

Transition from Brokerage Companies to Investment Companies on the Croatian Capital Market

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Abstract

The purpose of this paper is to describe the position of mediators in the Croatian stock market as well as to point out the need of repositioning due to essential changes caused by the EU acceptance and new development possibilities. Different social, political and economic changes and developments in Croatia reflected on the capital market, its institutions, players, dynamics, size and strengths. Through the Zagreb Stock Exchange, and the Varaždin Equity Market which gradually turned in to the Varaždin Stock Exchange, and later became a part of the Zagreb Stock Exchange, all positive and negative field lines are reflected as well as their results. The paper starts with describing the position and function of the capital market as an integral part of the overall financial market. Many players saw the developed capital market as a chance for a rapid progress of the Croatian economy, as well as catching up to more developed democratic economies. The following part describes the role of mediators and brokerage companies as significant factors in the Equity market. The third part is focused on the condition of the Croatian capital market development, with a special review of an essential change in the legislation, following the Croatian acceptance in the EU, by which brokerage companies transitioned into investment companies, substantially changing the role of mediators in the equity market. The brokerage company repositioning strategy from the role of “wholesale” agents into investment companies is described in the fourth part. The paper is completed by showcasing the business methods of conventional investment companies which exist on the still undeveloped Croatian market, without significant influence on the overall Croatian economic progress.

Keywords: capital market, brokerage companies, Investment Company, transition, Croatia