

SECURITIES LAW IN GREECE

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1. Description of the Securities Markets

The Athens Stock Exchange was initially established as a self-regulated public institution. In 1995, the Athens Stock Exchange was converted into a *Societe Anonyme* Company (Athens Stock Exchange S.A.), and in March 2000, the Hellenic Exchanges S.A. (HELEX) was established as the holding company of Athens Stock Exchange S.A.

The General Assemblies of the Athens Stock Exchange S.A. and the Athens Derivatives Exchange S.A., which were held on 17 July 2002, approved the Draft Merger Agreement of the two companies. The corporate name of the new company is Athens Exchange S.A. (AE), which operates two markets:

the Primary Market with two separate markets, the Securities Market and the Derivatives Market; and the Alternative Market as a Secondary Market.

The Securities Market is a regulated market operating since 2002 and supervised by the Hellenic Capital Market Committee (HCMC). In this market, securities, preemption rights to acquire securities, bonds, and Hellenic Certificates are mainly marketed.

The Derivatives Market is a regulated market operating since 1999 and is supervised by HCMC. Within the Derivatives Market, any financial instrument, including derivatives, future contracts, options, and repos, may be marketed.

For the operation of the Derivatives Market, the Athens Derivatives Exchange S.A. (ADEX) and the Athens Derivatives Exchange Clearing House S.A (ADECH) were established

The Alternative Market (EN.A), which is a multilateral trading facility (MTF) under the provisions of Law 3606/2007 on 'Markets in Financial Instruments and Other Provisions', published in the Official Gazette A'195/17.8.2007, and which implements

the Directive 2004/39/EC, known as the ‘Markets in Financial Instruments Directive’ (MiFID Directive). EN.A is operated by the Athens Stock Exchange and supervised by the Hellenic Capital Market Commission.

The AE transactions take place during its regular session, with or without the participation of a member (in-market or off-market transaction). Furthermore, transactions may be concluded without participating in the session (transaction by counterbalancing entry) . The AE also offers over-the-counter financial services (OTC transactions).

2. The Listing/Market Authority

HELEX and its subsidiaries operate the AE, the clearing and settlement of AE transactions, and manage the Dematerialized Securities System (DSS). The DSS contains all of the AE’s dematerialized securities. Sales and purchases of securities are ‘screened and monitored’ via the Investors Shares and Securities Accounts kept in the DSS.

HELEX can be contacted at:

Hellenic Exchanges Group

Athinon Avenue 110

Athens, Greece

Tel: +302103366800 (General HELEX enquiries)

Website: <<http://www.helex.gr>>

3. The Regulatory Authority

Apart from HELEX, which regulates the comprehensive operation of the Greek capital market, the Hellenic Capital Market Committee (HCMC) is also responsible for the supervision and enforcement of the capital market legislation. The HCMC submits reports to the President of the Parliament and to the Minister of Finance regarding the operation of the capital market.

4. Principal Laws Regulating the Securities Market

The securities market in Greece is principally regulated by:

- (a) Regulations of AE, as amended from time to time. Currently in force is the 10th amendment of 7.11.2013;
- (b) Regulation of Clearing and Settlement of Securities, as currently in force;
- (c) Regulation of DSS, as currently in force;
- (d) Regulation of Clearing of Derivatives, as currently in force;
- (e) The Law 3606/2007 on 'Markets in Financial Instruments and Other Provisions', published in the Official Gazette A' 195/17.8.2007, which implements the MiFID Directive;
- (f) The Law 3556/2007 on 'Transparency Requirements in Relation to Information about Issuers Whose Securities Are admitted to Trading on a Regulated Market' (the Transparency Law), published in the Official Gazette A' 91/30.4.2007, which implements Directive 2004/109 EC (the Prospectus Directive) and imposes disclosure obligations for the issuers and the shareholders whose securities have voting rights when specific thresholds are met. The Transparency Law also governs the periodic and continuing obligations of the listed companies towards the public. HCMC Decision No. 1/434/3.7.2007 and HCMC Circular No. 33/3.7.2007 provide further details and specifications in relation to the Transparency Law;
- (g) The Law 3340/2005 on 'Protection of the Capital Market by Acts of Persons Who Hold Inside Information and by Acts of Market Manipulation' (the Market Manipulation Law), published in the Official Gazette A' 112/10.5.2005, which implements Directive 2003/6 EC and contains issues regarding the possession and use of inside information and market manipulation. HCMC Decision No. 3/347/12.7.2005 and HCMC Circular No. 30/17.3.2006 provide further details and specifications in relation to the aforementioned law;
- (h) The Law 3371/2005 on 'Capital Markets Issues and Other Regulations' (the Listing

Requirements Law), published in Official Gazette A' 178/14.7.2005, which imposes, among others, listing requirements, obligations of the listed companies towards the HCMC and towards the public;

- (i) The Law 3461/2005 on 'Public Takeover Bids' (the Public Takeover Bids Law), as currently in force, published in the Official Gazette A' 106/30.5.2006, which implements Directive 2004/25 EC; and
- (j) The Law 3016/2002 on 'Corporate Governance, Board Remuneration and Other Issues', (the Corporate Governance Law) as currently in force, published in the Official Gazette A' 110/17.5.2002. This law refers to the composition of the Board of Directors and its duties, the internal regulation and the organization of the internal control of the listed companies.

5. Participants in the Securities Market: Requirements for Licensing

A person who carries on a financial services business in Greece, i.e., execution of orders on behalf of clients for purchasing and buying securities, execution of orders on behalf of clients for purchasing and buying derivatives, investment consulting, portfolio management consulting, etc., must hold a relevant license.

Also, personnel who work and carry out the above-mentioned financial services in investment firms, mutual funds, portfolio management companies, etc. are required to hold a relevant license. Licenses are issued by the HCMC.

6. Procedures and Methods for an Application for Listing

An entity may apply to be listed on only one of AE's markets (see Section 8 for more detail), i.e.:

- (a) Securities Market;
- (b) Derivatives Market; and
- (c) EN.A Market.

The entity must file a relevant application for listing on the AE and fulfil all of the

listing requirements (see Section 8), submit a prospectus to the HCMC pertaining to all the information needed to comply with the applicable admission criteria (see Section 14), and pay the initial listing fees.

The EN.A market has its own regulation, which is more flexible in several matters (listing requirements, capital requirements, disclosure requirements, etc.). Therefore, Regulation of the AE does not apply to the EN.A market. It is also questionable if the principal laws regulating the securities market (as described in Section 4 above) apply to the EN.A.

7. Procedures and Methods for an Application for Listing: Foreign Issuers

Listing of foreign entities on the AE is possible and, in principle, these entities fall under the same restrictions and have the same rights and obligations as Greek companies. A significant role is reserved to the legislation of the state of ‘origin’ of the foreign entity.

The applicant foreign company should indicate in its application whether it has already filed an application with the Stock Exchange of another EU member state or intends to do so in the near future. In such cases, authorities of the EU member states shall cooperate. For instance, if the prospectus of the entity having its seat in one of the EU member states has already been approved by the competent authority abroad, HCMC shall also in principle accept that approval for its own purposes.

In general, the authorities of both countries must exchange any information necessary for the acceleration of the admission procedure. Nevertheless, AE is often cautious in disclosing information concerning the applicant entity, since such information is protected by the principle of confidentiality.

Under the Listing Requirements Law, issuers that have their legal seat in a EU country or any other country can become listed on the AE if:

(a) the securities of the entity that will become listed on the AE are dematerialized under Greek law; or

(b) the securities of the entity that will become listed on the AE are dematerialized under the entity's national law and registered on a relevant registry (see also Section 8 below).

8. Listing Requirements

For an AE listing, the entity must:

(a) have the legal form of a company limited by shares (*société anonyme, anonymi etaireia*);

(b) have a minimum equity of EUR 3,000,000;

(c) have published or submitted for publishing its audited annual financial statements for (at least) the three last years prior to its application for listing on the AE;

(d) have its last balance sheet showing satisfactory operating results and assets. The AE Exchange Regulation indicates that applicant's financial statements must be free of remarks that may have a negative effect on company's real financial status. However, HCMC, following an opinion of the AE's Board of Directors, may exceptionally permit to an entity to become listed, even if it has been operating for less than three years. Such exception is possible if the listing is considered to be in favor of the applicant entity or the investors and sufficient information has been given to them;

(e) have undergone a thorough tax audit covering all financial years prior to the filling of the application. If the applicant entity is subject to consolidated financial statements, tax audit covers all integrated companies. If the entity subject to tax audit has its headquarters abroad, tax audits must be performed by an international accounting firm;

(f) submit a prospectus and be approved by the HCMC (see Sections 12 to 17);

(g) have an internal regulation;

(h) comply with the Corporate Governance Law;

(i) have profits before taxes amounting to EUR 2,000,000 or EBITDA amounting to EUR 3,000,000 for a three-year period before filing the application; and

(j) have shares sufficiently distributed to the public. A distribution is considered to be sufficient if at least 25 per cent of the shares to become listed are distributed to the public.

In any case, sufficient distribution is accomplished if the shares to become listed are owned by at least 300 persons, among which none holds more than five per cent of the totality of the shares proposed for listing. Shares may become exceptionally listed on the AE even without the required distribution if at least five per cent of the totality of the shares to become listed are distributed. The following persons are exempted from the calculation of a sufficient distribution:

- Members of the board of directors of the applicant entity;
- Managers and personnel of the applicant entity;
- Relatives of first degree of kinship of major shareholders and managing personnel;
- Suppliers or persons collaborating with the entity; and
- Existing shareholders who acquired shares within the last year prior to the entity's application, unless they are institutional investors or business-sharing entities (*etairies epichirimatikon symmetochon*).

If the applicant entity has shares already listed and negotiated with a stock exchange of one or more member states of the European Union, or of a third country, the distribution of its shares in those markets will be taken into consideration when calculating the distribution for the listing on the AE. However, it is necessary for the entity to secure a minimum distribution within Greece, regarding both the percentage of the capital and the number of the shareholders.

Entities to be listed for first time are subject to registration fee proportional to the value of the shares to become listed. The value of the shares to become listed is the product of the number of the shares to become listed and the value at which they will become listed. The registration fee amounts to 0.08 per cent for shares having total value up to EUR 1,500,000,000, and it decreases to 0.04 per cent for value exceeding the EUR 1,500,000,000 and up to EUR 3,000,000,000, and to 0.02 per cent for value exceeding

the EUR 3,000,000,000. In any case, the minimum registration fee is EUR 10,000.

Listed entities pay to the AE a quarterly subscription, which varies from EUR 1,000 to EUR 8,000, according to the average value that the listed shares had during the month preceding the month within which the subscription is due.

For companies operating in the sector of insurance, construction, or trade of automobiles, special provisions on the requirements of tax audit and their financial status apply.

9. Continuing Requirements for Listed Companies

AE's Regulation provides the obligation for periodic and unscheduled disclosure of information of the listed entities. Periodic disclosure has the meaning of the provision of information on entity's financial status on a regular basis, being an annual, six-month, and three-month basis.

Listed companies are obliged to provide information regarding events that affect them, such as general meetings to be convened, distribution and payment of dividends, issuance of new shares, acquisition and transfer of significant participation to company's shareholding structure and in general events important for the company which are not otherwise accessible to the public and may affect the company's financial situation or the course of its operations. Provided that certain requirements are met, a company may be exempted from its obligation for the provision of certain information, if such disclosure is likely to cause serious damage to the company.

The Transparency Law governs the periodic and continuing obligations of the listed companies towards the public. Listed companies are required, *inter alia*, to:

- (a) publish financial reports (annually, semi-annually and quarterly);
- (b) publish reports issued by the Board of Directors stating that the financial reports are clear and sufficient;
- (c) provide information to the shareholders regarding the General Shareholders' Meetings (i.e. location, date, etc.);

- (d) provide information regarding the payment of dividends, issuance of new securities, etc.;
- (e) provide information on extraordinary facts that can influence investors' behaviour; and/or
- (f) provide yearly a document (*etisio deltio*) that has all the information regarding the business activities and the financial situation of the company.

Moreover, under the Market Manipulation Law, listed companies are required to disclose all the inside information that is connected with the company. The term 'inside information' is defined in Article 6 of the Market Manipulation Law.

Moreover, directors/managers of issuers are obliged to notify the issuer regarding transactions conducted on their behalf that concern shares issued by the issuer (derivatives and other financial instruments are included). The issuers must 'forward' the above-mentioned notification to the public and to the HCMC.

10.Civil and Criminal Liability for Securities Law Breaches

In case of violation of the Transparency Law, the HCMC may impose a penalty of up to EUR 1,000,000. In case of violation of the Corporate Governance Law, the HCMC may impose a penalty from EUR 3,000 up to EUR 1,000,000.

Courts may impose an imprisonment term of one year for persons who possess inside information, as defined under the Market Manipulation Law, and use that information by acquiring or disposing of, for their own account or for the account of a third party, either directly or indirectly, securities of the company to which that information relates.

If the above-mentioned offence is committed by a person who is considered a professional and works habitually in the securities sector, and:

- (a) the price of the unlawful transactions exceeds EUR 1,000,000; or
- (b) the person gains a profit or gives a profit to a third party that exceeds EUR 300,000 the court may impose an imprisonment term of up to ten years.

11. Distinction Between Public and Private Offers

A public offer of securities is linked with procedures and measures that ensure investors' protection and market efficiency.

The provision of full information relating to securities and issuers thereof ensures and develops the proper operation of the securities market. The appropriate means to make this information available to the public is through a prospectus.

The meaning of 'public offer' of securities is determined by Law 3401/2005, 'Prospectus To Be Published When Securities Are Offered to the Public and Admitted to Trading' (Public Offer Law), published in the Official Gazette A' 257/ 17.10.2005, and which implements Directive 2003/71 EC. Specifically, 'public offer of securities to the public' or 'public offer' means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities or apply to purchase or subscribe for those securities. This definition shall be construed as being also applicable to the placing of securities through financial intermediaries.

The Public Offer Law and its disclosure requirements do not apply to private offers. An offer is considered private if it is made to persons providing portfolio management investment services for third parties, or to qualified investors or a limited circle of investors acting on their own behalf.

12. Offering Securities: Prospectus/Disclosure Requirements

Article 3 of the Public Offer Law sets down the disclosure requirements for offers of securities to investors. In particular, the Public Offer Law states that an offer of securities to the public (see Section 14) requires disclosure to investors through the publication of a prospectus, unless there is an exemption from doing so (see Section 16).

13. Quasi Securities: The Offer of Options, Collective (Managed)

Investments and Derivatives

Mutual Funds

Under Law 3283/2004, as currently in force, which implements Directive 85/611 EC for mutual funds, an investment company, for itself and for each of the trusts it manages, must issue a full prospectus and a simplified prospectus that contains information necessary to enable investors to make a decision regarding the funds and its risks.

Derivatives

The Public Offer Law applies to derivatives.

14. Prospectuses: Forms and Content

A company addressing an invitation to the public or which is going to become listed on AE, shall issue an informative prospectus.

Under Article 5 of the Public Offer Law, the prospectus must be complete, true, accurate and not misleading to the public and shall contain all information that, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, prospects of the issuer and of any guarantor, and the rights attaching to such securities. This information shall be presented in a form that can be easily analysed and understood.

The prospectus shall contain information regarding the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market. It shall also consist of a summary. The summary consists of, *inter alia*:

- (a) information regarding the members of Board of Directors, the consultants, the auditors, etc.;
- (b) statistics regarding the offer and its expected time schedule;
- (c) basic information regarding the leverage ratio of the issuer, the risks, etc.;

- (d) information regarding the business activities of the issuer;
- (e) a review of the issuer's balance sheet on a consolidated basis;
- (f) information on the basic shareholders and their transactions with the affiliate parties;
- (g) the number and percentage of securities, the fees for the issuance of securities and information on the organized market on which it will be registered;
- (h) information regarding the issuer's capital and its articles of association; and/or
- (i) documents available to the public.

The summary shall also contain warnings that:

- (a) it should be read as an introduction to the prospectus;
- (b) any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;
- (c) where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the prospectus before the legal proceedings are initiated; and
- (d) civil liability attaches to those persons who have prepared the summary, including any translation thereof, and who have applied for its publication, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

Where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination of at least EUR 50,000, there shall be no requirement to provide a summary.

The issuer, offeror or person asking for the admission to trading on a regulated market may draw up the prospectus as a single document or as separate documents. A prospectus composed of separate documents shall divide the required information into a registration document, a securities note and a summary note. The registration document shall contain the information relating to the issuer. The securities note shall contain the information

concerning the securities offered to the public or to be admitted to trading on a regulated market.

For the following types of securities, the prospectus can, at the choice of the issuer, offeror or person asking for the admission to trading on a regulated market, consist of a base prospectus containing all of the relevant information concerning the issuer and the securities offered to the public or to be admitted to trading on a regulated market:

- (a) non-equity securities, including warrants in any form, issued under an offering program; and
- (b) non-equity securities issued in a continuous or repeated manner by credit institutions:
 - (i) where the sums deriving from the issue of said securities, under national legislation, are placed in assets that provide sufficient coverage for the liability deriving from these securities until their maturity date; or
 - (ii) where, in the event of the insolvency of the related credit institution, said sums are intended, as a priority, to repay the capital and interest falling due.

Regulation 809/2004, which refers to the implementation of the Prospectus Directive, determines, analytically, the minimum information that must be included in the prospectus. Models of all the appropriate documents that must be submitted to the HCMC are included in the Annexes of the Regulation.

The prospectus is subject to the approval of the HCMC. HCMC may opt for the partial or entire exemption from disclosing certain information as an exception, such as where the securities are shares given for free to beneficiaries of shares already listed on AE or securities that were the object of public offering or that are listed on a market of another EU member state. Furthermore, HCMC may permit to the applicant company to not disclose certain information, should it considers that such information is insignificant and not able to influence the evaluation of the company's financial status and results, or contradicts public interest or such that may cause a serious damage to the company (under the condition that such 'concealment' is not likely to mislead the public as to facts and circumstances important for evaluating the securities).

15. Prospectuses: Filing and Currency Requirements

A disclosure document for an offer of securities must be lodged with the HCMC including the information required under the Public Offer Law and Regulation 809/2004 (see Section 14 above).

16. Offering Securities: Exemptions Available

Certain offers are exempt from the obligation to publish a prospectus. Specifically, the obligation to publish a prospectus shall not apply to offers to the public of the following types of securities:

- (a) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital;
- (b) securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (c) securities offered, allotted or to be allotted in connection with a merger, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (d) shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class, provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer; and
- (e) securities offered, allotted or to be allotted to existing or former directors or employees by their employer that has securities already admitted to trading on a regulated market or by an affiliated undertaking, provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer.

The obligation to publish a prospectus shall not apply to the admission to trading on a regulated market of the following types of securities:

- (a) shares representing, over a period of twelve months, less than 10% of the number of shares of the same class already admitted to trading on the same regulated market;
- (b) shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of such shares does not involve any increase in the issued capital;
- (c) securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (d) securities offered, allotted or to be allotted in connection with a merger, provided that a document is available containing information that the competent authority regards as being equivalent to that of the prospectus;
- (e) shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class, provided that said shares are of the same class as the shares already admitted to trading on the same regulated market, and provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer;
- (f) securities offered, allotted or to be allotted to existing or former directors or employees by their employer or an affiliated undertaking, provided that said securities are of the same class as the securities already admitted to trading on the same regulated market, and provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer;
- (g) shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, provided that said shares are of the same class as the shares already admitted to trading on the same regulated market; or

- (h) securities already admitted to trading on another regulated market, on the following conditions:
- (i) that these securities, or securities of the same class, have been admitted to trading on the other regulated market for more than eighteen months;
 - (ii) that, for securities first admitted to trading on a regulated market, the admission to trading on the other regulated market was associated with an approved prospectus made available to the public in conformity with Presidential Decree 348/1985 or another national law that has incorporated Directives 80/390 EC and 2001/34 EC;
 - (iii) that the ongoing obligations for trading on the other regulated market have been fulfilled; and/or
 - (iv) that the person seeking the admission of a security to trading on a regulated market under this exemption makes a summary document available to the public under paragraph 2 of Article 14 of the Public Offer Law in a language accepted by the HCMC.

17. Offering Securities for Resale and Secondary Trading: Further Requirements and Exemptions

Under Article 3 of the Public Offer Law, the resale of securities is a separate offer, i.e., the Public Offer Law applies to any resale of securities. ‘Resale of securities’ means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities or apply to purchase or subscribe for those securities. This definition shall be construed as being also applicable to the placing of securities through financial intermediaries.

18. Continuing Disclosure Requirements and Supplementary/Replacement Prospectuses

The information given in the base prospectus shall be supplemented, if necessary, with

updated information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market.

Moreover, every significant factor, material mistake or inaccuracy relating to the information included in the prospectus that is capable of affecting the assessment of the securities and that arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, shall be mentioned in a supplement to the prospectus. Such a supplement shall be subject to the same approval process within a maximum of seven working days. It shall also be published in accordance with at least the same arrangements as when the original prospectus was published. The summary and any translations thereof shall also be supplemented, if necessary, to take into account the new information included in the supplement.

19. Special Cases: Employee Share Schemes

Certain offers are exempt from the obligation to publish a prospectus. Securities offered, allotted or to be allotted to existing or former directors or employees by an employer that has securities already admitted to trading on a regulated market or by an affiliated undertaking are exempt, provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer (see Section 16).

20. Special Cases: Rights Issues

In general, rights issues of shares are subject to the same disclosure requirements as referred to above.

21. Special Cases: Takeovers

The offeror who wants to make a takeover bid must inform in writing both the HCMC and the Board of Directors of the company that the latter's securities will be acquired. The offeror must also submit to the HCMC a prospectus. The information that must be included in the above-mentioned prospectus is provided in Article 11 of the Public

Takeover Bids Law.

Under Article 27 of the Takeover Bids Law, an offeror is able to require all the holders of the remaining securities to sell to him/her such securities at a fair price if the offeror holds securities representing at least 90% of the voting rights in the offeree company ('squeeze-out right').

The offeror may exercise the squeeze-out right within three months from the end of the time allowed for acceptance of the bid.

22. Other Matters

The issuance of a prospectus is not required for companies to which the Public Offer Law does not apply.