thinned somewhat after the nationalization of some branches of industry. The bond market by contrast recovered again after the currency reform in 1952. However, a gradual uptrend on the stock market became noticeable only in the 1960s. Thus, for example, foreign stocks were admitted to listing again.

A big fire destroyed parts of the stock exchange building on 13 April 1956, especially the large trading floor, which was not reconstructed again.



## 1980 - 2000

While bond market trading on Wiener Börse grew steadily, stock trading continued to lag behind. In 1981, two Austrian stocks were freshly listed on the exchange after 21 years without any new issues.

However, the major turnaround came in 1985 after an American analyst triggered a stock market boom by pointing out the enormous potential of the Austrian capital market. After around two decades of stagnating stock prices, an upswing set in that averaged 130%. Trading volumes increased by sixfold. This caused a change in the rather subdued attitude of economic policy towards the stock market until then.

Many new companies went public in the subsequent years, including the large, nationalized companies such as RHI, OMV, Austrian Airlines, Verbund and EVN. Trading volumes and market capitalization soared. As of 1988, Wiener Börse once again experienced a stock market boom that lasted until the end of 1990. The introduction of the electronic trading system (PATS) and a new Stock Exchange Act in 1989 supported this development. The admission criteria for securities and the ongoing disclosure requirements for listed companies were regulated comprehensively by law for the first time and adapted to meet EU Directives.

### ATX – The leading index of Wiener Börse

The WBI (Wiener Börse Index), which was introduced in 1968, was the first index computed by Wiener Börse. The WBI contains all Austrian stocks listed on the Official Market and Second Regulated Market of Wiener Börse. In 1991, the Austrian Traded Index (ATX) was published for the first time and has been the leading index of Wiener Börse ever since. It contains the 20 largest and most actively-traded stocks on the exchange.

### The Founding of today's Wiener Börse AG

In December 1997, the stock exchange was merged with the futures exchange (ÖTOB) to form the new exchange operating company, Wiener Börse AG.

The traditional stock market was boosted substantially by impulses from the privatization of former state-owned industrial companies in the 1990s. Austrian private investors gradually began to notice the possibilities of investing in stocks. In 1990, stock ownership among the Austrian population was only one percent. By 1997, the share had risen to four percent. In the spring of 2006, some six percent of Austrians owned stocks (IMAS study).

In January 1998, Wiener Börse moved into its premises in the Strauchgasse and Wallnerstraße.

After the resolution was passed to privatize Wiener Börse AG, the former Council of the Vienna Stock Exchange was dissolved in June 1999 and 50 percent of the shares were offered to Austrian listed companies (with the exception of the banks).

## Introduction of the Xetra® Trading System

A major milestone was the introduction of the Xetra® trading system in November 1999. The new market segmentation had already been implemented before, in the second quarter of 1999. It groups the diverse market segments by liquidity and market making criteria.

## 2001 - 2006

At the end of 2001, Wiener Börse AG moved completely from the premises of OeKB at Strauchgasse 1-3 to Palais Caprara-Geymüller, Wallnerstraße 8, 1010 Vienna. The exchange had its own building once again.

## Introduction of the Prime Market and Start of Trading on EXAA

At the beginning of 2002, the prime market was created when the new market segmentation was introduced. Transparency and liquidity on the market in Vienna improved enormously with imposition of compliance with the more stringent criteria of the prime market such as accounting in accordance with IFRS or US-GAAP, heightened disclosure requirements and higher free float.

In March 2002, the EXAA (Energy Exchange Austria) starting trade in electricity. As a shareholder, Wiener Börse played a major role in the establishment of a platform for trading in energy products.

Since 2003, the cash market on Wiener Börse has undergone a strong revival. Wiener Börse had not been hit by the market plunges seen on the major international stock markets at the end of 2002. Investors were looking for alternatives and were discovering the smaller stock exchanges. Market capitalization went up driven by initial public offerings, the privatization of major formerly state-owned companies and capital increases. Austrian companies succeeded in positioning themselves well in Eastern Europe after the EU enlargement, which has had a positive influence on the price trends of ATX stocks. The revival of Wiener Börse attracted the attention of domestic and foreign investors.

## Wiener Börse expands its network of stock exchanges

An Austrian consortium, consisting of HVB Hungary, Wiener Börse AG, Erste Bank, RZB and OeKB acquired a majority stake in the Budapest Stock Exchange in 2004. This partnership laid the cornerstone for a network of exchanges, which has been progressing steadily and now includes cooperation agreements with many East European exchanges. Wiener Börse boasts partnerships with eight exchanges in Southeast Europe (Bucharest, Zagreb, Belgrade, Sofia, Sarajevo, Montenegro, Banja Luka and Macedonia).

In July 2004, the ATX climbed over the 2,000-point mark for the first time which illustrated the upturn on the capital market.



## **New Clearing System and Sustained Upswing**

The clearing and settlement of Austrian securities had been done by Oesterreichische Kontrollbank (OeKB). As of January 2005, CCP Austria, a company owned jointly by Wiener Börse AG and OeKB, started operations for the clearing and settlement of all cash market and derivatives trades.

In April, Raiffeisen International Bank-Holding AG went public and with an offering volume of EUR 1.1bn, it was the largest IPO in the history of the Austrian capital market.

In June, the ATX surpassed the 3,000-point mark and thus continued its uptrend.

In 2005, Wiener Börse was the first exchange worldwide to enter into a concrete product cooperation agreement with the Shanghai Stock Exchange. At the end of 2005, the two exchanges started the joint publication of the CNX (China Traded Index), which contains 30 Chinese blue chips.

The share of foreign investment firms in trading on Wiener Börse grew to 50% by the end of 2005 and is the result of the greater interest in the domestic market.

After breaking through the 4,000-point mark, the ATX hit its last all-time high of 4,344 points in May 2006. In the same month, a stake of 49% in Oesterreichische Post AG was successfully privatized through the stock exchange.



## 2007 - 2011

### 2007

Despite the turbulences on international stock markets, 2007 was an excellent year for the Vienna Stock Exchange. The average monthly trading volumes rose from EUR 10.5bn (2006) to around EUR 15bn. IPOs and capital increases raised fresh capital amounting to EUR 10.1bn. Foreign trading participants already accounted for 65% of the entire trading volume. Additional impulses to stimulate the domestic financial market came from the newly created mid market, a segment designed specifically to enable companies with lower financing needs to tap the capital market.

#### **New cooperations in CEE and SEE**

Within the scope of the Eastern Europe strategy, new cooperation agreements were signed with the Kazakhstan Stock Exchange and in Kiev with the State Agency, the National Depository and the exchange, PFTS. Additionally, the Vienna Stock Exchange expanded its index range to 30 indices. Since July 2007, the data customers of the Vienna Stock Exchange have been able to receive price data from the Bucharest Stock Exchange via their existing data lines.

### 2008

In 2008, the Vienna Stock Exchange was not able to decouple from the turbulences on the international financial markets. The stocks of the leading index, ATX, plunged steeply in the second half-year and the index closed at year-end at 1,750.83 points, which is a minus of 61.2% vs. year-end 2007. Market capitalization decreased from EUR 157.9bn to EUR 51.4bn. The average monthly trading volume also declined from EUR 14.7bn (2007) to around EUR 12bn, but thanks to the rising number of transactions in a highly volatile year, trading volumes did not decline to the same extent as stock prices.

In June 2008, the Vienna Stock Exchange acquired a majority stake of 81.01% in the Ljubljana Stock Exchange that was followed in December by the acquisition of a 92.7% share in the Prague Stock Exchange - one of the largest exchanges in Central and Eastern Europe. This acquisition is already the third major shareholding by the Vienna Stock Exchange in a CEE exchange. Jointly with Oesterreichische Kontrollbank, the Vienna Stock Exchange owns 68.8% of the Budapest Stock Exchange. In addition to that, the Vienna Stock Exchange has entered into numerous cooperation agreements with regional exchanges, above all with Bucharest, Sarajevo and Banja Luka.



## 2009

In 2009, the stock market was still heavily impacted – especially at the beginning of the year – by the effects of the international financial and economic crisis that had reached a peak in 2008: The leading index of the Vienna Stock Exchange, ATX, continued on the decline of 2008 and dropped to new lows. In mid-March, however, a remarkable rally started. The upswing on the Vienna Stock Exchange was even more pronounced than on other international financial markets. Around the end of the year, it shifted onto a sideways movement and closed the year 2009 at 2,495.56 points. This is a gain of 42.53% versus year-end 2008.

Market capitalization rose from EUR 54.8bn to EUR 79.5 bn. The still significantly lower share prices – as compared to previous peak levels – were, however, felt in equity turnover: The monthly average almost halved in value to some EUR 6bn. The market environment was the reason why no company dared to go public on the Vienna Stock Exchange in 2009. However, around year-end some large capital increases were placed successfully (EUR 2.53bn in total).

After the acquisition of majority stakes in three neighbouring stock exchanges – Budapest, Ljubljana and Prague – in 2008, the Vienna Stock Exchange was intensely engaged in founding the CEE Stock Exchange Group in 2009. The first step in these efforts was a joint family brand. Furthermore, in 2009 some joint short and medium-term projects were already realized – e.g. in the areas of indices and data vending – and the cornerstone for founding a central holding company was laid.

## 2010

On 14 January 2010, the holding company, CEESEG AG, was officially entered into the commercial register. As of that day, the stock exchanges of Vienna, Budapest, Ljubljana and Prague are equal subsidiaries of the central holding company. Sole shareholder of Wiener Börse AG, the company operating the Vienna Stock Exchange, is now CEESEG AG; the existing shareholders of Wiener Börse AG are shareholders of CEESEG AG. The holding company is responsible for the strategic and financial management and the administration of the subsidiaries, while the business operations are carried out by the four member exchanges.

In 2010 relative calm and cautious optimism returned to international financial markets. In this environment the leading index ATX gained, at still high volatility, 16.39% and market capitalization also increased from EUR 79.5bn to EUR 93.9bn. Average monthly trading volumes remained almost unchanged.

Some major projects were realized in 2010: In April, the changeover of the derivative market to the Eurex® trading system of Deutsche Börse was completed. In December, the CEGH Gas Exchange of the Vienna Stock Exchange started derivatives market trading one year after the launch of the cash market.



## 2011

Like all international stock exchanges, the Vienna Stock Exchange faced an extremely harsh market environment in 2011 especially in the second half of the year. In particular the sovereign debt crisis caused major turbulences on the financial markets. In this market environment the leading index ATX dropped by almost 35% and market capitalization and turnover of shares also decreased.

In spite of this, the Vienna Stock Exchange saw the first IPO since the outbreak of the financial and economic crisis. With an issuing volume of EUR 411bn Austria Metal AG (AMAG) was even one of the largest IPOs in the exchange's history. 2011 was a record year in the area of indices as well: The index portfolio was enlarged by 19 new indices to a total of 71 indices. Apart from Austrian indices a special focus was on CEE indices.

## 2012 - 2016

### 2012

In 2012, reporting on economic themes was often overshadowed for stretches of time by negative newsflows. Still, the ATX managed to gain almost 27%, thus performing better than expected. The leading index of the Vienna Stock Exchange was one of the top performers in all of Europe. Along with the positive performance of stocks, market capitalization rose to EUR 80.4 billion at year-end 2012.

On the other hand, average monthly equity trading volumes was not as pleasing in 2012. In the summer, these dropped to low levels, but then started to rise again reaching EUR 2.77 billion on the annual average. In 2012, companies turned mainly to corporate bonds to raise funding through the capital market to cover their financing needs. With a total of 29 new corporate bonds and one capital increase, a total volume of EUR 5.5 billion was listed or included in trading on the Vienna Stock Exchange. Therefore, the year 2012 was the best-performing year to date for corporate bonds on the Vienna Stock Exchange. Three capital increases raised nearly EUR 522 billion in fresh capital.

In 2012, there was a change on the management board of the Vienna Stock Exchange. The investment expert Birgit Kuras, previously Head of CEE Equity Capital Markets and M&A Austria at Raiffeisen Centrobank AG succeeded Heinrich Schaller in March. The Vienna Stock Exchange was very active again in the index business in 2012: it added 17 new indices. At the CEE Stock Exchange Group level, which includes the exchanges of Budapest, Ljubljana and Prague, the Vienna Stock Exchange introduced the Xetra® trading system in Prague November 2012. This was a major step towards the goal of a uniform trading system for all four partner exchanges.



## 2013

The year 2013 was characterized by the stabilization of the emerging economic upswing and the continued normalization on stock markets. In this environment, the leading index, ATX, achieved a performance gain of 6.05%. Market capitalization continued to rise reaching EUR 85.4 billion, while average monthly trading volumes increased by some 20% to EUR 3.2 billion. Eight capital increases raised EUR 1.58 billion in fresh capital in 2013. The trend of raising debt capital on capital markets was sustained in 2013: at EUR 5.2 billion, the issuing volume of new corporate bonds nearly broke the record of the previous year.

At the end of September 2013, the Vienna Stock Exchange enlarged its market segmentation for corporate bonds and added the new segment “corporates prime”. This premium segment for bonds was designed to improve transparency, especially for private investors. With the implementation of Xetra® in Budapest, an important medium-term project was finalized – the introduction of a uniform trading system on all four group exchanges – for the CEESEG (CEE Stock Exchange Group).

## 2014

The year 2014 was an eventful year at the Vienna Stock Exchange. The leading index, ATX, was pulled down by the two heavily weighted industries and closed the year with a loss of 15.18% – the negative factors were banking and petroleum & gas stocks which suffered from the geopolitical crises in the Ukraine, Russia and the Near East as well as from the low oil prices around the end of the year.

The sluggish price performance contrasted with several large capital increases (in sum approx. EUR 4 billion), one initial public offering (FACC AG) and a new record volume in corporate bond issues with EUR 7.2 billion. Average monthly trading volumes rose again to nearly EUR 4 billion, while market capitalization amounted to EUR 80 billion at year-end 2014.

## 2015

2015 was marked by a vast number of different events that had an impact on stock markets: starting from the crisis in Greece and the war in Syria to the shock waves triggered by the Chinese stock market plunge, just to name a few. In this difficult environment, the Vienna Stock Exchange can look back at a solid year 2015. The highlights of the year 2015 include an increase in trading volumes by some 24% to EUR 4.9 billion, a gain of the leading index, ATX, by 10.97%, and innovations in bond trading.

Companies were more hesitant about turning to the capital markets to raise funding in 2015. WP AG joined the mid-market segment. Furthermore, there were six capital increases by four companies that raised around EUR 320 million. On the other hand, corporate financing through bonds continued to develop well. There were 36 new corporate bond issues in 2015 with a total outstanding volume of around EUR 5.3 billion. The largest new corporate bond issues were those of OMV with EUR 1.5 billion, STRABAG with EUR 200 million and CA Immo with EUR 175 million.



In 2015, the Vienna Stock Exchange enlarged the market for corporate bond trading in order to meet the heightened need for more liquid and transparent trading in the secondary market. Since June, trading in a number of corporate bonds has been conducted in continuous electronic trading instead of in single intraday auctions as up to then. Since September 2015, Austrian government bonds have also been included in continuous electronic trading.

In 2015, the holding company of the Vienna Stock Exchange, CEESEG AG, that further holds a stake in the Prague Stock Exchange adapted its business model to the changed market environment and sold its holdings in the Budapest and Ljubljana stock exchanges. In order to ensure sustainable competitiveness, CEESEG AG will shift its focus from investments held to cooperation models in the areas of data vending, index licensing, and IT services with twelve other stock exchanges in the CEE region.

## 2016

The year 2016 saw a number of unexpected political events and high market volatility. The ECB lowered the reference interest rate from 0.05% to 0%, the British voted to exit the EU, and at the end of the year, we had the surprising outcome of the U.S. presidential elections. These events were behind the downturn at the beginning of 2017. The elections in the U.S. caused a brief spell of panic, but stocks recovered very quickly afterwards. In the third quarter, the ATX index outperformed major West European indices and closed the year with a gain of 9.24%. Thus, the ATX celebrated its 25<sup>th</sup> anniversary with a yield of 13.7%. Another reason to celebrate was the new record achieved in trades executed, which hit 13.3 million, a steep gain of 8% over the preceding year.

Market capitalization at the end of December 2016 was EUR 93.6 billion, thus 8% higher year on year. The three-year uptrend in trading volumes remained stable at a monthly average of EUR 4.6 billion. The volume of equity inflows amounted to EUR 0.22 billion. In 2016, 50 corporate bonds with a total volume of over EUR 8.35 billion were issued. This is 14 bonds – and almost EUR 3 billion – more than in the preceding year. Additionally, three companies joined trading on the Third Market.

A new management board for the Vienna Stock Exchange was appointed in 2016. The stock market buff and expert with many years of experience, Christoph Boschan, was appointed CEO of Wiener Börse AG in September 2016. Together with Ludwig Nießen as COO and CTO, and Petr Kobic as CFO, the Vienna Stock Exchange is well positioned to master future developments.