



Regulatory Approaches

Institutional efficiency

- *basic requirements for an efficient mechanism of the market segment*

Operational efficiency

- *the reduction of transaction costs*

Allocational efficiency

- *allocational function of capital*



Aims of Capital Markets Regulation

- ▶ **Functioning of the markets**
 - (fair competition)
- ▶ **Investor protection**
 - (equal treatment)

Two «communicating vessels»



European legislature wants to achieve «a high level of investor protection»