



Summary of Questionnaire Results

Working Group 1

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Requirements to the activities of investment intermediaries
Chapter 8 – Section II (Internal Control)

Section	Question	Consulted stakeholders		
		Bulgaria Association of Asset Management Companies	Central Depository	Investment intermediary "Beta corp"
1 - What is the problem	1	The existing internal control mechanism is functioning well, but there is kind of regulatory/market failure	Yes, there is regulatory/market failure	There is market failure.
	2	Market has partially already corrected the market failure – there is adequate self regulation	The small companies are not self regulated, only large companies are self regulated	But not the internal control would solve the problem /asymmetry of information, externality, Market can address this failure;
2 – Policy solutions				
3 - CBA - Users	1 – a	Yes, this would increase the costs	Yes, this would increase the costs	Yes, this will increase the costs
	1 – b	By increasing the amount of the commission fees;	By increasing the amount of the commission fees;	By increasing the amount of the commission fees and dividends for shareholders;
	1- c	Minor	Minor	Major - each branch will be obliged to have internal control officer;
	2 – a	Yes	Yes	Yes
	2 – b	Major	Major	Major
3- CBA – Regulated firms	3			
	4 – a	Yes – there would be one-off and on-going costs for salaries;	Yes	Yes
	4 - b	Higher for small firms;	Major For operational costs – 5 %; On-going costs will be higher;	1-3 % on going costs for headquarters; 6-12% for branches;
	5 – a	Yes	Yes	Yes
	5 – b	Major	Major	Minor the market place doesn't price the quality of internal control system;
	6 – a	Yes	Yes	No
	6 – b	Major	Minor	
	7 – a	Yes	Yes	Yes
	7 – b	Major	In between Major- Minor	Minor
	8 – a	Yes	Yes	No – initially, but depends on the kind of client

	8 - b	Minor	Minor	Minor
	9 - a	Yes	Yes	Yes
	9 - b	Minor	Minor – will increase the competition between big companies, but will put out of the market small firms;	Minor will increase the competition between big companies, but will put out of the market small firms;