HELLENIC CAPITAL MARKET COMMISSION

ANNUAL REPORT 2003

ATHENS 2004

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A NOTE FROM THE CHAIRMAN

The past year’s developments in the capital market were of manifold importance. Many people noted that, after a prolonged bear market, the year 2003 brought positive market returns. This observation can be combined with three even more important and profound facts. The first is that indeed stock markets reflect the progress of the corresponding economies, and respond with great sensitivity to their turning points. The great slowdown in global economy began in 2000 and seems to be over in 2003. Overall, the market discounted those swings. The second fact is that the progress of the market during 2003 belied the Cassandras of doom and persistent pessimism. Indeed, the three-year bear market may have been the gravest depression suffered by capitalism since 1929, ultimately however this excessive devaluation of equities did not bring about perennial disaster, but played a revitalizing role. It is possible that investors who placed confidence in the harbingers of doom may have lost good opportunities.

The most important fact that I have to stress is the following: the development of markets and the improvement of both sentiment and prices during 2003, occurred under a regime of new and stricter regulations that were enforced in all capital markets during the period 2000-2003. Markets in the US, the EU (and, of course, in Greece), Asia and Australia were armed with additional transparency regulations, new rules for combating market abuse, stricter corporate governance requirements, increased pressures for improving the quality of services rendered to investors. Actually, the year 2003 belied another category of false prophets: the Cassandras of ‘over-regulation.’ There were many who believed that market recovery would be incompatible to the new regulations. The international community of capital market policy-makers and regulators opposed these views with sweeping reforms, aimed at increasing transparency and protecting investor interests. The anticipated outcome of this policy is to restore international investor confidence in markets. The track record for the year 2003 provides initial confirmation of these hopes. Of course, mere reform does not suffice to ensure market development, but supports and fosters it nonetheless.

In the European Union, the project of reform of capital markets is, indeed, monumental, and was given a significant boost during 2003. Capital markets are a strategic element of EU development policy, with a threefold aim: first, to overcome the aforementioned investor confidence crisis; second, to achieve growth through market integration; and, third, to create the proper framework for the integration of the ten new member-states. This threefold aim is promoted through new institutional initiatives, which constitute the great European reform: two Directives on Undertakings for Collective Investments; the directives on Market Abuse, Prospectus, Listed Company Transparency, Investment Services; and, finally, the regulation for the endorsement of the International Accounting Standards. These initiatives cover all reforms regarding transparency, transaction methods, investor protection, corporate restructuring, and rationalization of access to primary securities market, which presently comprise the most modern approaches for the organization and operation of capital markets accessible to small, and not only large, enterprises, as well as to small, and not only large or institutional, investors.

The Greek Presidency of the EU played a decisive role for the promotion of this great European reform. All directives included partial, or total, agreements that led to improvements, constructive amendments and consensus, enabling us to say that the Greek Presidency added significant value to European capital market reform, a fact that was acknowledged by the Union's institutions. All executives of the Hellenic Capital Market Commission that worked for the realization of the Presidency's goals were highly regarded among their European colleagues and obtained invaluable knowledge and experience on the European process. This experience becomes increasingly relevant, as the increasing interconnection and co-operation of European regulators is developed in the context of capital market integration.

In Greece, the reform effort that began eight years ago and intensified since 1999, continued its incessant pace. Throughout this period, both the State and the Hellenic Capital Market Commission were the forerunners in implementing reforms that corresponded to reformed or oncoming institutional options in the rest of Europe. I will cite the most striking examples: the transition of Greek listed companies to the International Accounting Standards has been set at a faster pace; Greece is among the first European countries that formed a Committee of Accounting Standardization and Audit; by establishing the presence of independent directors in company boards, the corporate governance of listed companies was substantially improved; the corporate bond market was reformed and restructured, in order to make access easier for small companies and retail investors.

The regulatory response to the 1999-2000 crisis was far-reaching and always within the context of European developments and plans. As far as listed company transparency is concerned, the Code of Conduct that has already been introduced since 2000, incorporated many provisions contained in the forthcoming European Directive on transparency. Since then, this regulation is being enforced with great vigilance and, as is evident from the data regarding sanctions, listed companies have obviously improved their compliance, thus increasing transparency and decreasing the need of penalties. It has been stressed many times before, that sanctions are not an end in itself. They are a means for improving market conduct and this improvement is notable.

As far as take-over bids are concerned, the Hellenic Capital Market Commission's rule, which has come into force since 2000, incorporates many provisions of the forthcoming European Directive on Take-Over Bids. Thanks to the diligent implementation of the framework established in the year 2002, there were many take-over bids in Greece during 2003, which were marked by a smooth market operation and a high degree of transparency.

In 2003, as well as throughout the entire preceding four-year period, the Commission placed great emphasis on the prevention and punishment of ‘market abuse’ cases, i.e. cases of price manipulation or distortion, or cases of insider trading. In Greece, the enactment of market abuse prevention, which is officially and explicitly described and prohibited by the EU Directive 6/2003, has been endorsed by means of severe sanctions. In Greece, as in all low liquidity markets, it was common for low marketability equities to become the object of coordinated activities aimed at the artificial distortion of their price. In the past few years the Commission has sanctioned such cases. Coordinated dealings, dominant position abuse and insider trading are among the practices that must be punished strictly and their eradication has to be a permanent goal. Otherwise, our market will not be able to follow - as it is currently doing - the restoration of confidence that takes places in Europe. I am stressing this point, because I already hear certain Cassandras of ‘over-regulation’ proposing a regulatory fall-back, without, of course, admitting the great danger of a possible relapse into erstwhile conditions of pathology and anomaly.

The significant changes of the past few years regarding market supervision culminated in two developments that occurred in 2003 and set a clear course for the future. The restructuring of the Commission into seven directorates is a major step towards operational maturity, which brings the Greek capital market regulator to par with other European regulatory authorities. Its new internal organization enables the Commission to fulfill all its obligations as a member of the European supervisory system and to accept all the responsibilities emanating from the privatization of the Athens Stock Exchange. The new internal organization has assisted the Commission in defining more clearly the responsibility limits, as well as the perspectives for the development of its highly qualified staff. The Hellenic Capital Market Commission has used its new organization to streamline its operations in such a manner that it has become a model among public entities. The Commission has a comprehensive operations manual, defining procedures and duties. The Commission is the first Greek public entity that uses a double-entry accounting system, has a fully computerized accounting department and implements in full the presidential decree 205/98 on the accounting organization of public law entities.

The most important benefit from the new internal organization is that the Commission is able, beyond any doubt, to participate actively in the Commission of European Securities Regulators (CESR) and to comply with its obligations towards the latter. Capital market supervision is now subject to a network of cooperating authorities, the CESR. Regulatory policy passes increasingly from the national to the European level. Nowadays, CESR is a strong focal point and the source of harmonized supervisory regulations for the entire European Union. The course of the Commission, as well as its policy, its regulatory options and its entire conduct will be determined in the future on the basis of harmonized European supervision. Active participation, fast European recognition, plus the knowledge of the procedures and the operation of EU institutions provide the Commission of today with a European advantage that will surely prove valuable in the future.

This is the best opportunity for me to reflect on the course of the Hellenic Capital Market Commission in the past eight years, since this is my last Report. These years were rife with challenges and strains. We experienced the grandest international stock market overheating-depression cycle of the last 70-years. We witnessed the largest mass arrival of investors in the Greek stock exchange. We saw the dematerialization of securities. We witnessed the irrational exuberance of big gains and the great anger of prolonged losses. As a regulatory organization we started from scratch, with a staff of 3, in offices covering 40 square meters. We had to persist and be patient in pursuing the task of building and putting the system in order. Quite often we became the target of persecution, accusations, as well as libelous and uncritical rhetoric regarding the causes and the culprits of the stock market crisis. Nevertheless, we were also highly recognized by market participants and the international regulatory community for our contribution to the development of a new order in the regulated market that is the Athens Stock Exchange and to its upgrading. We did not abandon our effort: to build a prudent regulatory system, to be closely interconnected with the European reform vision, to avoid any risk of systemic damage in the Greek market, to create the conditions for sound development in the future.

We are judged by what we bequeath. We bequeath a market full of promise, a regulatory framework marked for its moderation and rules, a stock market ethic that protects investors without stifling innovation. Today, the progress of the Greek capital market meets all its requirements. I believe that the year 2004, as well as the subsequent years will help to make the expectation for progress come true.

Stavros B. Thomadakis

PART ONE

OBJECTIVES AND TASKS OF THE CAPITAL MARKET COMMISSION

The Hellenic Capital Market Commission (HCMC) is an independent decision-making body, in the form of a Public Law Legal Entity operating under the supervision of the Ministry of Economy and Finance. It is established in Athens and its organisational structure is defined by presidential decree 25/2003 (Gazette A 26/6.2.2003). Its responsibilities and operation are mainly governed by laws 1969/91, 2166/93, 2396/96 and 3152/2003, as well as presidential decree 25/2003.

Its objectives are to promote the establishment of sound conditions for the operation of the capital market and to enhance public confidence both in the quality of supervision and market behaviour. In order to achieve these objectives the Commission sets the general terms and conditions governing the organization and operation of the capital market and issues instructions on compliance procedures. The legislative framework of the Greek capital market is fully harmonized with the guidelines and directives of the European Union.

The capital market entities supervised by the HCMC are the investment firms, the mutual fund management firms, the portfolio investment companies and the firms for the reception and transmission of stock exchange orders, the Athens Stock Exchange (ASE), the Athens Derivatives Transactions Clearing House and the Central Depository of Securities. ASE listed companies are supervised by the HCMC, as far as capital market legislation and conduct issues, as well as corporate governance rules are concerned. The members of the board of directors and executive managers of the aforementioned entities have to comply with rules and regulations set by the Commission. Entities and organizations subject to supervision by the HCMC also include organized markets and clearing houses. To this end, Law 3152/2003 transferred the regulatory responsibilities of the Ministry of Economy and Finance and the Athens Stock Exchange to the Hellenic Capital Market Commission.

In order to ensure the smooth operation of the capital market, the HCMC is responsible for the introduction and enforcement of rules and regulations concerning the functioning of market systems (the electronic trading system, the transactions safeguarding system, the transactions settlement and clearing system, the derivatives systems). A central means to ensure the smooth operation of the capital markets is the introduction of mandatory codes of conduct, encompassing the entire range of financial intermediation: a code of conduct for investment firms (including the firms for the reception and transmission of orders), a code of conduct for institutional investors (mutual fund management firms and portfolio investment companies), and a code of conduct for underwriters. The conduct of companies listed in the Stock Exchange is governed by the provisions of the Code of Conduct for Listed Companies and the Take-over Regulation of the HCMC, as well as the provisions of Law 3016/2002 on Corporate Governance; compliance with this law is monitored by the HCMC.

A central means for exercising prudential supervision of capital market entities by the Hellenic Capital Market Commission is the license authorization function and the monitoring of compliance with European Union (EU) standards regarding natural persons. More specifically, the granting of a license for the provision of investment services is tantamount to the granting of a "European passport" for the provision of such services throughout the entire EU. The granting of licenses for initial public offerings is another important means for exercising prudential supervision.

The monitoring of the capital adequacy of investment firms, the granting of license for increases in their share capital, the monitoring of changes in the composition of the board of directors and senior management of the supervised companies, the assignment of broker representatives and the granting of license for the establishment of subsidiaries by financial intermediaries, constitute fundamental means for the exercise of prudential supervision of the capital market entities. With respect to the mutual fund management firms and the portfolio investment companies, prudential supervision involves in addition the monitoring of their portfolio composition and compliance with the transparency rules and regulations set by the HCMC.

In order to enhance confidence in market institutions and ensure investor protection, Law 2836/2000 authorizes the Hellenic Capital Market Commission to hold examinations for the professional certification of employees of Investment Firms and Firms for the Reception & Transmission of Orders. This certification includes the specialties of market and securities analyst, investment consultant, asset manager, person responsible for executing orders, and person responsible for receiving and transmitting orders.

Transparency is promoted through the introduction and monitoring of rules and regulations on the disclosure of financial information and statements by listed companies, the notification of transactions, corporate actions and confidential information, and the execution of transactions.

The Commission is endowed with the authority to impose administrative sanctions (suspension and revocation of license, trading halts, imposition of fines) on all supervised legal and physical entities that violate capital market law. The HCMC is also endowed with the authority to submit indictments to prosecution authorities when punishable financial law violations are detected.

As a national regulation authority, the Hellenic Capital Market Commission can engage in the conclusion of bilateral and multilateral agreements with the regulation authorities of other countries for the exchange of confidential information and cooperation in maintaining the smooth operation of the capital market. The Commission was a founding and active member of FESCO (Forum of European Securities Commissions), whose work until September 2001 had been directed at the harmonized implementation of EU Directives that are relevant to the capital market and the general support of the single capital market in Europe. The CESR (Committee of European Securities

Regulators) was established in September 2001 as the successor to FESCO and is already an official institution of the European Union.

National regulators that participate in the CESR constitute a network of co-operating authorities, of which the Hellenic Capital Market Commission is a part. The exchange of confidential confirmation, the co-operation in the fight against capital market violations and the harmonisation of supervisory rules and actions are the immediate objectives of the European regulators' network, in whose context the Capital Market Commission is actively engaged. The Commission acts as an advisor to national and European state authorities on relevant matters both at the national, and FESCO levels.

Furthermore, the Commission is an active member of IOSCO (International Organization of Securities Commissions). During the current two-year period, the Commission holds, for a second consecutive period, the chair of the IOSCO European Regional Committee that includes 42 countries. During the latest annual conference of IOSCO that was held in Istanbul in May 2002, the Hellenic Capital Market Commission was unanimously re-elected to the chair of the European Regional Committee.

The Commission's operations are financed by own resources and thus do not burden the state budget. The resources are fees and contributions paid by the supervised entities. The Commission's annual budget is drafted by its Board of Directors and approved by the Minister of Economy and Finance.

ORGANIZATION OF THE CAPITAL MARKET COMMISSION

The Board of Directors

The Board of Directors consists of the Chairman, two Vice-Chairmen and six members. The Chairman and the two Vice-Chairmen of the Board are appointed by the Minister of Economy and Finance, and approved by the competent committee of the Greek Parliament. The other six board members are selected from a list of eighteen candidates, jointly submitted by the Bank of Greece, the Board of Directors of the Athens Stock Exchange, the Union of Institutional Investors, the Federation of Greek Industries, the Association of Athens Exchanges Members and the Hellenic Bank Association. On December 31st, 2003, the composition of the Board of Directors was the following:

Chairman:	Dr. Stavros Thomadakis
First Vice-Chairman:	Mr. George Floros
Second Vice-Chairman:	Mr. Alexandros Vousvounis
Members:	Dr. Panayiotis Alexakis
	Mr. Pavlos Georgouleas
	Mr. Michael Massourakis
	Mr. Panagiotis Kavouropoulos

The members of the Board must be prominent and prestigious persons, with expertise and experience on capital market issues. The Chairman and the two Vice-Chairmen are employed full time.
The Board is appointed for a five-year period. The Chairman and the two Vice-Chairmen may be re-appointed, nevertheless, nobody's term can exceed a total period of ten years. The remaining members of the Board may by freely re-appointed.
The Board of Directors of the HCMC is entrusted with the following tasks: general policy-making, introduction of rules and regulations, granting and revoking of licenses, imposition of sanctions, drafting the annual budget, management of the Commission's operations and decisions on personnel matters.
Where the law requires a decision to be made by the HCMC, the decision is a mandate of the Board of Directors, unless the specific responsibility has been ceded to the Commission's Executive Committee. The Board of Directors is convened by its Chairman and meets at least twice a month, provided that at least five of its members are present.

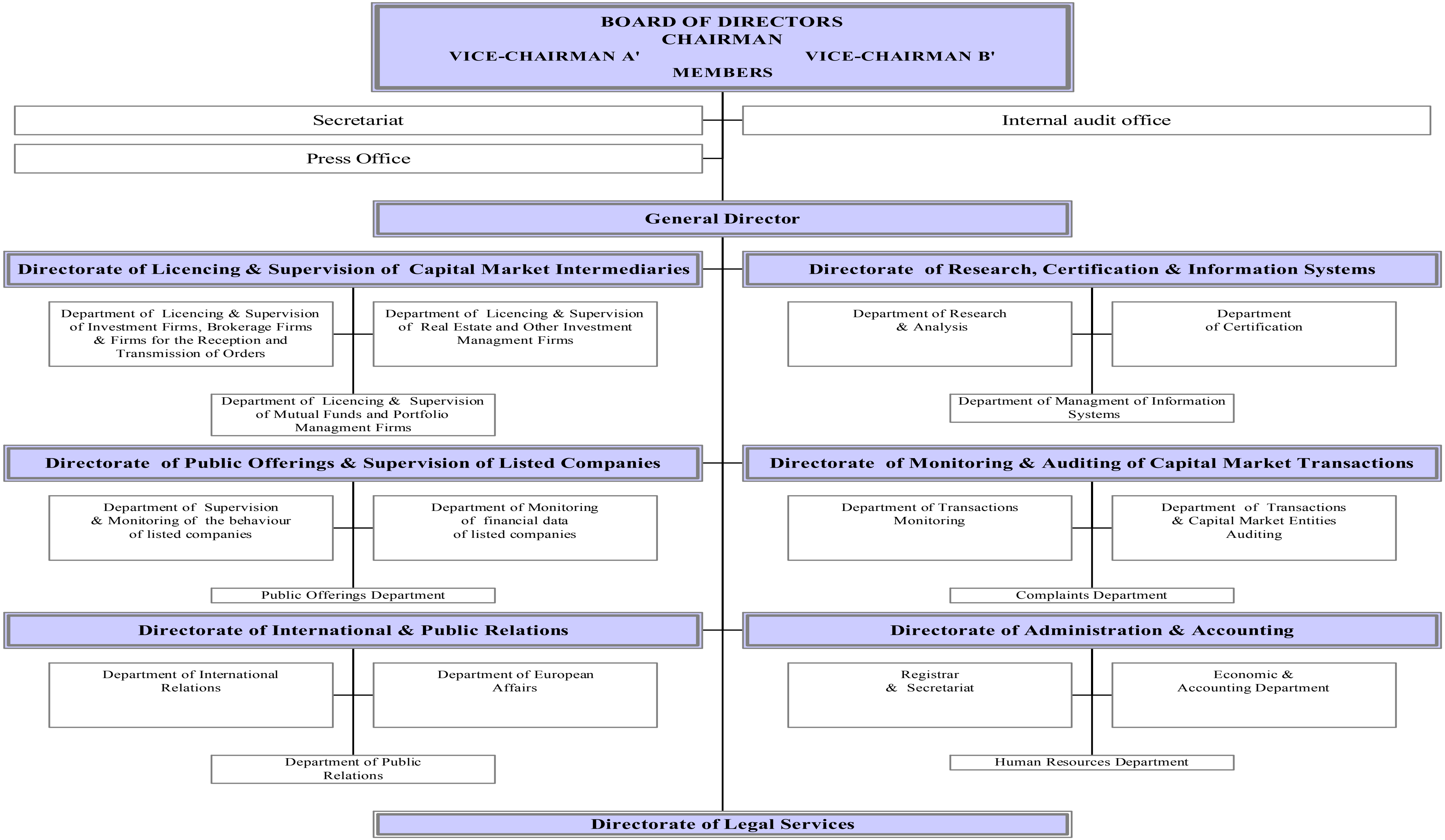
The Executive Committee

The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions made by the Board of Directors. The Executive Committee is convened by the Chairman and meets at least once a week, provided that at least two of its members are present. It has the responsibility for the Commission's daily management and the supervision of its operations. It is also responsible for the judicial representation of the Hellenic Capital Market Commission in front of Greek and foreign courts.

The Organization of the Hellenic Capital Market Committee

The organization chart of the Hellenic Capital Market Committee was amended in 2002, with the aim of ensuring the effective completion of its tasks. The new organization chart and the responsibilities of the departments of the HCMC were enacted by Presidential Decree 25/2003 (Gazette 26/6.2.2003). The new organization chart of the HCMC is the following:

FIGURE 1. The Organization Chart of the Hellenic Capital Market Commission



PART TWO

DEVELOPMENTS IN THE ECONOMY AND THE CAPITAL MARKET

Macroeconomic Developments

In 2003 the Greek economy maintained the growth momentum of the past few years, despite the slowdown in the European economy. Preliminary estimates indicate that the Greek Gross Domestic Product (GDP) increased by 4% in 2003, as compared to 3.8% in 2002. This performance is rather satisfactory, when compared to the average growth rate of the European Union (EU) member-states for the same year, which is estimated to only 0.8%, while the average growth rate of the euro zone is not expected to exceed 0.4%.

Greece's economic growth was mainly enhanced by the inflow of EU funds and the high rates of consumer and investment expenditure, which was boosted by the persistence of low interest rates and was channeled towards infrastructure projects related to the Olympic Games. It is estimated that total gross fixed capital formation increased by 9.7% in 2003, as compared to 5.7% in 2002 (Table 1). Total real consumption expenditure increased by 2.7% in 2003, as compared to 3.2% in 2002, due to the substantial drop in the growth rate of real public consumption to 0.5% in 2003, from 5.1% in 2002. Conversely, due to the increase in real disposable income, private consumption increased by 3.1% in 2003, as compared to 2.8% in 2002, thus contributing the GDP growth.

The rise in GDP was also supported by a recovery in the exports of goods and services, which, despite the low growth rates of Greece are trading partners, are estimated to have increased by 1.9% in 2003, after registering a 7.7% decline in 2002. Nevertheless, given that in 2003 the imports of goods and services also increased by 3%, after registering a 4.7% decrease in 2002, it is estimated that the change in the real external balance for 2003 had a negative contribution of 0.5 percentage points in GDP growth. These developments led to an increase of effective total domestic demand by 4.2% in 2003, as compared to 3.8% in 2002.

On the supply side, total annual manufacturing output decreased by 0.7% during the first eight months of 2003, whereas total annual industrial output (as calculated by the general Mining-Industry-Power-Gas-Water production index) for the same period increased by 1%. A positive fact was that the year-on-year change percentage of the manufacturing production index turned from negative during the first months of the year 2003, to positive during the three-month period May-July 2003. In 2003, there was an increase in employment, since it is estimated that the unemployment rate fell to 9% in 2003 from 10% in 2002. As far as labor rates are concerned, it is estimated that the average gross real wage for the entire economy increased by 2.4% in 2003, as compared to an increase of 4.6% in 2002, while labor productivity increased by 2.5% in 2003, as compared to 3.7% in 2002.

It is estimated that the national Consumer Price Index (CPI) increased by an average annual rate of 3.5% in 2003, as compared to 3.6% in 2002. Inflationary deceleration during 2003 was gradual, as the inflation rate was 3.8% in the first quarter, 3.5% in the second quarter, and 3.4% in the third quarter. Major deflationary factors included the normalization of oil markets following the war in Iraq, the revaluation of the euro against the dollar, as well as the deceleration of nominal unit labor cost increase by 3.5% in 2003, as compared to 4.6% in 2002. It is noted that, although the Greek average rate of price increase was higher in comparison to that of euro zone members, the divergence of the year-on-year increase in the EU-harmonized CPI from the corresponding euro zone figure decreased from 1.6 percentage points in 2002, to 1.5 percentage points in the eight-month period Jan-Aug. 2003. The difference in inflation rates between Greece and the euro zone is partially explained by the fact that during 2003 the Greek economy was in the ascending phase of its business cycle, featuring, as a result, a positive output gap.

In 2003, the main objective of the European Central Bank's (ECB) monetary policy was the mid-term containment of inflation below 2% for all euro zone member-states. The monetary policy of the ECB led to a further decrease of nominal interest rates during the year 2003. Following a decrease in ECB interest rates by 50 basis points in December 2002, there were further interest rate cuts in March 7th, 2003 (25 basis points) and June 6th, 2003 (50 basis points). By the end of 2003, the interest rate on the deposit facility stood at 1%, the minimum bid rate in main refinancing operations stood at 2%, and the interest rate on the marginal lending facility stood at 3%.

Greek money market rates followed the course of the ECB's base rates. In the nine months from January to September 2003, the average overnight and savings rates decreased by 0.2 and 0.3 percentage points and in September stood at 0.5% and 0.8% respectively. The average savings rate fell in September 2003 to 2.3%. During the same period, bank lending rates also decreased. The average short term corporate lending rate fell by 0.6 percentage points, standing at 6.6% in September, while the long-term corporate lending rate decreased by 0.7 percentage points, standing at 6.1% in September 2003. The consumer lending rate fell to 12.2% in September 2003 from 12.5% in December 2002, while the rate for floating rate mortgage loans with durations over 5 years fell to 5.2% in September 2003 from 5.5% in December 2002.

The total credit expansion of the Greek economy showed a significant year-on-year deceleration, increasing by a mere 4% by the end of the third quarter of 2003, as compared to 8.5% by December 2002. This deceleration is due to the substantial reduction of loans to the general government, while on the contrary credit expansion towards businesses and households registered a slight increase. Total credit to the general government showed a 15.3% year-on-year decrease by September 2003, as compared to a 1.3% decrease in 2002. The year-on-year rate of total credit expansion to the private sector increased in September 2003 to 18.4%, from 16.9% in December 2002.

In 2003, treasury securities' yields reflected similar trends of the relevant euro zone securities and followed a downward trend till mid-June, remaining at historic lows. Afterwards, yields started to increase, and as a result the yield of the 10-year benchmark bond for Greek treasury bonds reached 4.6% by the end of 2003, as compared to 4.4% by the end of 2002. The average spread between the Greek and the German 10-year Treasury bond was reduced to 12 basis points by the end of 2003, from 23 basis points by the end of 2002.

In 2003, the general government deficit as a percentage of GDP rose to 1.4%, as compared to 1.2% in 2002. According to estimates, the primary surplus of the general government rose to 4.7% of the GDP in 2003, from 4.4% in 2002. General government debt as a percentage of GDP declined after the revision of 2001 figures on the basis of Eurostat methodology, and it is estimated that in 2003 it subsided to 101.7% from 104.7% in 2002.

Despite the slow economic recovery of Greece's main trading partners and the fact that the Greek trade weighted exchange rate of the euro increased by an average annual rate of 3% during the first nine-months of 2003, Greek exports increased. However, the rise in net payments for fuel imports during the first months of 2003 led to a slight expansion of the trade deficit as a percentage of GDP to 14.5% in 2003, as compared to 14.3% in 2002. Concurrently, the rise in net interest payments on Greek treasury bonds, related to increased placements of foreign residents in such securities, and the reduction in net transfers to the general government (essentially from the EU) led to an expansion of the current account deficit as a percentage of GDP from 4.7% in 2002 to 5.8% in 2003.

TABLE 1.
Macroeconomic indicators of Greece, 2000-2003

Macroeconomic aggregates	2000	2001	2002	2003
Aggregate Demand and GDP				
(Constant prices, percent change over previous year)				
Gross Domestic Product	4.4	4.0	3.8	4.0
Final consumption	2.1	2.3	3.2	2.7
Private Consumption	2.0	2.9	2.8	3.1
Public Consumption	2.2	-1.0	5.1	0.5
Gross Fixed Capital Formation	8.0	6.5	5.7	9.7
Domestic effective demand	3.7	2.9	3.8	4.2
Exports of Goods & Services	14.1	-1.1	-7.7	1.9
Imports of Goods and Services	8.9	-3.4	-4.7	3.0
Production & Employment				
Index of industrial production (percent, y-o-y)	5.1	1.7	0.7	-0.7[1]
Labour productivity (percent, y-o-y)	4.6	4.4	3.7	2.5
Nominal Unit Labour Cost (percent, y-o-y)	1.6	1.1	4.6	3.5
Real average wage (percent, y-o-y)	3.0	2.3	4.6	2.4
Unemployment rate	11.2	10.5	10.0	9.0
Prices & Monetary Aggregates				
Inflation (CPI, year average percent change)	3.2	3.4	3.6	3.5
Difference in Greek and euro zone inflation rates (% points)	0.8	1.4	1.6	1.5[1]
Deposits and repos (percent, y-o-y.)	15.7	15.3	-1.4	-2.3[1]
Total credit expansion (percent, y-o-y)	15.3	9.3	8.5	4.0[2]
Credit expansion to the private sector (percent, y-o-y)	27.6	24.8	16.9	18.4[2]
Credit expansion to the Public sector (percent, y-o-y)	6.1	-4.6	-1.3	-15.3[2]
10-year Treasury Bond Yield (percent, year average)	6.1	5.3	5.1	4.3
Public Finances (percent of GDP)				
General Government Balance	-1.9	-1.5	-1.2	-1.4
General Government Primary Surplus	6.1	5.1	4.4	4.7
General Government Debt	106.2	106.9	104.7	101.7
External Transactions				
Trade weighted exchange rate (percent, annual change)	-6.2	-0.6	1.0	3.0[2]
Trade Balance (percent of GDP)	-16.2	-14.9	-14.3	-14.5
Current Account Balance (percent of GDP)	-4.5	-4.8	-4.7	-5.8

Sources: Ministry of Economy and Finance, Bank of Greece.
Notes: [1.] Jan. – Aug. 2003, [2.] Sept. 2002- Sept. 2003

General Overview of the Capital Market

Developments in the capital market

After a continuous three-year bear market, which on the whole was the worse of the last 70-years, in the year 2003 stock prices rose substantially in most advanced and emerging capital markets, including the Greek market. The global MSCI index registered a 27.7% year-on-year increase, exhibiting its best performance in the last 17-years, even surpassing its 1999 gains of 25%, thus confirming investor confidence in international markets. The FTSE All Emerging Markets, denominated in US dollars, showed annual gains of 70%, the Latin American capital markets index rose by 62% year-on-year, and the Asian capital markets index, excluding Japan, registered a year-on-year increase of 34%, despite the adverse consequences of the SARS virus outbreak. The performance of European capital markets lagged behind those of the US, Japan and the emerging markets. In fact, while in 2003 the Dow Jones Industrial Average rose by 22.2% and the Nikkei 225 Average by 24.5%, the FTSE Eurotop 300 index, which comprises the largest European listed companies, rose by a mere 8%, the FTSE 100 index of the London Stock Exchange rose by 11.7%, and the CAC-40 of the Paris Stock Exchange rose by 11.4%. The only exception was Germany's DAX index, which registered an annual gain of 28.9%.

In 2003, international markets followed a downward course till March, when US intervention in Iraq to overturn the Saddam Hussein regime caused the "Baghdad swing," which initiated the subsequent stock market recovery. International recovery was bolstered by the gradual weakening of the negative repercussions from corporate bankruptcies and the fast improvement in corporate fundamentals and profit quality. It was also reinforced by the recovery of growth rates worldwide, and more specifically in the US, where household consumption was sustained as a result of the tax break policy, contributing this country's GDP growth by almost 6%. Finally, international stock market recovery was supported by the fact that Asian central banks absorbed substantial quantities of US currency and Treasury securities, in order to sustain the competitiveness of their exchange rates in the face of the US dollar's decline in international markets. International securities houses estimate that foreign investors possess almost half of the liquid US Treasury securities. Despite the substantial amounts spent worldwide to maintain exchange rates —according to estimates the Bank of Japan purchased 170 billion dollars— the Japanese yen was revalued by almost 10%, while the euro was revalued by almost 16% against the dollar, reaching an all-time high. Given the need to sustain macroeconomic stability, the considerable debt burden of international companies and the US current account deficit (approximately 500 billion dollars) encouraged policies that aim at attracting foreign capital inflows. For example, investment in fixed income securities from emerging markets was slightly below 2.7 bn euro in 2003, as compared to 1.7 bn euro in 2002. Almost 30% of these investments were made by low-risk institutional investors, increasing the possibility of substantial inflows to these countries in the next year as well. Capital movement was further fostered by the reduction of concerns over the integrity of the international monetary system and the effectiveness of Japan's monetary stabilization program, and the reversal of international investor sentiment towards risk-taking, helped to boost trading in stock markets.

The international corporate bond market showed considerable dynamism and, according to international securities houses, the value of issues increased by almost 25%, amounting to 4.37 bn US dollars. The value of corporate bond issues in the euro zone increased by 62%, reaching 1.08 bn US dollars. Contributing factors were the accumulation of liquidity caused by the adoption of the single European currency (euro) and the increasingly conservative behaviour of European investors. In 2003, the high-risk corporate bond (junk bond) market was equally active, especially in the US, where the value of junk bond issues amounted to 122 bn dollars in 2003, as compared to 60 bn dollars in 2002. This development was assisted by the recovery of the US economy, the reduction of corporate bankruptcies and the improvement of corporate credit ratings, which led investors to undertake increased risks.

In 2003 international corporate restructuring activity increased by 6.8%, including 15 major mergers & acquisitions among international companies, with a total worth of 1.3 trillion US dollars. The continuation of US economic recovery and the increase in international equity valuations are expected to direct corporate leaders towards the increased adoption of strategic moves that will emphasize on mergers & acquisitions during the next year.

In 2003, activity in the initial public offerings market increased mainly in the US, and to a lesser extent in the euro zone. Diminishing stock market fluctuations and continuing economic growth encouraged companies all over the world to raise funds through the capital markets. The failure of the London and Stockholm Stock Exchanges, as well as other smaller European markets, to absorb new listings, dampened IPO activity in the euro zone. Nevertheless, forecasts for the next year are positive. Another important development for the euro zone in 2003 was the delisting of 96 companies from European stock exchanges, as compared to 73 companies in 2002, whose capitalization amounted to 20 bn dollars and exceeded the value of initial public offerings. This trend was the result of the low equity valuations and trading volumes of the past few years, as well as the low real interest rates, which encouraged the purchase of own stock.

In 2003, there was an international increase of investment capital inflows towards hedge funds, especially those invested in emerging markets. According to international securities houses, the number of these funds is expected to exceed 5,000 during the next year, while their assets are expected to increase by approximately 20%, to almost 700 bn dollars. Of great importance was the fact that the money placed in hedge funds by institutional investors and social security funds, exceeded placements by “retail” investors.

Moreover, the year 2003 was marked by a major international shift regarding the significance attached to the market behaviour of listed company senior management and board members, as well as to the role of business ethics in the capital market. In 2003 there were further corporate governance scandals, the most outstanding being those concerning Tyco and NYSE in the US, Ahold in the Netherlands and Parmalat in Italy, which raised the concern of international capital market regulators and led to measures for the prevention of such occurrences and the enhancement of shareholder’s rights and representation in the boards of listed companies. Despite the introduction of measures and the favourable shift of international sentiment, the active involvement of shareholders, including institutional investors, in the control of corporate activity was less than anticipated, focused on cases of substantial price declines and was mainly limited to the involvement of major pension funds. This lack of shareholder involvement led to the development of important international initiatives, the most important being the OECD initiative for the review of OECD Corporate Governance Principles, which emphasizes, among others, the disclosure to investors of both the transactions performed by senior executives and company board members, and the way institutional investors exercise their voting rights in the companies they invest in.

These international developments affected the course of the Greek capital market, which in 2003 featured an increase in stock prices and trading activity in the Athens Stock Exchange (ASE). It also featured increased activity in the bond and derivative product markets. The rise in the total value of transactions and market capitalization of the companies listed in the Athens Stock Exchange occurred smoothly and stock market fluctuations did not have any destabilizing effect on market systems.

The ASE General Index closed at the year’s end at 2,263.6 units, realising an annual increase of 29.5% as compared to its closing price at the end of the previous year. In 2003, the daily value of transactions in the ASE was on average 138.9 million euros, increased by 38.5% on an annual basis. By the end of the year, total market capitalization amounted to 86.6 billion euros, representing an annual decrease of 28.6%, and was equivalent to almost 56% of Greece’s GDP.

The course of the ASE General Index and the sectoral indices was marked by fluctuations. At the beginning of 2003, the failure to improve macroeconomic aggregates and the expectation of a military conflict in Iraq contributed to the emergence of stock price fluctuations, both internationally and domestically. In January, the General Index registered a 3.7% drop, as compared to a 4.5% average drop in the other European markets. The submission of the updated Economic Stability and Growth Program for 2003-2006 by the Greek government to the European Commission, which forecasts an annual growth rate of 3.8% for the next four years, a surplus general government balance in 2005 and a contraction of public debt to 90% of the GDP in 2006, did not contribute to any change in climate and price fluctuations continued. During this period, the banking sector index registered a 6% drop, mainly because of concerns about bank profitability that were caused by the decision of the Bank of Greece to introduce new provisioning rules regarding non-performing loans, as well as by the recent high court ruling regarding the removal of abusive terms and commission from mortgage loan contracts.

Trading activity remained low in February, because of the persistent uncertainty that was also fueled by a small increase in inflation and oil prices, leading the Index 7.7% lower since the beginning of the year. There were massive sales of stock from the banking and telecommunication sectors, the most important being the sale of Greek telecom (OTE) stock, on account of the company's problems with its subsidiaries abroad.

In March, the Greek capital market was still showing low trading volumes and its performance continue to lag behind those of European capital markets. The General Index, affected by the decrease in the prices of high market capitalization shares, registered a monthly loss of 9.1%, thus raising the overall decrease since early 2003 to 16%. The impeding outbreak of the war in Iraq and the confusion regarding its repercussions on international oil prices, along with the failure of the global economy to achieve substantial growth rates, sustained the climate of uncertainty and led investors to demand higher risk premiums and to reduce placements in equities, despite the fact that their prices remained low.

Eventually, the beginning of the war in early April was accompanied by a partial shift in investor sentiment, which led to a rally in international markets. This rally was assisted by the termination of uncertainty regarding the commencement of military operations, as well as the confirmation of expectations for a brief war. In April the General Index increased by 15.3%. The banking sector index increased by a generous 27.9%, whereas the telecommunications index increased by a mere 10.9%. These developments took place concurrently with the focusing of Europe's interest on Athens, where on April 16th, the 15 members of the European Union (EU) approved the accession of ten new member-states, whose most important elements were the fact that this was the largest enlargement in EU history, and the expansion of this enlargement to the east, encompassing eight east European countries, Cyprus and Malta.

Moreover, this development allowed a refocusing of interest on the progress of real economies. The European Central Bank (ECB) left it interest rates unchanged and the EU revised its estimates concerning Greek GDP growth from 3.9% to 3.6% and inflation from 3.2% to 3.8% respectively. These estimates were followed by similar statements by the governor of the Bank of Greece, albeit without any decisive effect on market behavior.

The gradual improvement in international and Greek investor sentiment led to an increase of banking share prices in April, which was also underpinned by the improvement of the banks' financial results for the first quarter and determined to a great extent the course of the Greek market during May. In fact, placements in banking equities continued, and as a result the sectoral index increased by 4.2%, as compared to a mere rise of 0.9% for the ASE General Index, a 4.5% drop in the telecommunications index and a slight decrease in European indices. These developments resulted from investor concerns regarding the ability of euro zone economies to achieve the projected growth rates, despite the significant growth of the US. The expectations that, after the cessation of military operations in Iraq, there would be a substantial recovery of European economies were not confirmed. The revaluation of the euro against the US dollar also played a role in this. The interest of Greek investors was concentrated on the stock of the Greek Organisation of Football Prognostics (OPAP) and the Public Power Corporation (PPC), thanks to the announcement of strong results by these companies, as well as to the government's announcement regarding the sale of a 10% stake in these companies, as a further step towards their privatization.

In June, uncertainty abated substantially in both the international and Greek markets, leading to a rise in stock market indices. The Index registered a monthly increase of 10.8% and a total increase of 8.2% since the beginning of the year. The banking index rose by 16.2%, fuelled by expectations concerning strong quarterly results and rumors about further mergers and acquisitions in the sector. Another feature of advanced economies was the improvement of corporate profits. This period was also marked by the end of Greece's successful EU presidency, and the shifting of interest towards economic developments, and especially the monetary policy of the ECB. Actually, the ECB reduced interest rates by 0.5% without ruling out further cuts. The US Federal Reserve also reduced rates by 0.25%, bringing US interest rates to the lowest level since 1958. The most important facts regarding Greece were the announcement concerning the rise of both GDP growth rate and inflation, and the positive revision of Greece's long-term credit rating by international rating agencies thanks to the reduction of the general government deficit, further convergence with the EU and the advancement of structural reforms, especially the sale of a 26.4% stake in state-owned OPAP by mid-July and the privatizations of the Postal Savings Bank, the Athens Water and Sewerage Company (EYDAP) and Public Power Corporation.

Investor sentiment remained positive during July. The ASE General Index rose by 14% on a monthly basis, exceeding substantially the performance of other European markets, and showing a 23.5% increase since the beginning of the year. Important developments of this period included the disappointment of expectations for a wide government reshuffle and the announcement that, thanks to a considerable rise in investment, the Greek economy had grown in the second quarter of the 2003 by a rate of 4.4%, much higher than those of other European economies. During July, the government sold a stake in OPAP, listed the Piraeus Port Authority (OLP) in the stock exchange, and announced a competition for the Instant Lottery, while it disclosed its intention to sell additional stakes in the National Bank of Greece, the Commercial Bank of Greece and the Public Power Corporation.

The favorable investment climate was sustained in August, as the Index rose by 2.4% on a monthly basis and 26.4% since the beginning of the year. Although satisfactory, the semi-annual results of the listed companies were below expectations and led to limited sales of equities, aimed at profit-taking, as well as to portfolio restructuring. A major development was the announcement by the Ministry of Economy and Finance regarding the reduction of the General Government debt to 103.6 % of the GDP in the first semester of 2003, from 105.5% at the beginning of the year and the reduction of inflation from 3.8% in June to 3.6% in July. International economies, especially that of the US and to a lesser extent the European ones, continued their recovery, while corporate profits improved, strengthening expectations concerning market trends.

In September, the accumulation of substantial capital yields during the April-August period led investors to sales and the ASE General Index to an 8%. Uncertainty was perpetuated by escalation of rumors concerning the date of the general elections and the restructuring of the banking sector. On the macroeconomic level, the positive news regarding the growth of the Greek economy by 4.5% in the third quarter and the upwards revision of the initial estimate concerning the growth rate for the whole of 2003 from 3.8% to 4%, were accompanied by negative news concerning the widening of the trade deficit and the persistence of inflationary pressures above the euro zone average. The privatization drive retained its strong momentum and included the announcement of bids for the sale of a portion of the Public Gas Corporation (DEPA), the negotiations between the Greek government and the French bank Credit Agricole for the sale of a 9.6% stake in the Commercial Bank of Greece and the definition of the time period for the sale of 10% stake of the National Bank of Greece. At that time Alpha Bank successfully distributed 15.9 million shares to institutional investors through private placement, enhancing trading activity on its stock. The share prices of the National and Commercial banks dropped by 13% and 10% respectively, demonstrating that any delay in the negotiations for the sale of shares held by the Greek State discourages investors. The management of the Hellenic Telecommunications Organisation (OTE) expressed interest in the acquisition of an additional 9% stake in its subsidiary CosmOTE, held by the overseas company Telenor, as part of the effort to restructure the Organization's expansion policy. A major development during this period was the approval of the plan for the merger between Hellenic Petroleum and Petrola by the companies' shareholders, and the failed take-over bid for Hellas Can.

The satisfactory nine-month results announced by the listed companies led to a 2.3% monthly increase of the ASE General Index, while the overall increase of the Index for the first three quarters amounted to 24.1%, a course comparable to that of European indices. The changes in the composition of the FTSE ASE and MSCI Greece indices, effective since December 1st, 2003, provided an incentive for portfolio restructuring. A major development for the period was the rise in the prices of bank shares, led by the share of Alpha Bank, as well as the submission of the state budget by the government to the Parliament for discussion on December 22nd. The new budget calls for a rise by 4.2% of GDP in 2004, as compared to an anticipated 4% for 2003, supported by an increase in public and private investment; it also calls for a budget deficit of 1.2% of GDP in 2004.

The rise of the general price level in the stock market was accompanied by fluctuations. The fluctuations of both the general price level and the relative share prices in the Athens Stock Exchange during 2003 are mainly due to the persistence of the adverse effects of international and domestic financial developments during the previous years, as well as during 2003. These developments were a principal consequence of the grand "boom and bust" cycle of the international and domestic stock market during the previous year, as well as of the uncertainty caused by the situation in Iraq and its repercussions on the global economy during 2003. The overheating-slowdown cycle led, through self-fulfilling expectations, to extensive fluctuations and gradual corrections of stock prices in the past few years. The gradual diffusion of these adverse effects in the real economy and the corporate fundamentals, along with the emergence of corporate governance scandals, were partly responsible for the shrinkage of corporate profits and, therefore, for the perpetuation of investor wariness.

Nevertheless, according to domestic and international estimates, the relative soundness of the Greek economy's macroeconomic aggregates and the improvement of corporate fundamentals set the conditions for the acceleration of long-term economic growth rates, and of trading activity. The substantial improvement of international financial conditions, the dynamics of structural reforms on the economy, and the constant modernisation of the institutional framework for the capital market are expected to help boost the positive sentiment of the market. Therefore, it is expected that investment initiatives will be further enhanced and in the long term will lead to a closer match between the general price level, the relative prices and the market capitalizations in the Athens Stock Exchange and the improving fundamentals of both the companies and the national economy.

The bear market of the previous years led to decreased activity in the primary market of the ASE during 2003. Indeed, 14 new companies proceeded with the public offering of their shares, raising 118.4 million euros, whilst 12 listed companies proceeded with share capital increases, raising 275.4 million euros. By the end of 2003, the total number of listed companies in the ASE rose to 356 companies. The improvement of financial conditions and the acknowledgement of the importance of adopting efficient corporate governance practices in order to draw low cost funds are expected to exert a positive impact on the decisions of a large number of companies to proceed with their application for the listing of their securities on the stock exchange. The reversal in investor sentiment and the improvement of the market's regulatory framework are expected to lead companies providing underwriter services to proceed with fewer reservations in marking the appropriateness of this period for new listings.

The profitability of listed companies during 2003 showed an upward trend. According to the published annual financial statements for the year 2002, total net corporate profits after taxes amounted to 3.1 bn euros, registering a decrease by 27.5% as compared to the year 2001, while distributed dividends amounted to 1,7 bn euros registering a decrease by 26.5%. The first estimates of the listed companies' financial results for 2003 show that net profits before taxes have increased by 22% in comparison to the same period of 2002. This increase in profitability was a result of the companies' cost-cutting and rationalization policies.

In the previous years, the Greek capital market featured a substantial expansion of investment in the capital market, through the placement of increased liquidity in mutual funds, and portfolio investment company shares. Conversely, the recent bear market led to the redemption of mutual funds units and the liquidation of shareholdings in portfolio investment companies. In 2003, this trend was reversed once more. In fact, by the end of 2003, the total value of assets of the approximately 265 mutual funds amounted to 30.4 bn euros, registering an annual increase of 19.8%. This increase in mutual fund assets in recent years laid the ground and provided the incentives for the competitive rationalisation and restructuring of the industry's investment towards placements in new products and foreign securities.

There was also a change in the composition of mutual fund investment. In the end of 2003, the total net asset value of money market funds corresponded to 51.9% of total assets, registering an increase of 46.9%. At the same time, the total net asset value of equity funds corresponded to 16.0% of total assets, registering an increase of 30,8%, while the total net asset value of bond funds corresponded to 21.5% of total assets, registering an increase of 27.7%. These developments highlight the steady change in the investment of Greek savings, which is shaped by the overall developments in the stock market. While in previous years a large and increasing portion of savings was channelled into high risk-bearing financial placements, in the past two years the reversal in investor sentiment led money savings to low risk placements, a trend that was reversed again in the course of the previous year. That is, there is both greater sensitivity to stock market developments, and a consequent change in the the supply of funds that accept the undertaking of higher risks in return for higher yields.

Developments in the capital market regulatory framework

In 2003, both the Capital market Commission and the State enhanced the regulatory framework and the infrastructure for capital market supervision, with new measures that protected the market from systemic risks and extreme speculative behaviour.

The measures included improvements and extensions of the existing regulatory framework, on the basis of new market demands and the substantial experience thus far accumulated. In 2003, the development of capital market supervision included measures such as the reinforcement of the regulatory and supervisory capabilities of the capital market and the regulatory authorities, the enhancement of the market's effectiveness and liquidity, the improvement of the efficient operation of investment firms, the continuation of the programme for the certification of market agents, the modernisation of the framework governing the listing of companies in the Stock Exchange and their oversight, as well as a series of ameliorating interventions in the operation of the market, as well as in the trading and clearing system.

In 2003, the Board of Directors of the Commission, having obtained the necessary authorisation, issued almost twenty rules and regulations, circulars and proposals to the Minister of Economy and Finance. These are rules and regulations which contributed to ongoing institutional progress by aiming principally at the protection of investors, the improvement of the smooth functioning and systemic protection of the market, the establishment of transparency of the capital market and the improvement of the operating conditions and efficiency of market intermediaries. These rules and regulations helped to improve the institutions and rules governing the security of transactions and investors, as well as the financial adequacy of financial intermediation firms, the adaptation of the codes of their business conduct with the view of protecting investors from unethical behaviour, and the enhancement of rules concerning transparency, which improved significantly the provision of information to investors.

Investor protection was enhanced through the expansion and continuation of the program for the professional certification of market participants, whose aim is to improve the coverage of investor needs and the quality of the services provided by investment firms. Certification refers to the following professional positions: a) securities and market analyst; b) asset manager; c) investment consultant; d) persons executing orders, at investment firms; and e) persons receiving and transmitting orders at firms for the reception and transmission of orders and investment firms. Having obtained the necessary legal authorisation, the Hellenic Capital Market Commission issued the relevant rules, which specified the terms and conditions for candidate entry in the corresponding examinations. Following the transfer of this responsibility from the Ministry of Economy and Finance to the Commission, the latter issued a comprehensive rule specifying the overall framework for the certification programme. The examinations for the professional certification of market participants are an innovation for the Greek capital market that will improve the quality of human resources in the capital market, as well as the quality of the rendered services, the competitiveness of the capital market and the effective protection of investors. The examinations were held twice in 2003 and three times in 2002, with the participation of more than 4,000 candidates.

Investor protection was also enhanced by ensuring the efficient operation of investment firms and improving confidentiality in the context of the asset management services such firms provide. Inasmuch as these firms provide asset management services, they are obliged to maintain an independent client asset management unit, staffed by properly certified personnel. Moreover, firms are obliged to ensure the independence of management and the confidential nature of investment decision-making, especially within the group of companies to which they belong, by introducing rules for the prevention of conflicts of interest during management and by taking measures for the resolution of such conflicts that may possibly occur. Finally, there is an improvement in the custody system: custody of both portfolio components and client funds must be provided by a credit institution, while in the case of portfolio components only custody may be provided by an investment firm, possessing the minimum share capital required for the establishment of a credit institution.

Investor protection was also supported by the approval by the Union of Institutional Investors of a training program for persons engaged in the distribution of mutual fund units.

Transparency in the capital market was reinforced through the establishment of the obligation of portfolio investment companies to prepare and publish their investment portfolio within ten days from the end of each calendar quarter, to inform regularly the Athens Stock Exchange on their net asset value, as well as on the associated risk premium or discount, which they must also include in a note to their balance sheet and their quarterly financial statements.

Transparency in the market was reinforced through the establishment of the obligation of investment firms that provide basket order services (asset management for groups of investors) to record and disclose in writing the complete information concerning such orders. Moreover, investment firms-member of the ASE that execute basket orders are obliged to issue separate contract notes for each client-final investor.

The effectiveness of stock market transactions is enhanced through the expansion of trading capabilities, which includes improvements in the system for the execution and supervision of transactions. These improvements concern the hedging mechanism, which is instrumental for effective portfolio management during periods of stock market volatility.

The protection of the smooth operation of the market was enhanced, in the context of transfer of the corresponding responsibility previously undertaken by the Ministry of Economy and Finance, through the specification of the conditions for the listing of securities in the parallel market of the Athens Stock Exchange, the definition of the issuing companies' financial obligations towards the ASE, the designation of the place and time for the public sessions of the parallel market and the definition of the conditions for the suspension of trading and the delisting of company shares from the parallel market.

The protection of the smooth operation of the market was also enhanced by the proper adjustment of the daily share price fluctuation limits in the case of block trades and clearing entries, cash-funded share capital increases, issuance of convertible bonds and mergers between companies.

A major priority during 2003 was the supervision of listed company compliance with transparency obligations. Controls regarding the disclosure of additional information in the financial statements published by listed companies were continued, with the aim of providing investors with complete information concerning the use of the funds raised. In this context, the Hellenic Capital Market Commission published detailed information about the uses of funds raised through the market. There were also further controls regarding the disclosure of additional information in cases of share capital increases by listed companies, and monitoring of the restrictions regarding the amount of such increases, and especially of the uses of funds raised, which must be in accordance with the decisions made by the General Shareholder Meeting.

A major part of the Commission's supervisory activity was the oversight of the implementation of the code of conduct for companies listed in the Athens Stock Exchange (HCMC regulation 5/204/2000), regarding the obligation to disclose transactions by company insiders that are holders of confidential information, as well as to disclose important corporate events. Moreover, the oversight of compliance with the provisions of Law 3016/2002 on corporate governance, regarding the composition and behaviour of the board of directors, the internal audit and organisation of the companies, and the use of funds raised in the market continued, indicating a high degree of company compliance.

There were also improvements in the framework for the provision of market making services, by rationalising the terms and conditions for rendering such services. Market makers are now able to perform regulated deals, as well as deals on the closing price, while the minimum daily quantity of shares available for trading to market markers has been connected to the average liquidity of the Athens Stock Exchange. Moreover, a new regulation enables market makers to prepare, under certain terms and conditions, over-the-counter Stock Exchange Repurchase Agreements in the Athens Derivatives Exchange. This regulation introduces a new product in the derivatives market of the Athens Exchange, by means of which market makers borrow the securities required to perform their duty from the shareholders of the listed company. The improvement and expansion of the market maker institution, is expected to have manifold benefits for the operation of the capital market, and not only to assist in the balancing of supply and demand for stock, but also to increase the liquidity of stocks with large and small market capitalisation. All investment firms that are members of the ASE are eligible to become market makers.

Finally, the smooth operation of the market was also enhanced by the increase and conversion in Euros of the minimum share capital required for the granting of operating licenses to Portfolio

Investment Companies and Mutual Fund Management Firms, mutual funds and real estate mutual funds.

As far as infrastructure is concerned, the Dematerialised Securities System was continuously upgraded in order to meet the demands of the constantly expanding Greek capital market. In 2003, the improvement of the effectiveness of the trading and clearing systems was a major regulatory priority, mainly based on the improvement and amendment of the Regulation for the Clearing and Settlement Process and the Operation of the Dematerialised Securities System. These amendments mainly included the introduction of the possibility to establish and operate of joint ownership dematerialized securities accounts, the upgrading of the procedure for the settlement of transactions on bonds and the relevant obligations concerning disclosure, the improvement of the conditions concerning the recording and handling of information on public offerings participants and the facilitation of state enterprise privatization.

The terms and conditions for the operation of the Common Guarantee Fund where reviewed, and certain initiatives where taken for the modernisation of the existing institutional framework, mainly through the redefinition of its amount to 187 million euros for 2003, with a minimum contribution of 704,328.69 euros for investment firms-members of the ASE, 704,328.69 euros for investment firms-non members of the ASE and, finally, 2,465,150.41 euros for each investment firm that becomes a new member of the Fund and the Athens Stock Exchange.

One of the most important developments in 2003 was the organizational restructuring of the Hellenic Capital Market Commission. In accordance with article 76 par. 2 Law 1969/1991, the mandate of the Hellenic Capital Market Commission had been the monitoring of compliance with the provisions of capital market legislation. Article 33 of Law 2324/1995 provided for the structure and the responsibilities of the Commission’s departments. The changes that occurred since then in the market, created the conditions for the restructuring of the Hellenic Capital Market Commission. More specifically, during this period the stock exchange grew substantially, new markets were created and there was a considerable improvement and expansion of the institutional framework governing the stock market. These major changes in the capital market multiplied the regulatory and auditing responsibilities of the Commission and its workload, leading to an increase of its personnel. Under these circumstances, the existing organizational structure of the Commission proved inadequate for the efficient fulfillment of its task. In 2003 the organisation chart of the Hellenic Capital Market Commission was amended. The objective of this amendment, which redefined the structure and responsibilities of the Commission’s directorates, the positions and qualifications of its personnel, as well as any other relevant issue, was the effective fulfilment of its tasks. The new organisation structure was published by means of the presidential decree 25/2003 (Gazette 26/6.2.2003). According to the re-organisation provided for by presidential decree 25/2003, the Hellenic Capital Market

Commission will comprise the following Directorates: (i) Directorate of Licensing and Supervision of Capital Market Intermediaries; (ii) Directorate of Research, Certification and Information Systems; (iii) Directorate of Public Offerings and Supervision of Listed Companies; (iv) Directorate of Monitoring and Auditing of Capital Market Transactions; (v) Directorate of International and Public Relations; (vi) Directorate of Administration and Accounting; (vii) Directorate of Legal Services; (viii) Internal Audit Office; (ix) Press Office; (x) Secretariat of the Board of Directors, the Executive Committee and the General Manager; and, (xi) the Offices of the Chairman and the Vice-Chairman. This new organisation structure will enable the Hellenic Capital Market Commission to respond more effectively to the new conditions that prevail in the capital market and will provide it with the necessary flexibility in order to adapt to any further development in these circumstances. The new organisation structure of the Hellenic Capital Market Commission is now equivalent to that of capital market regulators in European countries. It meets much better the need to fulfil its obligations for specialized capital market supervision that emanate from the transfer of supervisory responsibilities to the COMMISSION and the implementation of EU directives, which aim at creating a single European capital market. Moreover, the new organisational structure defined more properly the responsibilities of its human resources and assisted their development. The HCMC completed an operational modernization, which turns it into a model among public entities. It possesses a comprehensive internal operations manual that describes procedures and duties. It is the first Greek Public Law Entity that uses a double–entry accounting system, maintains a fully computerized accounting department and implements in full the provisions of the presidential decree 205/98 on the accounting organization of public entities.

In 2003, the institutional framework was also improved through the enrichment of investment options with new products, such as the new derivative products on shares and exchange rates, the issuance and trading of the so-called “popular” state bonds, as well as and corporate bonds in the ASE; thus, the Greek capital market continues to provide companies with an important mechanism for financing their business plans. It is expected that this new potential for low cost business funding through the capital market will further encourage issuing companies to make new investments, which in turn feed on economic growth and their competitive reorganisation, and consequently, foster positive expectations, attracting new businesses and funds to the capital market.

The Hellenic Capital Market Commission provided a major assistance to the State for the production of legislation regulating the capital market. Law 3152/2003 on the establishment and supervision of stock exchanges and organised securities markets and the transfer of supervisory responsibilities to the Commission has indeed been enacted and is being implemented. This law regulates the establishment and operation of stock exchanges in the form of multi-share corporations and sets terms and conditions for the granting of operation licenses. The same law transfers regulatory and supervisory responsibilities from the Ministry of Economy and Finance and the Athens Stock Exchange to the Hellenic Capital Market Commission. A principal innovation of this law is the introduction of the obligation to prepare a stock exchange rulebook, regulating all stock exchange activities, and a securities clearing house rulebook, regulating the settlement and clearing of stock market transactions. Both rulebooks are submitted for approval by the Commission. This law transfers responsibility to audit and approve company prospectuses for the introduction of shares in a stock exchange to the Commission. The latter may delegate this responsibility to third parties. The law enables the complete privatization of the Athens Stock Exchange and its conversion to a private interest company, allowing its competitive restructuring and the development of international strategic initiatives.

Law 3148/2003 on the establishment of Committee of Accounting Standardization and Audit has been enacted and implemented. The establishment of the Committee of Accounting Standardization and Audit completes preexisting legislation that sets the full timetable for the endorsement of International Accounting Standards in Greece. The Committee of Accounting Standardization and Audit makes recommendations to the State concerning accounting standardization and auditing, supervises the Greek Union of Chartered Accountants and evaluates its audit results, is able to set market conduct rules for auditors and provide assistance in the fight against financial crime.

Law 3156/2003 on the issuance of corporate bonds and the securitisation of claims has been enacted and implemented. The law updates the framework for the corporate bond market, sets terms and conditions for the issuance of various types of corporate bonds and specifies their characteristics, establishes transparency obligations and procedures regarding the organization and operation of the bondholders' meeting. Also, the law introduces the new institution of claim securitization, as well as special purpose vehicles for the distribution of securitized claims and specifies the minimum credit rating required for the issuance of securitization bonds and their listing in a stock exchange.

Finally, a very important development during 2003 was the completion and presentation of the Capital Market Legislation Code for the Greek capital market. The Code is an achievement of major importance for the capital market, since it addresses the need for effective monitoring and control of the complexity of modern economic relations. The multitude of laws, presidential decrees and ministerial decisions that have been, and are still being, regularly issued, cause ambiguities, repetitions and inconsistencies. The proper legislation of capital market operation is a principal objective of the State. Therefore, the legislating process takes into account the financial repercussions from the proposed regulations, implements and improves consultation with the parties that are asked to comply with the regulations in order to achieve wider social acceptance for them, simplifies enactment procedures through the proper allocation of oversight responsibilities and the disentanglement of decision-making procedures in order to curtail bureaucracy and enhance supervisory effectiveness, and, finally, proceeds to the legislation's codification in order to methodize and unify the multitude of scattered laws, thus further establishing security and the rule of law. Moreover, the Capital Market Code is an innovative means for the control and prevention of abusive behavior in the capital market, since it incorporates in Greek Law the EU directive on market abuse. The beginning of this momentous modernization effort was made with the adoption of the International Accounting Standards in the Greek capital market, an innovative mode for European standards, which aimed at the disclosure of reliable and comparable financial information by listed companies. Today, the modernisation of the Greek capital market continues with the incorporation of the provision of the Directive on Market Abuse in the Capital Market Code. The great importance of this incorporation lies in the explicit definition of the offence of market abuse, which includes insider trading and price manipulation in the stock exchange transactions. It also lies in the enactment of rules and obligations regarding the provision of financial analysis services and the possibility to impose heavy sanctions and fines on offenders.

The competitive transformation of the Greek capital market and the harmonisation of its regulatory framework with that of Europe continued with the completion of the activation of the procedures for the reception of EU investment firms in the domestic stock market and their participation in the ASE as remote members, provided that they are properly licensed in their home country.

During 2003, prudential supervision of financial intermediaries (investment firms member and non-members of the ASE, and mutual fund management firms), listed companies and financial transactions by the Commission was carried out forcefully. More specifically, prudential supervision principally involved the setting of fit and proper criteria for granting operating licenses to financial intermediaries and the listing of shares in the stock exchange, the monitoring of capital adequacy of investment firms through monthly regular and ad hoc audits, the monitoring of the asset structure of institutional investors through quarterly and ad hoc audits, the monitoring of the financial behaviour of firms for the reception and transmission of stock exchange orders through recurring sample audits, the cross-checked monitoring of transactions in the securities and derivative products markets of the stock exchange for the prevention of market abuse practices, the daily monitoring of the clearing and settlement process and imposition of 'automatic sanctions' in cases of malpractice, as well as the monitoring of illegal short selling.

During 2003, the Commission continued to follow-up news publications regarding shares and listed companies and asked for the required explanations regarding the content of announcements in the ASE Daily Bulletin. Moreover, the Commission continued the semi-annual monitoring of the uses of funds raised by listed companies through the capital market, the quarterly monitoring of financial statements and the 'real time' monitoring of stock exchange transactions.

During 2003, the auditing work of the Commission expanded. Both prudential supervision, as well as audit and sanctions, were efficient and brought considerable benefits to the Greek capital market by securing conditions of smoothness and normality in the operation of the market at times of rapid restructuring of the supply and ‘retail’ demand for securities. The audits on supervised entities were multidimensional, including dozens of investment firms, mutual fund management firms and listed companies. A large number of information disclosure practices by large shareholders and company insiders were also audited. The Commission examined in detail several cases of share transactions, where there was an indication of market abuse practices. Several illegal practices were detected by those audits, which led the Commission to levy 168 fines totally worth 9.4 million Euros, the proceeds credited with the Greek State, and to submit indictments against a large number of persons and legal entities to criminal courts.

In 2003, the Commission audited the uses of funds raised by listed companies through share capital increases during the period 1999-2003. It is noted that the funds raised in the capital market were mainly used to finance new investment in plant and equipment, merger and acquisition activity, investment through debt substitution and working capital needs. The funding of new investment projects through the capital market assisted the improvement of the corporations’ financial health and, therefore, of the national economy’s growth prospects, thus making it possible to undertake new and profitable investment projects. The audit showed that the final uses of the funds were, in most cases, in agreement with the information provided in companies’ prospectuses. Whenever substantial deviations were detected, without timely and adequate notification to investors, severe penalties were imposed.

The Commission is endowed with the authority to conclude bilateral and multilateral agreements and memoranda of understanding with other countries’ regulatory authorities for the exchange of confidential information, the co-operation on issues related to the safeguarding of market stability. In the context of international relations development, members of the Commission’s staff participated in numerous international conferences. Moreover, during 2003 two bilateral memoranda of understanding were signed with other countries’ regulatory authorities and the co-ordinating bodies continued their work for the improvement of co-operation between stock exchanges, clearing houses and regulation authorities.

It was also very important that in 2003 a CESR working group, chaired by the Hellenic Capital Market Commission, completed the preparation of a set of rules concerning market abuse and the respective Directive was passed through both the European Council and the European Parliament. Moreover, the measures for the implementation of the Directive of the Level II legislative procedure provided for by the Lamfalussy Report were further elaborated.

In general, the staff of the Hellenic Capital Market Commission had a great contribution to the discussions and the preparation of European Commission Directives related to the capital market. During the Greek presidency of the EU in the first semester of 2003, Commission staff chaired

European working groups for the discussion and elaboration of Directives and Regulations. These include (i) the completion of the Directive on the Content of Prospectuses; (ii) the revision of the Directive on Investment Services; (iii) the promotion of work for the Directive on Transparency of listed companies; and (iv) the promotion of work for the Directive on Takeovers.

The continuous regulatory and supervisory initiatives by the Commission enhanced market and investor protection under increasingly difficult circumstances for the financial markets. The market's operational and regulatory systems functioned properly and were improved despite the adverse psychological conditions created by price fluctuations. All systems and supervisory mechanisms proved to be rather durable and the market was not exposed to any systemic risk.

Developments in the Greek capital market

The stock market and the ASE General Index.

The year 2003 was marked by the recovery of the Greek capital market after a three-year decline in stock prices. The Greek capital market followed international trends, demonstrating its significant degree of correlation with major European markets.

In the last trading session of the year 2003, the General Index of the Athens Stock Exchange closed at 2,263.58 units, registering an annual gain of 29.46%. This level represents an accumulated decrease of the General Index from its historic high (17.9.1999) by 64.4% at the end of 2003, as compared to an accumulated decrease of 72.5% at the end of 2002. The average closing value of the General Index during the year was 1,915.16 units.

In 2003, the course of the Index was marked by volatility. Affected by conditions of geopolitical uncertainty because of the war in Iraq, in the first quarter of the year the Index followed a downward course. During the 31.03.2003 session the General Index registered its lowest intraday value (1,462.19 units) as well as its lowest closing price (1,467.30 units), the lowest since March 1988. From April till late August the General Index rose, spurred by the abatement of uncertainty regarding developments in Iraq and the improvement of corporate profits of ASE listed Greek companies by 12% during the first semester of the year. The General Index registered its highest closing price for the year on 22.08.2003 (2,310.52), and its highest intraday value on 25.08.2003 (2,326.58 units). Since September 2003, stock prices, stock exchange indices and the General Index all exhibited significant fluctuations, and their year-end closing values were substantially increased, thanks to the sanguine forecasts regarding the recovery of business activity in the euro zone and the improvement of corporate profits.

The average standard deviation of the daily returns of the General Index was 1.13% in 2003, as compared to 1.04% in 2002 and 1.8% in 2001, bearing proof of the higher fluctuations in stock prices. That said, the average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index was reduced from 11.9 units in 2002 to 9.72 units in 2003 (see Figures 1 and 2). The reduction of intraday share price fluctuations during the past few years is due to the gradual reduction of short-term investors in the Athens Stock Exchange and the increased efficiency of the Greek capital market.

TABLE 2.

Average Annual Change (%) of the ASE General Index, 1993-2003

		Placement Year									
	Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Return Year	1994	-9.4%									
	1995	-2.3%	5.2%								
	1996	-0.9%	3.6%	2.1%							
	1997	11.5%	19.4%	27.2%	58.5%						
	1998	23.4%	33.2%	44.2%	71.3%	85.1%					
	1999	33.9%	44.8%	56.9%	81.0%	93.4%	102.2%				
	2000	19.8%	25.5%	30.0%	38.0%	31.8%	11.3%	-38.8%			
	2001	13.2%	16.9%	19.0%	22.7%	15.0%	-1.8%	-31.6%	-23.5%		
	2002	6.9%	9.1%	9.7%	11.0%	3.4%	-10.6%	-31.9%	-28.2%	-32.5%	
	2003	9.0%	12.7%	13.8%	13.5%	7.3%	-4.6%	-20.0%	-12.6%	-6.5%	29.5%

Note: The results are based on the following formula: $(Xt / Xo)^{(1/t)}$ -1, where Xo and Xt represent the closing values of the ASE General Index at the year-base 0 and at the year t, respectively.

FIGURE 2.

Monthly Volatility of the ASE General Index, 2003.

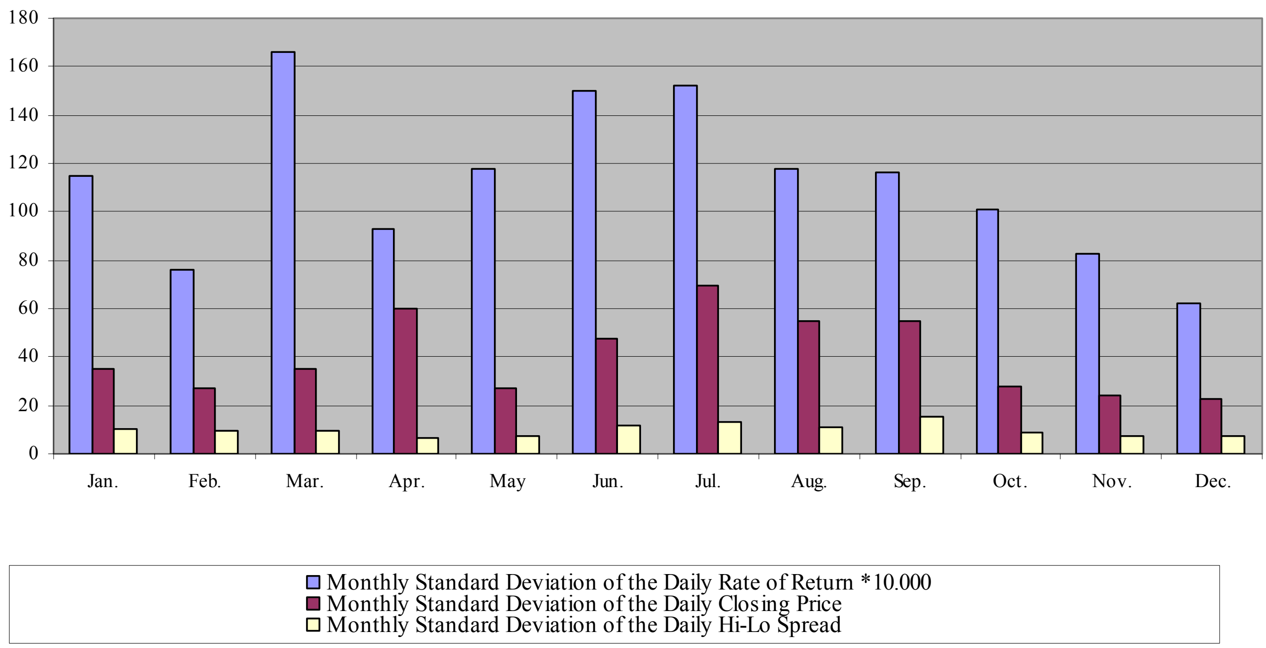
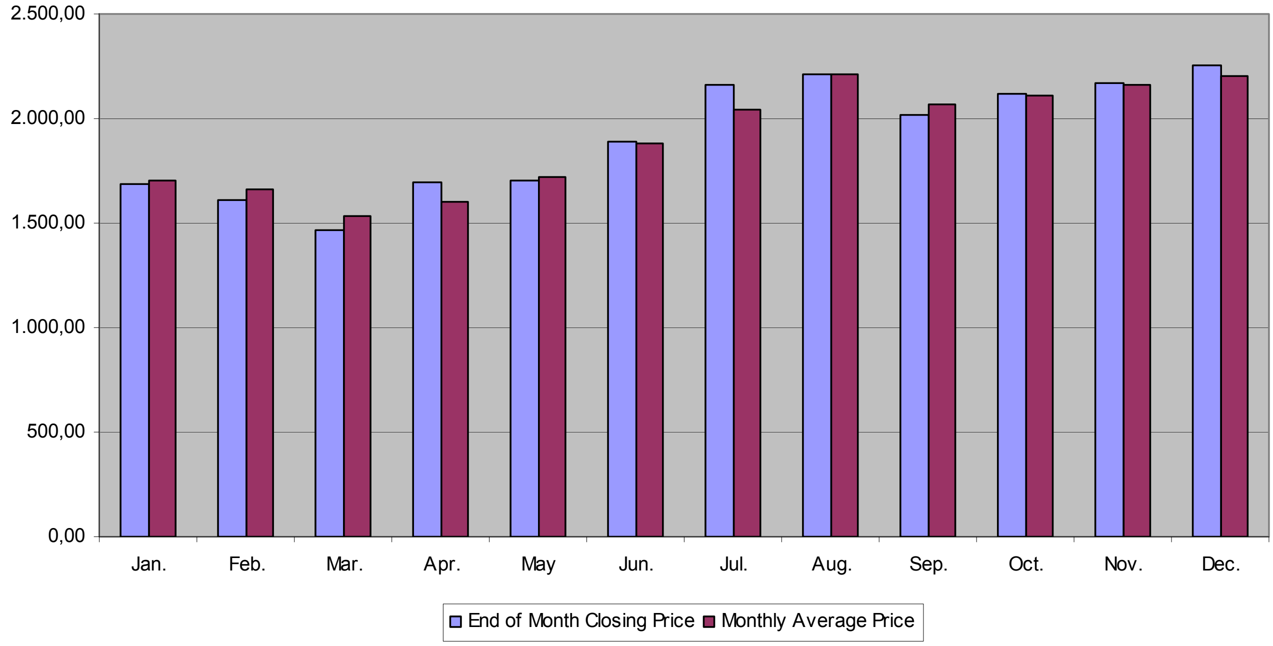


FIGURE 3.
Monthly Closing Price of the ASE General Index, 2003



The stock market and sectoral share-price indices in the ASE.

In 2003, most sectoral indices in the Athens Stock Exchange followed an upward course (Tables 3 and 4). This stock price increase was led by large capitalization stocks, especially bank stocks. The FTSE/ASE 20 index rose by 35.43% year-on-year, the FTSE/ASE Mid 40 index, which includes middle capitalisation stocks rose by 26.77%, while the FTSE/ASE Small Cap 80 index, which includes small capitalisation stocks rose by 28.60%. In 2003, the greatest gains were realized by the Retail Trade (103.58%), Publishing-Printing (86.54%), Bank (57.98%) and Investment (54.17%) indices. Conversely, the Textiles, Information Technology, Construction and Industrial Minerals indices suffered losses for the year (-14.78%, -9.16%, -5,27% and -2.6% respectively). In total, out of 18 sectoral indices in the ASE, 8 showed higher gains than the General index. The Parallel Market Index registered a slight increase of 7.54%. Finally, out of 357 stocks listed in the Athens Stock Exchange, 247 stocks (69% of the total) were outperformed by the Index during the period 02.01.2003 - 31.12.2003. Moreover, 228 stocks registered a price increase during the same period, while 129 stocks registered price declines ranging from 0.4% to 72.5%.

TABLE 3.
Sectoral Share-price Indices in the ASE, 2003

Sectoral Share-Price Index	Closing price 31.12.2003	Lowest price for the year	Highest price for the year	% change since 2.1.2003
General Index	2,263.58	1,462.19	2,326.58	29.46
FTSE/ASE 20	1,169.95	700.8	1,175.46	35.43
FTSE/ASE MID 40	237.71	148.14	258.16	26.77
FTSE/ASE Small Cap 80	597.35	346.01	737.34	28.60

FTSE/ASE 140	2,668.98	1,618.9	2,772.81	33.45
Banks	4,246.88	2,028.27	4,270.34	57.98
Insurance	712.07	358.21	929.16	37.54
Investment	837.33	436.92	839.22	54.17
Industrial	1,171.45	854.58	1,308.55	15.45
Holding Companies	1,398.02	798.75	1,505.83	32.57
Construction	897.03	662.98	1,066.07	-5.27
Metals	434.3	350.27	536.6	1.95
IT Equipment	263.81	140.78	340.80	36.85
Publishing-Printing	436.57	183.71	595.05	86.54
Textiles	336.43	212.1	538.22	-14.78
Retail Trade	1,089.47	499.27	1,121.43	103.58
Industrial Minerals	768.67	635.79	845.67	-2.6
Information Technology	428.85	304.45	550.68	-9.16
Telecommunications	874.48	707.09	917.93	7.06
Food & Beverages	471.57	330.08	570.12	7.7
Wholesale Trade	515.19	283.43	562.38	35.39
Real Estate	851.66	744.02	987.42	3.93
Oil Refineries	1,073.13	749.02	1,125.15	16.94
Parallel Market	165.95	111.46	187.91	7.54

Source: ASE

TABLE 4.
Sectoral Share Price Indices in the ASE by Month, 2003

	General Index	Banks	Insurance	Investment	Holding Companies	Industrial.	Construction	Parallel Market	FTSE/ ASE 20	FTSE/ ASE Mid 40	FTSE/ ASE Small Cap 80
31-Jan.	1,683.59	2,510.82	422.41	506.99	943.72	951.77	904.19	137.04	835.43	171.42	421.09
28-Feb.	1,614.06	2,353.13	400.39	480.62	911.85	936.78	819.83	126.35	791.73	164.30	394.45
31-Mar.	1,467.30	2,053.40	390.72	451.54	840.00	860.34	723.62	112.26	703.37	154.70	363.14
30-Apr.	1,691.52	2,626.17	479.93	507.62	1,040.40	977.48	873.40	128.99	834.57	178.23	445.91
30-May	1,707.54	2,736.47	497.01	571.49	1,040.97	994.66	838.48	131.97	843.28	179.83	469.33
30-Jun.	1,892.04	3,180.40	640.95	651.84	1,106.11	1,075.42	818.30	140.97	947.15	203.26	515.84
31-Jul.	2,158.64	3,731.20	783.05	712.43	1,310.07	1,207.49	975.89	165.71	1,084.64	233.87	653.15
29-Aug.	2,210.57	3,920.41	850.24	746.18	1,339.54	1,256.04	976.00	170.24	114.22	242.48	681.32
30-Sep.	2,019.76	3,531.36	641.40	689.15	1,130.82	1,139.37	843.95	146.91	1,016.60	212.61	551.59
31-Oct.	2,121.06	3,760.06	748.95	739.15	1,238.59	1,184.93	867.34	155.67	1,063.61	230.95	559.96
28-Nov.	2,170.05	3,859.52	718.37	778.29	1,298.68	1,200.44	870.58	154.17	1,098.39	232.50	586.06
31-Dec.	2,263.58	4,246.88	712.07	837.33	1,398.02	1,171.45	897.03	165.95	1,169.95	237.71	597.35
Max. 2003[1]	2,310.52	4,246.88	900.77	837.33	1,490.89	1,301.01	1,054.50	177.62	1,169.95	255.06	734.24
Min.2003[1]	1,467.30	1,467.92	369.80	440.64	815.10	858.17	673.54	109.18	703.37	149.45	350.61

Source: ASE.
Note: [1.] Closing prices.

The value of transactions in the stock market of the ASE.

In 2003, the total value of transactions in the Athens Stock Exchange increased by 40.9%, rising to 34.9 billion Euros, from 24.8 billion Euros in 2002 and 40.5 billion Euros in 2001 (Table 5). The average daily value of transactions was 138.86 million Euros, as compared to 100.3 million Euros in 2002 and 162.1 million Euros in 2001. The highest daily value of transactions was 692.7 million Euros and was observed on July 16th, while the lowest daily value of transactions was 35.5 million Euros and was observed on February 17th. The highest monthly value of transactions was observed in

July (4.8 billion euros) and was equivalent to 13.7% of the total annual value of transactions, while the lowest monthly value of transactions was observed in February (1.2 billion euros) and was equivalent to 3.4% of the total value of transactions in 2003.

In 2003, the largest annual increase in the value of transactions (50.8%) occurred in the Main Market and was equivalent to 84.6% of the total value of transactions in the ASE. The value of transactions in the Parallel Market registered a slight increase of 0.4%, and accounted for 14.2% of the total value of transactions in the ASE in 2003, as compared to 20% in 2002. The annual value of transactions in the New Market increased by 40.1% in 2003 and accounted for 0.9% of the total value of transactions in the ASE in 2003, as in 2002. In the same year, 2 new companies listed their shares in the New Market, raising the total number of companies in this market to 7.

TABLE 5.
The Value of Transactions in the ASE, 1995–2003

Year	Main Market		Parallel Market		New Market		ASE Total[1]	
	Amount (million Euros)	% Annual Change.	Amount (million Euros)	% Annual Change.	Amount (million Euros)	% Annual Change.	Amount (million Euros)	% Annual Change.
1995	3,690.91	2.6	442.53	321.3	-	-	4,140.11	11.4
1996	5,334.03	44.5	506.05	14.4	-	-	5,849.33	41.3
1997	16,259.13	204.8	768.10	51.8	-	-	17,081.40	192.0
1998	39,097.70	140.5	2,233.45	190.8	-	-	41,708.07	144.2
1999	153,373.11	292.3	19,175.66	158.6	-	-	173,026.98	314.9
2000	83,961.93	-45.3	16,824.75	-12.3	-	-	101,675.74	-41.2
2001	33,698.54	-59.9	6,679.37	-60.3	151.89	-	40,529.80	-60.1
2002	19,596.78	-41.8	4,943.69	-26.0	230.56	51.79	24,771.03	-38.9
2003	29,558.30	50.8	4,975.93	0.7	323.06	40.1	34,936.13	40.9

Source: ASE.
Note: [1.] Includes margin account transactions in the Main and Parallel markets.

Market capitalisation of the ASE listed companies.

In 2003, the total market capitalization of ASE listed companies increased substantially, both as an absolute figure, and as a percentage of the GDP (Tables 6 & 8) and rose from 65.8 billion euros in the end 2002 to 84.6 billion euros by the end of 2003, registering a total annual increase of 28.6%.

The increase of market capitalisation during 2003 is mainly due to the rise in share prices, given that in 2003 the activity in the primary securities market resumed the decline of the previous years. By the end of 2003, the total capitalization of the 15 companies that listed their shares in the ASE during the year was 768.68 million euros, which accounts for just 0.9% of total market capitalisation in the Greek stock exchange.

In 2003, the market capitalisation of shares traded in the Main Market rose by 29.3% to 78.2 billion euros and represented 92.5% of total market capitalisation in the ASE, as compared to 91.9% in the end of 2002. The market capitalisation of shares traded in the Parallel Market rose by 17.8%, and in the end of 2003 represented 7.2% of total market capitalisation in the ASE, as compared to 7.9% in the end of 2002. The market capitalisation of shares traded in the Parallel Market rose by a spectacular 119.9%, mainly because of the introduction of two new companies, and in the end of 2003 represented a mere 0.3% of total market capitalisation in the ASE.

In 2003, the financial sector (banks, insurance companies, leasing companies, portfolio investment companies) featured the largest annual increase in market capitalization, which in the end of the year accounted for 30.1% of total market capitalisation in the ASE, as compared to 27% in 2002 and 31% in 2001. There was also an increase in the market capitalisation of the industrial-manufacturing sector, which in the end of 2003 accounted for 20.7% of total market capitalisation in the ASE, as compared to 18.8% in the end of 2002. The market capitalisation of other sectors and companies (provision of non-financial services, trade, construction, and shipping) registered the lowest annual gain (13.8%), and in the end of 2003 accounted for 41% of total market capitalisation in the ASE, as compared to 46.4% in 2002.

By the end of 2003, banks accounted for 27.9% of total market capitalisation in the ASE, as compared to 23.6% in 2002 and 24% in 2001, mainly because of the great increase in bank share prices, followed by Telecommunications, with 14.7% of total market capitalisation in the ASE, as compared to 17.3% in 2002, Holding Companies with 6%, Electricity with 5.4%, and Gaming with 5.2% of total market capitalisation.

By the end of 2003, the listed companies with the highest market capitalization were the National Bank of Greece and the Hellenic Telecommunications Organization, each with 6% of total market capitalization in the ASE (as compared to 4.7% and 8.1% respectively in 2002). EFG Eurobank-Ergasias accounted for 5.7% of total market capitalization in the ASE, as compared to 5.3% in 2002, Alpha Bank accounted for 5.6%, and the Public Power Corporation accounted for 5.4%, followed by Coca-Cola HBC with 4.6%, the Hellenic Organization of Football Prognostics (OPAP) with 4.3%, Cosmote with 4.2% and Vodafone-Panafon with 4% of total market capitalization in the ASE.

The average monthly liquidity index of the stock exchange rose in the period January-August 2003, only to decrease again later. That said, overall liquidity in the Athens Stock Exchange increased in 2003, given that the average annual liquidity index rose to 0.18% in 2003, from 0.13% in 2002 and 0.18% in 2001 (Table 8).

As a consequence of the upturn in the stock market, the ratio of the total market capitalisation of companies listed in the ASE to Greece's GDP rose to 55.6% in 2003 from 46.9% in 2002. By the end of 2003, total market capitalisation was equivalent to 61.5% of Greece's contribution to money supply (M3) in the euro zone, as compared to 61.6% in 2002, and to 68.7% of the total value of commercial deposits and repos (Table 7).

TABLE 6.
Market Capitalisation of the ASE Listed Companies, 1995-2003.

Year	Main Market				Parallel Market	New Market	ASE Total	
	Financial Sector[1] (million euros)	Manufacturing. (million euros)	Other[2] (million euros)	Amount (million euros)	(million euros)	(million euros)	Amount (million euros)	% change
Dec. 1995	4,082.4	6,096.5	1,185.0	11,363.9	451.0	-	11,814.8	
Dec. 1996	4,898.4	5,695.1	6,289.6	16,883.1	563.1	-	17,446.2	47.7
Dec. 1997	8,976.0	9,457.1	9,397.3	27,830.4	962.9	-	28,793.3	65.0
Dec. 1998	23,740.5	18,619.2	21,797.3	64,157.0	2,867.8	-	67,024.8	132.8
Dec. 1999	64,783.2	61,863.2	51,244.0	177,890.4	19,646.6	-	197,537.0	194.7
Dec. 2000	44,076.6	32,788.1	30,419.2	107,283.9	10,672.3	-	117,956.3	-40.3
Dec. 2001	30,105.5	19,178.4	39,894.6	89,178.5	7,720.8	50.2	96,949.5	-17.8
Dec.2002	17,578.0	12,383.7	30,487.7	60,449.3	5,188.3	122.1	65,759.7	-47.4
Dec.2003	26,030.4	17,458.3	34,678.7	78,167.3	6,111.4	268.5	84,547.1	28.6

Source: ASE.

Notes: 1. Banks, Insurance Companies, Portfolio Investment Companies, Leasing Companies

2. Holding Companies, Construction, Telecommunications, Water Supply, Electricity, Shipping, Information Technology, TV & Entertainment, Gaming, Health, Wholesale trade, IT Equipment, Retail Trade, Mobile Telephony Retail Services, Hotels, Resorts, Advertising, Real Estate, Mining, Motor Vehicle Trade & Maintenance, Transport Rental Services, Fish Farming, Agriculture & Farming, Change of Activity.

TABLE 7.
Monthly Liquidity Index in the ASE, 2003

	Market Capitalisation (end of month, million Euros)	Average daily value of transactions (million Euros)	Average Daily Liquidity Index[1] (%)
Jan.	62,582.03	69.17	0.11
Feb.	59,867.41	58.53	0.11
Mar.	54,867.92	72.43	0.11
Apr.	63,590.94	109.57	0.17
May	64,886.83	108.35	0.15
Jun.	72,015.73	195.83	0.23
Jul.	83,716.88	205.35	0.24
Aug.	86,344.43	182.52	0.24
Sep.	77,139.23	146.43	0.18
Oct.	81,381.63	183.59	0.22
Nov.	82,438.90	173.06	0.21
Dec.	84,547.10	151.12	0.18

Source: ASE.

Note: 1. The Liquidity Index equals the ratio of average daily value of transactions to total market capitalisation.

TABLE 8.
Market Capitalisation and Macroeconomic Indicators, 1993-2003.

	Market Capitalisation (% of GDP)	Market Capitalisation (% of M3)	Market Capitalisation (% of commercial deposits and repos)
Dec. 1993	14.7	16.8	25.4
Dec. 1994	14.9	16.9	27.6
Dec. 1995	14.9	17.6	28.3
Dec. 1996	20.0	23.2	38.5
Dec. 1997	29.6	47.1	52.0
Dec. 1998	63.6	100.1	109.6
Dec. 1999	169.4	172.8	193.9
Dec. 2000	95.5	92.5	99.9
Dec. 2001	74.1	67.4	77.0
Dec. 2002	46.9	61.6	66.3
Dec. 2003	55.5[1]	61.5 [2]	68.7 [2]

Sources: ASE, Bank of Greece.
Notes: [1]. The GDP level for the year 2003 is estimated by the Ministry of Economy and Finance to approximately 152.2 billion euros (see revised Stability & Growth Programme, December 2003, Appendix A).
[2]. August 2003 data.

Net profits and dividends of the ASE listed companies.

The decline in the profitability of most ASE listed companies that had already been observed in 2001, continued during the year 2002 (Table 9). Net profits post tax and after board member compensation of listed companies, based on their 2002 annual financial statements, amounted to 3.1 billion euros, reduced by 27.5% in comparison to 2001. At the same time, the dividends distributed out of the 2001 profits were reduced by 26.5%, leading to a dividend payout ratio of 54% for 2002, as compared to 53.3% for 2001 and 47.6% for 2000. By the end of 2002, the weighted price to earnings ratio (P/E) was 22.6 for the capital market as a whole, 11.1 for Banks, 17.3 for Telecommunications, 26.3 for Insurance and 21.0 for Holding Companies.

In 2003, listed company results show considerable improvement. According to the consolidated results for the first three quarters of 2003, there was a substantial increase in total pre-tax profits by 22% and in total turnover by 12%. Leaving out bank profits, the rise in the profits of the remaining listed companies is limited to 11.9%. According to the non-consolidated results for the first three quarters of 2003, 292 listed companies show profits and 57 suffered losses, whereas according to consolidated results 217 show profits and 38 suffered a loss.

By the end of September 2003, the weighted price to earnings ratio had risen to a spectacular 26.1 for the capital market as a whole, 19.7 for Banks, 19.2 for Telecommunications and 52.6 for Holding Companies.

TABLE 9.
Net Profits and Distributed Dividends of ASE listed Companies, 1991-2002

Year	Net profits[1]		Distributed Dividends		Dividend Ratio
	Amount (million Euros)	% change	Amount (million Euros)	% change	
1991	694.20	-	374.14	-	-
1992	528.61	-23.9%	261.62	-30.1%	49.5
1993	913.42	72.8%	353.17	35.0%	38.7
1994	1,019.07	11.6%	503.03	42.4%	49.4
1995	1,072.40	5.2%	568.24	13.0%	53.0
1996	2,008.38	87.3%	733.38	29.1%	36.5
1997	2,144.61	6.8%	1,010.38	37.8%	47.1
1998	2,640.20	23.1%	1,316.33	30.3%	49.9
1999	6,109.47	131.4%	1,931.19	46.7%	31.6
2000	5,558.00	-9.0%	2,645.74	37.0%	47.6
2001	4,299.98	-22.6%	2,290.40	-13.4%	53.3
2002	3,117.67	-27.5%	1,682.46	-26.5%	54.0

Source: ASE.
Note: [1]. Profits after taxes and after the compensation of board members of profitable companies.

The derivatives market of the Athens Stock Exchange

In 2003, the derivatives market of the Athens Stock Exchange was marked by the introduction of new products, the improvement of services provided to users and a surge in trading activity.

Indeed, two new products were introduced during the year: stock options (January 7th), and futures on the euro:dollar exhange rate (May 19th). The stock options are American type and their settlement is made by physical delivery upon execution. Initially, the underlying securities of the said option were the shares of Alpha Bank, National Bank of Greece, Intracom SA and the Hellenic Telecommunications Organization. The future on the euro:dollar exchange rate is a foreign exchange risk management instrument. Prior to the introduction of this new derivative product in the Greek market, such management was mainly effected through the use of over-the-counter (OTC) tools.

The operational efficiency of the derivatives market was further enhanced by establishing the obligation of firms to provide five optimum bid and ask prices to their clients. Moreover, since last July the derivatives market supports corporate transactions on ASE listed companies that create free share settlement obligations on stock repos.

In 2003, the volume of transactions in the derivatives market increased substantially. The average daily volume of transactions on all traded futures and options increased from 8,662 contracts in 2001 and 14,921 contracts in 2002 to 19,559 contracts in 2003, which corresponds to an annual increase of 31.09%. The highest activity was observed in September, with an average daily volume of transactions amounting to 29,543 contracts. The Hellenic Telecommunications Organization stock future enjoyed the largest increase (277.82%), while FTSE/ASE Mid 40 futures suffered the greatest decline (77.63%) in the average daily volume of transactions. The average daily volume of transactions on FTSE/ASE 20 futures rose by 34.80% and accounts for 57,91% of the total average daily volume of transactions in the derivatives exchange in 2003. The average daily volume of transactions of two derivative products whose underlying instrument is the FTSE/ASE 20 index accounted for 86.23% of the total average daily volume of transactions for the year 2003, as compared to 83.8% in 2002. The average daily volume of transactions on FTSE/ASE Mid 40 options declined by a substantial 57.79%. The average daily volume of transactions on stock futures rose to from 154 contracts in 2002 to 319 in 2003, while the average daily volume of transactions on stock options was 17 contracts. The average daily volume of transactions on futures on the euro:dollar exchange rate was 436 contracts, during eight months of trading. Finally, stock repo derivatives showed considerable trading activity, and as result the daily volume of transactions on Stock Repos rose from 159,604 contracts in 2002 to 191,852 contracts in 2003, and the Stock Reverse Repos rose from 114,237 contracts in 2002 to 225,959 contracts in 2003.

In 2003 there was an increase of investor activity in the derivatives market. The number of end investor-client accounts amounted to 21,526 accounts in 2003 as compared to 15,482 accounts in

2002, registering an annual increase of 37.29%. In 2003, the number of client accounts increased by 481 accounts per month, leading to a monthly growth rate of 2.7%. During the same year, 2,668 investor accounts performed transactions each month, as compared to 2,393 accounts per month in 2002.

In 2003 there were only marginal changes in the distribution of transactions per member type, regarding the whole of the derivatives market in comparison to the previous year. The ratio of contracts executed by members on their own account to contracts for customer accounts was 56:44 in 2003, as compared to 57:43 in 2002 (Table 11). The distribution of transactions per member type for each derivative product shows that for FTSE/ASE 20 futures and options, as well as for Vodafone-Panafon and Alpha Bank stock futures the ratio of contracts executed by members on their own account to contracts for customer accounts has increased, whereas for FTSE/ASE Mid 40 futures and options and OTE, National Bank of Greece, Coca-Cola HBC and Intracom SA stock futures this ratio has decreased.

TABLE 10.
The Athens Stock Exchange Derivative Products Market, 1999-2003.

	Dec. 1999	Dec. 2000	Dec. 2001	Dec.2002	Dec.2003
Trading Members	20	40	65	70	67
- Greece	20	40	63	68	-
- Europe	-	-	2	2	-
Clearing Members (ADECH)	20	36	42	47	47
- Direct Clearing Members	20	29	33	35	35
- General Clearing Members	-	7	9	12	12
Terminals	92	171	333	419	429
API use agreements	-	21	28	34	35
Client Accounts	325	3,181	9,133	15,482	21,256
Products	1	5	7	8	10

Source: ASE

TABLE 11.
Contracts for Own & Customer Transactions per Product, 2001-2003

Derivative financial products of the ASE derivatives market	Own and Client Contracts					
	Average 2001		Average 2002		Average 2003	
	Own	Client	Own	Client	Own	Client
FTSE/ASE- 20 Futures	47%	53%	54%	46%	56%	44%
FTSE/ASE Mid 40 Futures	52%	48%	70%	30%	57%	43%
FTSE/ASE- 20 Options	53%	47%	55%	45%	58%	42%
FTSE/ASE Mid 40 Options	71%	29%	73%	27%	72%	28%
HTO Stock Future	-	-	64%	36%	59%	41%
VODAFONE-PANAFON Stock Future	-	-	61%	39%	62%	38%
NATIONAL BANK Stock Future	-	-	58%	42%	54%	46%
COCA COLA 3E Stock Future	-	-	68%	32%	67%	33%
ALPHA BANK Stock Future	-	-	57%	43%	59%	41%
INTRACOM Stock Future	-	-	68%	32%	58%	42%
HTO stock option	-	-	-	-	53%	47%
NATIONAL BANK Stock option	-	-	-	-	47%	53%

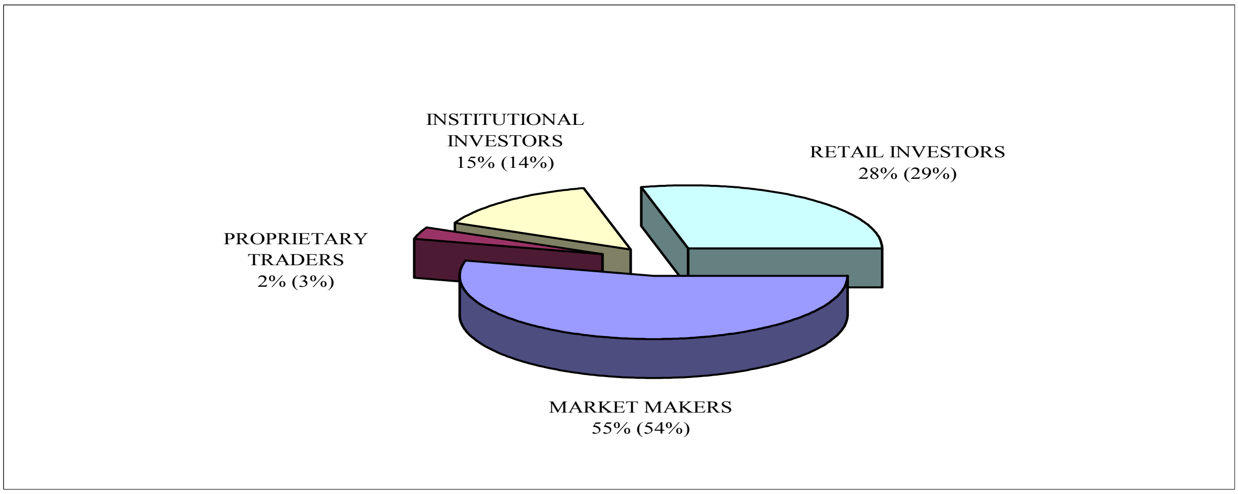
Alpha Bank Stock option	-	-	-	-	99%	1%
INTRACOM Stock option	-	-	-	-	25%	75%
Future on the euro:dollar exchange rate	-	-	-	-	94%	6%
Stock Repos	-	-	-	-	2%	98%
Stock Reverse Repos	-	-	-	-	45%	55%
Total	49%	51%	57%	43%	56%	44%

Source: ASE

In 2003, there was a slight change in the distribution of transaction volume per type of investor, as regards the whole of derivative products (Figure 3). The participation of Market Makers in the total volume of transactions increased from 54% in 2002 to 55% in 2003, while, on the contrary, the participation of Proprietary Traders was reduced from 3% in 2002 to 2% in 2003. The participation of private investors in the total volume of transactions decreased from 29% in 2002 to 28% in 2003, while the participation of institutional investors increased from 14% in 2002 to 15% in 2003, with Greek and foreign institutional investors accounting for 11% and 4% respectively.

The distribution of transactions per type of member showed a marginal change. In 2003, market makers were responsible for 73% of the total volume of transactions as compared to 74% in 2002, proprietary traders were responsible for 20% of the total volume of transactions as compared to 19% in 2002 and simple members were responsible for 7% of the total volume of transactions in 2003, as in 2002

FIGURE 4.
Distribution of the Volume of Transactions per Type of Investor, 2002-2003.



Source: ASE.
Note: The 2002 figures are shown in brackets.

As a result of the 2003 bull market and the reactivation of investors in the stock market, the increase in the value of transactions in the stock market exceeded the corresponding increase in the derivatives market of the Athens Stock Exchange. The average value of the ratio of the value of transactions on futures and options to the total value of transactions on the underlying securities feel from 84% in 2002, to 66% in 2003. Moreover, the average value of transactions on all futures to the value of transactions on stocks comprising the FTSE/ASE 20 and FTSE/ASE Mid 40 indices fell from 107% in 2002, to 66% in 2003.

TABLE 12.
The Underlying and Future Derivative Products Market in the ASE, 2001-2003.

Month-Year	Transaction value of Futures & Options to the value of ASE transactions	Transaction value of FTSE/ASE-20 & MID 40 shares to the value of ASE transactions	Total Futures to FTSE/ASE20 & MID40 shares	Futures to Spot FTSE/ASE-20 shares	Futures to Spot FTSE/ASE-40 shares
Jan. 2001	44%	61%	64%	74%	40%
Feb. 2001	38%	57%	61%	74%	45%
Mar. 2001	21%	36%	54%	55%	56%
Apr. 2001	34%	51%	60%	63%	54%
May 2001	36%	64%	53%	55%	47%
Jun. 2001	47%	72%	57%	64%	36%
Jul. 2001	59%	62%	83%	101%	32%
Aug. 2001	40%	39%	80%	107%	20%
Sep. 2001	39%	54%	57%	70%	16%
Oct. 2001	44%	48%	73%	94%	20%
Nov. 2001*	34%	41%	64%	79%	25%
Dec. 2001	29%	45%	45%	53%	23%
Jan. 2002	39%	43%	65%	81%	23%
Feb. 2002	60%	48%	86%	105%	28%
Mar. 2002	71%	52%	97%	118%	35%
Apr. 2002	83%	57%	101%	146%	32%
May 2002	73%	57%	93%	134%	32%
Jun. 2002	81%	61%	89%	111%	32%
Jul. 2002	98%	55%	112%	155%	22%
Aug. 2002	107%	49%	143%	193%	24%
Sep. 2002	128%	56%	149%	199%	25%
Oct. 2002	120%	53%	164%	222%	29%
Nov. 2002	89%	56%	151%	291%	34%
Dec. 2002	69%	59%	73%	85%	19%
Jan. 2003	109%	70%	95%	108%	14%
Feb. 2003	94%	73%	82%	101%	9%
Mar. 2003	78%	68%	80%	89%	13%
Apr. 2003	63%	61%	67%	75%	17%
May 2003	66%	56%	79%	97%	10%
Jun. 2003	51%	62%	55%	75%	5%
Jul. 2003	47%	62%	50%	64%	4%
Aug. 2003	54%	55%	65%	94%	4%
Sep. 2003	93%	67%	95%	123%	4%
Oct. 2003	44%	83%	37%	52%	2%
Nov. 2003	48%	80%	44%	49%	6%
Dec. 2003	44%	70%	47%	53%	3%

Source: ASE.

Unlike the two preceding years, in 2003 the call:put ratio was more in favour of call options, reflecting positive investor expectations concerning the course of stock markets. The value of the ratio regarding the entire volume of transactions was 1.59 in 2003, as compared to 0.85 in 2002 and 0.84 in 2001, while the average monthly value of the ratio was 1.62 in 2003, as compared to 0.87 in 2002 and 0.93 in 2001.

By separating FTSE/ASE20 options from FTSE/ASE Mid 40 options it is evident that the value of the ratio regarding the total volume of transactions for the year 2003 is higher for the former in comparison to the latter (1.60 for FTSE/ASE20 options, as compared to 1.19 for FTSE/ASE Mid 40 options). It is also evident that the average monthly value of the ration for the year 2003 is marginally higher for the former in comparison to the latter (1.62 for FTSE/ASE20 options, as compared to 1.61 for FTSE/ASE Mid 40 options).

There is ample scope for further increases in the participation of major investor types, such as institutional investors and banking groups, in the derivatives market. The enrichment of this market with new products is incessant and reflects the increase in hedging requirements. There is a great effort to improve services, to promote products and to educate investors. These developments create a positive outlook for the further expansion of the market.

The fixed-income securities market.

A main aim of the policy concerning the issuance of Greek treasury securities during the 2003 was the issuance of 3-year, 5-year, and 10-year reference bonds. The Greek State employed two methods for the primary distribution of those securities: (i) the syndication method, for the issuance of 5-year and 10-year reference bonds; and (ii) the auction method, for the issuance of the new 3-year bond, and the reissue of the 3-year, 5-year, 10-year and 20-year reference bonds and the 13, 25, and 52-week Treasury bills. According to data from the Ministry of Economy and Finance, by the end of the third quarter of 2003 the new composition of public debt was 83.5% fixed rate bonds, 12.4% Treasury bills and 4.1% inflation-linked bonds, while the new composition of Greek State debt was 22.5% 3-year bonds, 33.9% 5-year bonds, 31.5% 10-year bonds and 12.1% 20-year bonds.

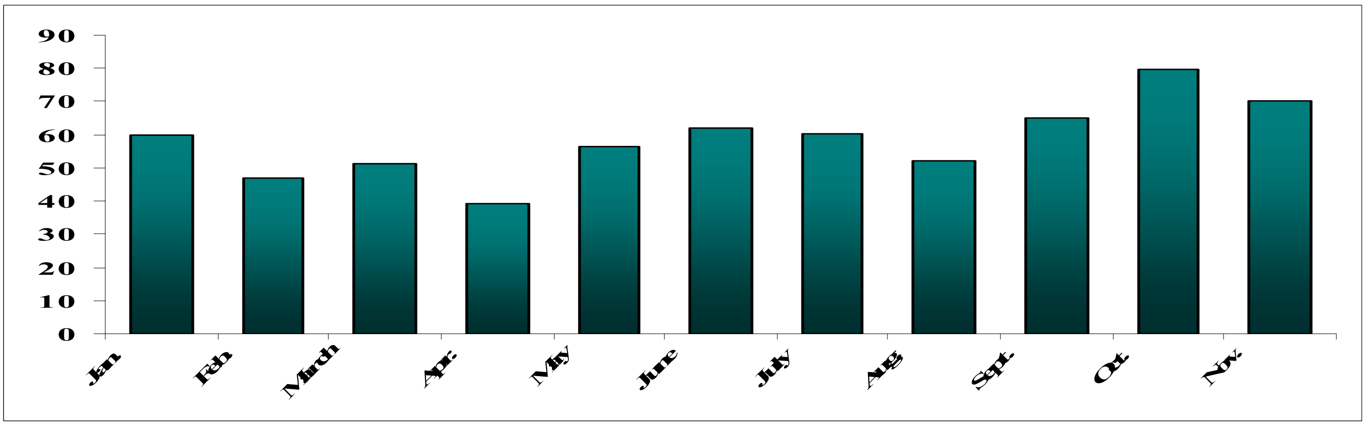
In March 2003, the first Greek inflation-linked bond denominated in euro, whose value is linked to the harmonized consumer price index of the euro zone, was issued and distributed by means of the syndication method. Moreover, during the same year Savings Certificates with maturities of one year, were issued in four series (February, May, September, and November) and were exclusively distributed to retail investors by means of the initial public offering method. These certificates are tax-free, provided that they are held for a certain period. In order to verify the period the Savings Certificates will be held, the Hellenic Capital Market Commission amended the Regulation for the Dematerialized Securities System (DSS), establishing the mandatory recording of those certificates in the relevant investment accounts of their holders.

Greek Treasury bond yields reflected similar developments in the yields of equivalent euro zone and US securities, and were marked by volatility. For example, the average monthly yield of the 10-year bond rose to 4.59% in early December 2003 from 4.43% in January 2003 and 4.58% in December 2002. The average monthly value of transactions for the period Jan.-Nov. 2003 in the Electronic

Secondary Treasury Bonds Market amounted to 58 billion euros, as compared to 47 billion euros in 2002 (Figure 4).

In 2003, trading was focused on bonds with remaining durations of 6 to 10 years, which during all three quarters of 2003 accounted for the largest portion of the total volume of transactions, amounting to an average of approximately 44%. In early December, the yield spread between the 10-year Greek Treasury bond and the equivalent German Bund feel to 10 basis points (Figure 5). During the period December 2002-September 2003, the yields of Greek Treasury bonds of all maturities were reduced, leading to a downward shift of the yield curve (Figure 6).

FIGURE 5.
Value of Transactions on Treasury Bonds per month, 2003 (bn euros)



Source: Bank of Greece

FIGURE 6.
Yield spread between the 10-year Greek Treasury bond and the equivalent German bund (basis points)

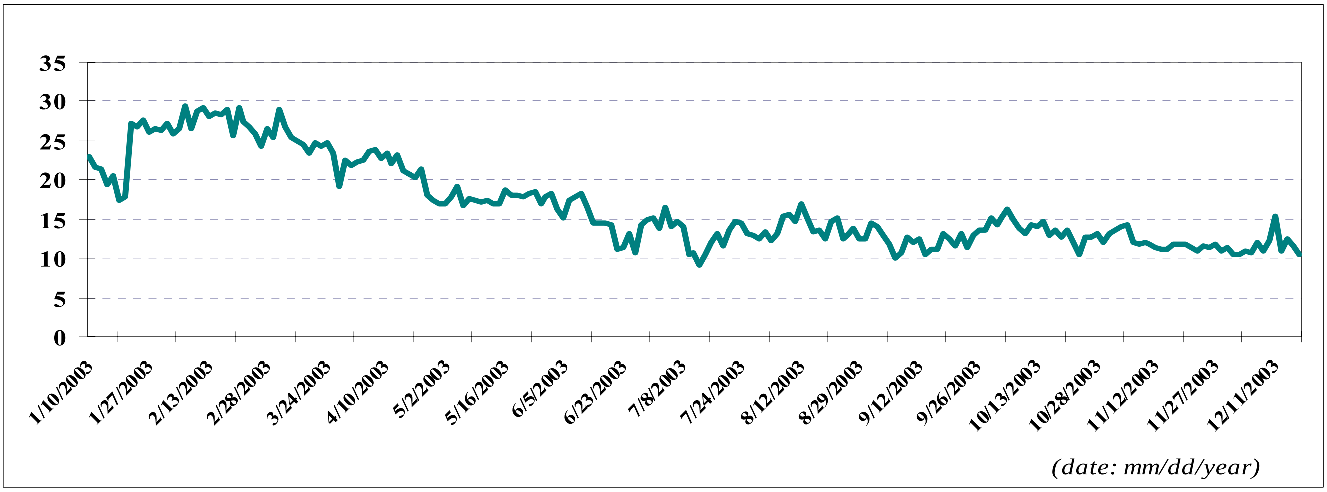
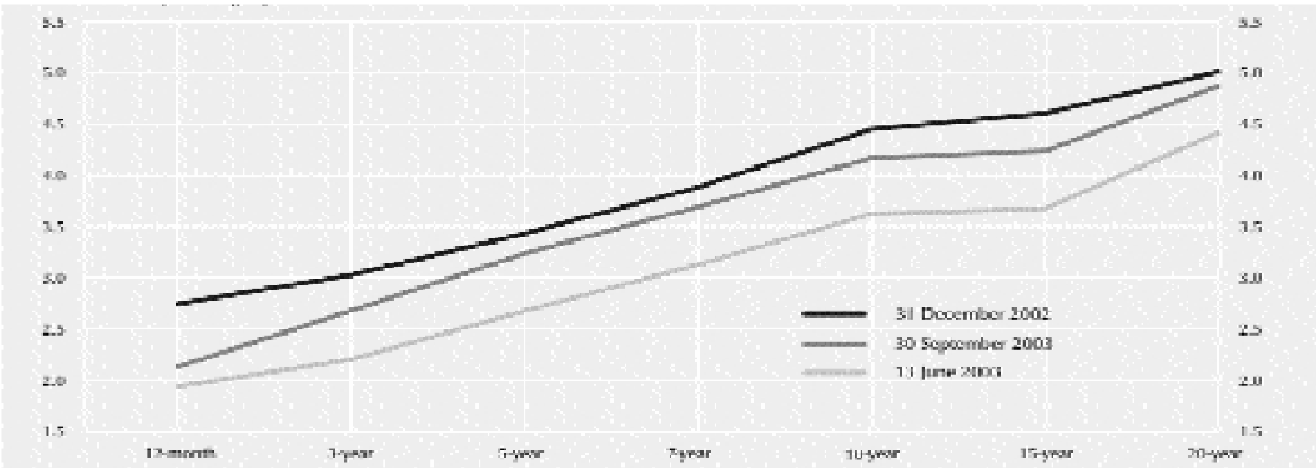


FIGURE 7.
The yield curve for Greek Treasury bonds
(in y-o-y percentage points)



Source: Bank of Greece

The year 2003 was marked by an upgrading of Greece's long term debt rating. In June, Standard & Poor's Co. upgraded Greece's long term debt rating from A to A+, followed by Fitch Co. in October. These upgrading align the ratings of S&P and Fitch to that of the Moody's credit rating agency, which had proceeded to a similar upgrading in November 2002.

The conversion of previous issues of the so-called 'prometoha', (i.e. government certificates convertible to privatising public enterprises shares,) with shares of public corporations, such as the Greek Organisation of Football Prognostics (OPAP SA), Hellenic Stock Exchanges, the Piraeus Port Authority and the Public Power Corporation, continued in 2003. More specifically, by October 2003 privatization certificates worth 752 million euros had been converted into shares.

In 2003, there was a downturn in activity in the corporate bond market, which included four issues of convertible corporate bonds by the following companies: Egnatia Bank SA., Elbisco Holding SA, Ridenco SA and Comm Group SA. The funds raised through these issues amounted to 68.4 million euros, as compared to 85.3 million euros in 2002.

In 2003, the institutional framework for the bond market was modernized and the business funding options of Greek companies were improved. Law 3156/25.6.2003 (Gazette A157/25.6.2003) on 'Corporate Bonds, claim securitization and real estate claims and other provisions' has been, indeed, enacted. The new framework brings the operation of both organized and over-the-counter markets up to date and established the possibility to securitize corporate and real estate claims. More specifically, the new framework modernizes the procedure for the issuance of corporate bonds according to type, established the ability of bond holders to form groups and appoint group representatives, and revamps the regulations regarding the convertibility of corporate bonds and their participation in corporate profits. It is noted, the claim securitization regarding the public sector had already been regulated in Greece by Law 2801/2000. In order to enhance investor protection the new framework will not permit the distribution of securitizes corporate bonds to investors by means of public offerings, but only by means of private placements and with a minimum credit rating for issuing companies.

The transactions clearing and settlement system

The Central Securities Depository (CSD) is the central agency for the clearing and settlement of stock exchange transactions, as well as for the support of the dematerialised securities system (DSS), in which dematerialised securities are credited to the securities account of investors during the execution of daily transactions or corporate actions. The participants in the clearing of transactions are the DSS operators, the investment firms-members in the ASE, and the banks that provide custodian services.
The basic services provided by the CSD include the following:
a) Services to operators, clearing and settlement. The activity aims at the completion of operations pertaining to the clearing and settlement of stock exchange transactions between DSS operators and all related actions.
b) Services to investors. They include the modification of vital data on investors' securities, the provision of information on the balances and movements of accounts, the establishment of encumbrances, the blocking of securities, inheritance matters, etc.
c) Services to issuing companies. The CSD provides services relating to the keeping of share registers and the performance of corporate actions, such as general shareholder meetings, share capital increases involving the distribution of free shares, share splits, etc, or through the registration of records in the case of share capital increases involving the exercise of pre-emptive rights. Shares are automatically entered in the DSS securities accounts and dividends are automatically credited to the bank accounts designated for investors.
d) The clearing of transactions performed in the Derivatives Exchange on stock and index futures and options.
All the above functions are specified and supervised in accordance with the Regulation for the Clearing and Settlement Process and the Operation of the Dematerialised Securities System.
During 2003, there were four amendments of the Regulation, designed to improve the overall effectiveness of the clearing and settlement process. Apart from amendments aimed at improving the system and reducing operation costs, the operational application of the DSS was upgraded through the establishment of new capabilities, such as supporting the issuance and distribution of Greek State Saving Certificates (the so-called 'popular bonds') to retail investors. It is noted that the immediate result of this upgrade was the opening of 68 thousand new securities accounts in the DSS. Afterwards, and based on the experience gained, the operational application of the DSS was further upgraded with

the aim of creating and supporting a secondary Greek state fixed securities market in the Athens Stock Exchange. This new capability enables the Central Securities Depository, which has already been granted by the Bank of Greece the right to operate similarly to credit institutions as a participant in the 'Accounting Transactions Monitoring System', to undertake the clearing of stock exchange transactions on Greek Treasury securities.

Investors may, if they wish, introduce their Greek Treasury securities for trading in the Athens Stock Exchange, through the credit institution or the investment firm-member of the ASE, with which they co-operate. After the execution of the transaction on day T, the Central Securities Depository completes the clearing of stock exchange transaction on Greek Treasury securities on day T+1. Finally, the operational application of the DSS was upgraded through the addition of one extra trading account for type B market makers of the derivatives market, in order to enable the tax exemption of the market making transactions they perform and to increase liquidity in the derivatives market. This improvement abolishes the tax obligations of Law 3091/2002.

In 2003, the number of trading accounts in the DSS showed a remarkable increase (Table 13), which is mainly due to the opening of the necessary accounts for the issuance and registering of Saving Certificates in the DSS. Out of 101.1 thousand new trading accounts in 2003, 68.3 thousand concern Saving Certificates. The distribution and origin of investors in the Athens Stock Exchange is presented by Table 14.

TABLE 13.
Number of new Stock Trading Accounts in the DSS by month, 1998-2003.

Month / Year	1998	1999	2000	2001	2002	2003
January	27	44,586	56,803	3,330	2,156	1,663
February	307	58,113	64,840	4,604	2,243	36,441
March	381	89,850	78,891	4,245	2,776	2,503
April	25,582	129,473	142,986	2,954	1,942	2,390
May	10,543	116,017	98,502	4,129	1,408	16,728
June	71,977	118,216	132,234	2,829	1,489	3,659
July	101,518	73,341	8,118	3,146	1,826	4,744
August	30,896	74,532	5,070	2,116	1,131	2,573
September	39,171	145,817	10,949	2,898	1,342	15,330
October	21,697	99,149	7,670	2,151	1,604	3,446
November	40,678	81,956	10,402	6,758	1,739	10,207
December	46,133	83,317	34,006	3,620	2,476	1,399
Total new accounts	389,910	1,114,367	650,471	42,780	22,132	101,083
Total inactive accounts	22,165	10,822	15,316	6,567	4,496	3,143
Total active accounts						2,258,234
Total accounts						2,320,743

Source: CSD.

TABLE 14.
Distribution of trading accounts in the Athens Stock Exchange, 31.12.2003.

	Number of accounts	% of total
Domestic Investors		
Individuals	88,901	96.04%
Legal Entities	457	0.49%
Institutional Investors	318	0.34%
Total	89,676	96.88%
Foreign Investors		
Individuals	1,099	1.19%
Legal Entities	295	0.32%
Institutional Investors	1,494	1.61%
Total	2,888	3.12%
Grand Total	92,564	100%

Source: CSD.

The primary and secondary securities markets.

The year 2003 was marked by a considerable reduction in the supply of new securities in both the US and EU primary markets. More specifically, according to data published by PriceWaterHouseCoopers, the international accounting firm, the total number of initial public offerings in the NYSE and NASDAQ markets of the US fell from 92 in 2002 to 82 IPOs in 2003, while in the European Union this number fell from 174 in 2002 to 137 IPOs in 2003.

In 2003, the number of companies that proceeded to initial public offerings of tradable stock in the Athens Stock Exchange was further reduced, remaining on the downward course of the past two years. Despite the reduction of newly listed companies in the stock exchange, the value of the total funds raised through the offering of corporate stock and bonds by means of initial public offerings and share capital increases registered an annual increase of 6.1% and amounted to 462.1 million euros in 2003, as compared to 435.5 million euros in 2002 and 1.49 billion euros in 2001. The participation of new issues to total market capitalization in the ASE was slightly reduced in 2003, as compared to 2002. More specifically, the value of funds raised through public offerings accounted by the end of 2003 to 0.55% of total market capitalization in the ASE, as compared to 0.66% in 2002, 1.5% in 2001, and 9.8% in 2000. In 2003, the number of ASE listed companies that proceeded to share capital increases rose in comparison to 2002, but the amount of funds raised increased at a relatively low rate.

Public offerings of shares by new and listed companies

During 2003, shares of 15 new companies were listed in the three markets of the Athens Stock Exchange. After deducting the listing of 2 Portfolio Investment Companies, whose introduction in the stock exchange is compulsory six months past their formation, the number of new companies that listed their shares in the stock market is 13. This is the lowest number in the last five years, given that

21 new companies listed their shares in 2002, 21 also in 2001, while 53, 38 and 23 new companies listed their shares in the Greek capital market in 2000, 1999 and 1998 respectively.

During 2003, there were altogether 16 public offerings in the ASE, as compared to 20 in 2002 and 24 in 2001. Out of this total, 3 offerings took place in the Main Market, 11 in the Parallel Market and 2 in the New Market of the Athens Stock Exchange.

TABLE 15.
Public Offering of shares and Funds Raised per ASE market, 2001-2003.

Market	2001		2001		2003	
	Number of IPOs	Raised funds (million Euros)	Number of IPOs	Number of IPOs	Raised funds (million Euros)	Number of IPOs
Main	13	1,024	7	898.54	3	1,403.7
Parallel	9	43.654	10	49.86	11	55.368
New	2	7.846	3	17.55	2	8.780
Total	24	1,075.5	20	965.95	16	1,467.8

Source: HCMC

The funds raised through public offerings and private placements with company employees of newly-listed companies amounted to 1,467.8 billion euros in 2003, as compared 965.95 million euros in 2002 and 1,075.5 billion euros in 2001, i.e. they increased by 51.9% and 36.5% as compared to the years 2002 and 2001 respectively. Out of 16 public offerings that took place during 2003, 14 concerned new issues, while the remaining 2 were performed by already listed companies, i.e. OPAP SA and the Public Power Corporation.

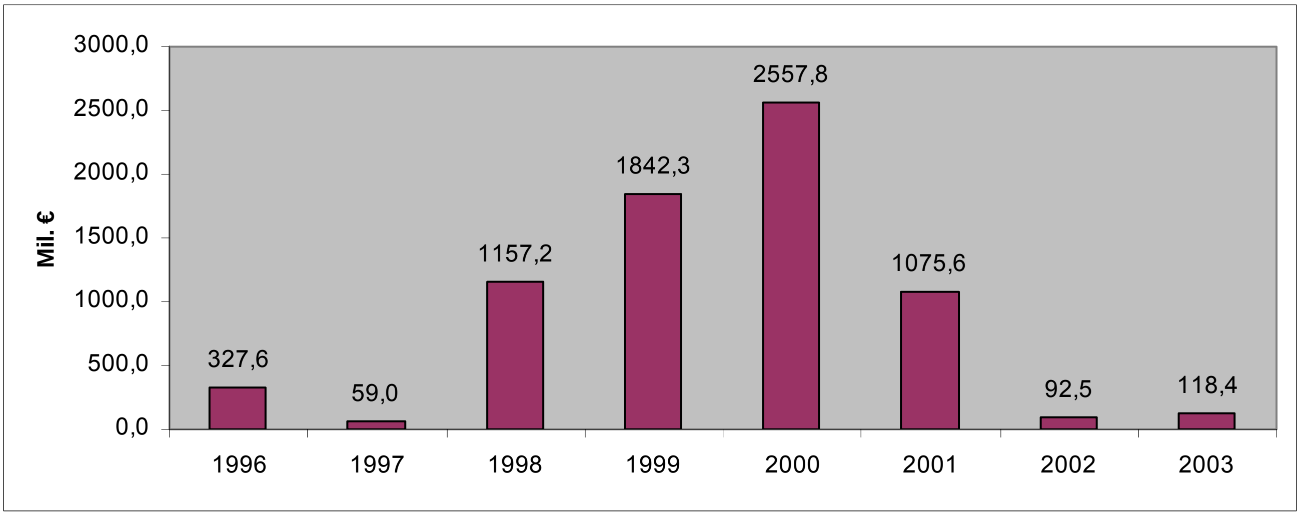
If these specific issues are excluded, the amount of funds raised through public offerings of new companies listed in the ASE stood at 118.4 million euros in 2003, as compared to 92.5 million Euros in 2002, 1.08 billion Euros in 2001, 2.56 billion Euros in 2000 and 1.84 billion Euros in 1999. The funds raised exclusively from new listings in 2003 rose by 28% in comparison to 2002, but were reduced by 89.04%, 95.37% and 93.56% as compared to each one of the three previous years

TABLE 16.
Issuance of shares through public offerings in the ASE, 2000-2003.

Year	Total Offerings	Initial Public Offerings			Public offerings by Listed Companies		
		Number	Amount (million euro)	% total	Number	Amount (million euro)	% total
2000	49	48	2,557.8	87.8	1	356	12.2
2001	24	24	1,075.6	100	0	0	0
2002	20	18	92.5	9.6	2	873.5	90.4
2003	16	14	118.4	8.1	2	1,349.5	92.9

Source: HCMC

FIGURE 8.
Capital Raised from Initial Public Offerings in the ASE, 1996-2003



Source: HCMC

From the total amount of funds raised though public offerings in 2003, a share of 95.63% (1,403,743,340 euros) was raised from the Main Market, 3.77% (55,367,943 euros) was raised from the Parallel Market and 0.60% (8,780,552 €) was raised from the New Market. The large portion of the Main Market is mainly due to the offer of stocks from two privatised companies of the wider public sector with high market capitalisations, i.e. OPAP SA and the Public Power Corporation. These two companies raised funds equivalent to 49.24% and 42.70%, respectively, of the total funds raised from public offerings in 2003. Excluding the funds drawn by these companies, the respective portions of funds raised by each market of the ASE, are the following: 45.81% (54,225,846 euros) through the Main Market, 46.77% through the Parallel Market and 7.42% through the New Market. That is, the percentage of funds raised by companies that listed their stock in the Parallel Market was larger in comparison to that of the Main Market, due to the large number of companies that listed their stock in this market, as a result of the looser listing prerequisites. The small, albeit increasing, number of companies that listed their shares in the New Market bears proof that, three years after its establishment, this market fulfils its main founding objective that is to become an alternative source of low cost funding for the business plans of new, dynamic and innovative companies.

The average amount of funds raised per public offering was 91.7 million euros in 2003, as compared to 48.3 million euros in 2002, 44.8 million euros in 2001 and 60.45 million euros in 2000. Capital concentration was high, given that the 2 issues of the privatised companies PPC and OPAP raised 91.93% of the total funds. Excluding the case of these two companies, the average amount of funds raised per public offering during 2003 is 8.4 million euros.

From the total amount of funds raised, a share of 3.6% (52,633,495 million euros) was raised from the issuance of new shares and 96.4% (1,415,258,341 million euros) was raised from the sale of existing shares by shareholders. Almost all this latter amount (95.35%) represents the funds raised from the sale of existing shares of privatised public corporations (PPC and OPAP).

The allocation of funds raised in 2002 between new and existing shares was 8.9% and 91.1%, while in 2001 it was 44% and 56% and in 2000 62.4% and 37.6% respectively. This disparity in the allocation between publicly offered new and existing shares during 2003, as well as during 2002, confirms the diminishing interest of companies for drawing funds through the capital market, by offering new shares at low prices.

The index of the average weighted (on the basis of the funds raised) over-subscription of public offerings in the ASE was 5.4 in 2003, as compared to 4.4 in 2002, 2.2 in 2001 and 29.5 in 2000. A positive development for the year was the rise in shares offered through public offerings in comparison to the two previous years, which represented, on one hand increased investor confidence in the market, and on the other hand, the rationalised valuation of new listings, which was based on the implementation of the book building process.

Table 17 presents the index of average weighted IPO over-subscription by private and institutional investors for each quarter of the year 2003. In the first quarter, average weighted over-subscription was equal to 2.61 times, in the second quarter it decreased to 2.32 times, in the third quarter it over-doubled to 5.74 times, while in the last quarter of the year the over-subscription index fell to 5.18.

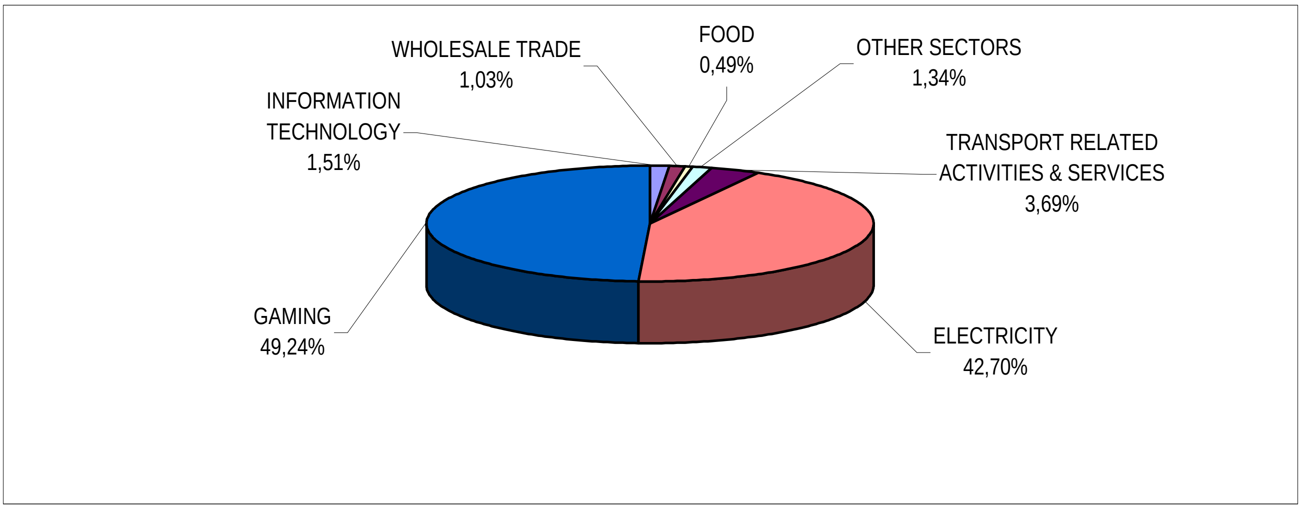
Figure 8 illustrates the allocation of funds raised among sectors of activity in the ASE during the year 2003. The Gaming sector absorbed 49.24%, and Energy absorbed 42,70% of the total funds raised, followed by Transport Relates Facilities & Services (3.69%), Information Technology (1.51%) and Wholesale Trade (1.03%). The remaining sectors drew funds that account for approximately 1.34% of the total funds raised by means of public offerings.

TABLE 17.
Quarterly distribution of share issues through public offerings in the ASE, 2003.

Quarter 2003	Number of issues		Capital raised (euros)	% of total	Average weighted over-subscription
1st	3	Average	1,557,251		
		Total	4,671,752	0.32	2.61
2nd	4	Average	5,192,133		
		Total	31,152,801	2.12	2.32
3rd	6	Average	131,848,894		
		Total	791,093,362	53.89	5.74
4th	3	Average	213,657,974		
		Total	640,973,921	43.67	5.18
Total	16	Average	91,743,240		
		Total	1,467,891,836	100.0	5.42

Source: HCMC

FIGURE 9.
Funds raised through public offerings per sector of activity in the ASE, 2003 (%).



Source: HCMC

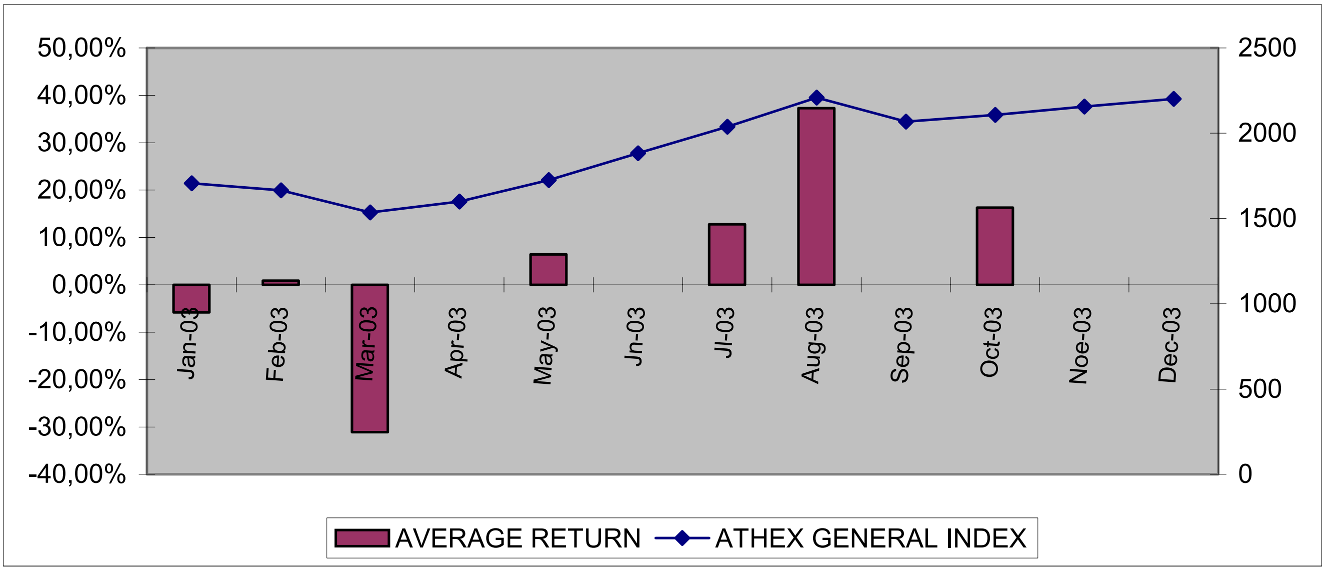
The average return realised during the first three days of IPO trading in the ASE was 2,9% in 2003, against 11.0% in 2002, 36.2% in 2001 and 58.4% in 2000. During the first three trading days there are no price fluctuation limits, and this period is considered adequate for attaining newly listed company share price equilibrium. The corresponding average return during the first day of IPO trading was larger and amounted to 6.1%.

After weighing average return by each company's capitalisation upon listing, that is by the number of newly listed shares multiplied by the listing price, in order to incorporate in the resulting average return any difference in returns between small and large capitalization companies because of differences in the volume of shares offered to investors, the dispersion of shares as well as issue over-subscription, then the average weighted return of share prices after the three-days of free trading is approximately 16.8%.

The greatest return during these first three-days was realised by the share of Interfish Aquaculture SA., whose price increased by 50.2%, followed by the shares of the Piraeus Port Authority (37%), Ballis Chemicals S. (33.4%) and Kri-Kri Milk Industry SA (30.8%). The largest decrease was suffered by the share of Logismos Michanologistiki SA., whose price was reduced by 35.2%, followed by the shares of Sarantis SA. (32.4%) and Newsphone Hellas A.E. Audiotex (27.7%).

Figure 9 illustrates the monthly return of newly listed shares during the first three trading days and the average monthly value of the ASE General Index during 2003. The Figure shows that there were 5 positive returns of newly listed company shares, against 2 negative returns, while in 5 out of 12 months of the year 2003 there were no new company listings in the stock market. Moreover, given the low overall supply of the capital market with new listings during 2003, the average rate of company listings was 1 per month, with the exclusion of July, when 4 new companies were listed in the ASE.

FIGURE 10.
Average monthly return of newly-listed shares in the ASE after the first three days of trading, 2003.



Source: HCMC

Increases in share capital by ASE listed companies.

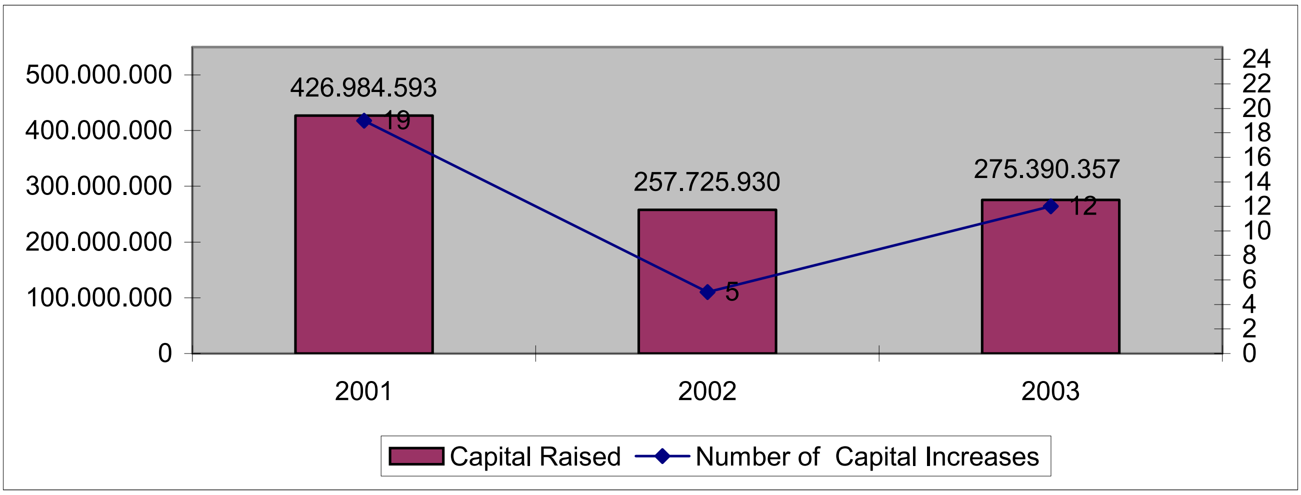
In 2003, there was a substantial increase in the number of share capital increases by ASE-listed companies, albeit the amount of funds raised through them increased at a lower rate. The number of listed companies that proceeded with share capital increases rose to 12 in 2003, as compared to 5 in 2002 and 19 in 2001. The total funds raised amounted to 275.4 million euros, as compared to 257.7 million euros in 2002 and 427 million euros in 2001. The share capital increases were performed by 8 companies listed in the Main Market and 4 companies listed in the Parallel Market of the Athens Stock Exchange. The period for the registering of existing shareholders to the 4.93 million euro share capital increase of Mouriades SA, which will be completed within 2004, expired at the year's end.
The increased turnout of listed companies in the capital market for capital raising purposes is mainly due to the improvement of the stock market climate, especially after the first quarter of 2003, which helped increase both investor demand for and company supply of shares through the capital market.

TABLE 18
Share capital increases by ASE-listed companies, 2001-2003.

ASE Market	2001		2002		2003	
	Share capital increases	Capital raised (million Euros)	Share capital increases	Capital raised (million Euros)	Share capital increases	Capital raised (million Euros)
Main Market	14	320.3	5	257.7	8	248.4
Parallel Market	5	106.7	-	-	4	27
New Market	-	-	-	-	-	-
Total	19	427	5	257.7	12	275.4

Source: HCMC

FIGURE 11.
Share Capital Increases and Capital Raised in the ASE, 2001-2003



Source: HCMC

The quarterly distribution of share capital increases in 2003 (Table 19) is the following: in the first quarter there were 2 share capital increases, with a total value of 101.9 million euros that absorbed 37% of the total funds raised throughout the year; in the second quarter there were also 2 increases, with a total value of 65.7 million euros that absorbed 23.86% of the total funds raised; in the third quarter there three increases, with a total value of 39 million euros that absorbed 14.16% of the total funds raised; and in the fourth quarter there were five increases, with a total value of 68.8 million euros that absorbed 24.98% of the total funds raised.

Seven out of twelve share capital increases that took place in 2003 were not fully subscribed initially. In these cases, initial subscription ranged from 60.67% to 97.07% of the total amount offered, while average subscription stood at 84.49%. This failure regarding the initial coverage of the required funds in seven share capital increases during 2003 reflects the limited response of existing shareholders to company calls to increase their participations, which is attributed to the continued cautiousness of investors against new investments, at least during the first months of 2003.

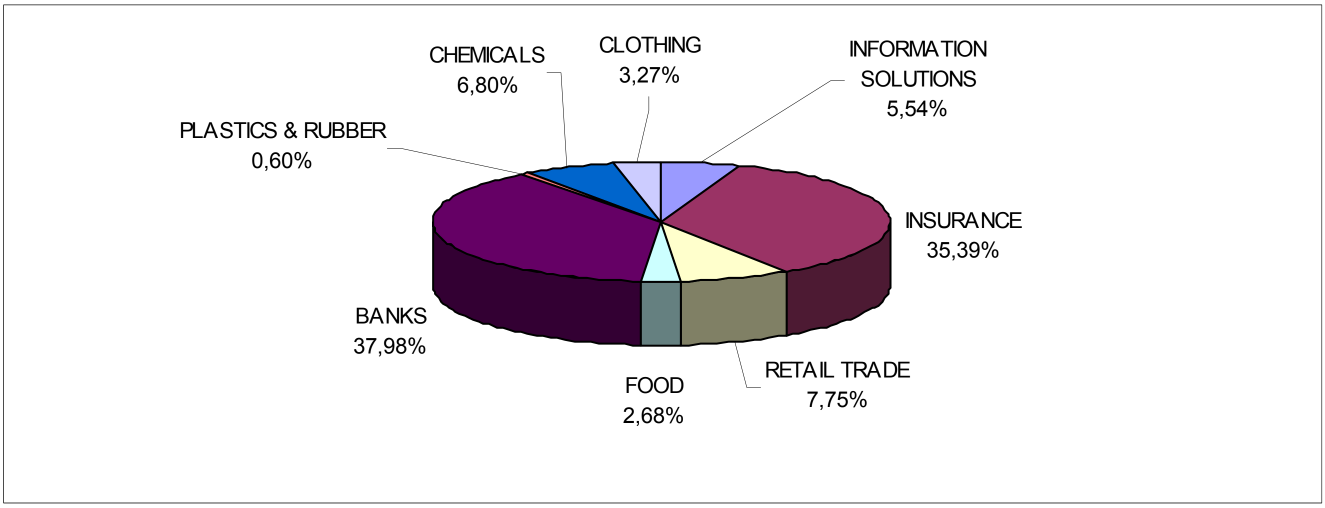
Figure 12 illustrates the distribution of funds raised from share capital increases per sector of activity. There were two share capital increases in the Banking sector, which raised 101.9 million euros, equivalent to 37.98% of the total funds raised. Insurance was ranked second, also with two share capital increases that raised 94.9 million euros, equivalent to 35,39% of the total. There was one share capital increase in each of the following sectors: Retail Trade, which raised 20.7 million euros (7.75% of the total); Chemicals, which raised 18.2 million euros (6.80% of the total), IT Equipment, which raised 14.8 million euros (5.54% of the total), Clothing, which raised 8.7 million euros (3.27% of the total), Food, which raised 7.1 million euros (2.68% of the total), and finally, Plastics & Rubber, which raised approximately 1,6 million euros (0,60% of the total).

TABLE 19.
Quarterly distribution of share capital increases in the ASE, 2003.

Quarter	Number of share capital increases	Capital raised (million Euros)	% of total
1st	2	101.9	37.00
2nd	2	65.7	23.86
3rd	3	39	14.16
4th	5	68.8	24.98
Total	12	275.4	100.00

Source: HCMC

FIGURE 12.
Distribution of funds raised through share capital increases by sector, 2003.



Source: HCMC

Issues of fixed income securities by ASE listed companies

In 2003, there was a decline in the both the number of tradable fixed income securities issues by ASE-listed companies, and the value of the funds raised, including convertible bonds. Indeed, only 4 companies issued corporate bonds in 2003, as compared to 5 issues in 2002, raising 68.4 million euros, as compared to 85.3 million euros in 2002, which corresponds to a year-on-year decrease of 19.8%. Three corporate bonds were listed for trading in the bond market of the Athens Stock Exchange.

The reduced interest of listed companies to raise capital by means of fixed income securities is due to the discouraging circumstances regarding the course of international markets, the persistence of investor uncertainty and, of course, to the lack of adequate experience with these new financial instruments. In the future, it is expected that there will be a surge of activity in the Greek fixed income securities market, mainly because of the substantial improvement in the institutional framework for the bond market that was induced by the enactment of law 3156/2003 (Gazette A 157/25.6.2003) on

‘Corporate Bonds, claim securitization and real estate claims and other provisions.’ The new framework improves the operation of both organized and over-the-counter corporate bond markets and established the possibility to securitize corporate and real estate claims, and to trade these securities in an organized market.

Table 20 presents the quarterly distribution of corporate bond issues in the ASE during 2003. In the first quarter there were 3 corporate bond issues, which raised 59.4 million euros; in the second quarter there was one corporate bond issue, which raised 9.0 million euros, while there were no issues in the third and fourth quarters.

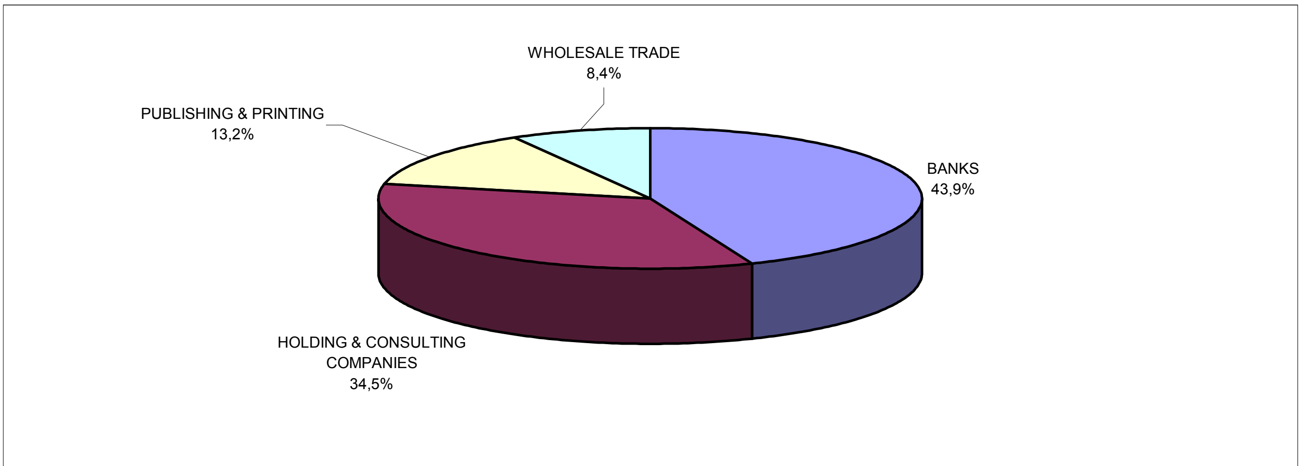
TABLE 20.
Corporate bond issues by ASE-listed companies, 2003.

Quarter	Number of corporate bond issues	Capital raised (million €)	% of total
1st	3	59,4	86,8
2nd	1	9,0	13,2
3rd	0	0	0
4th	0	0	0
Total	4	68,4	100,00

Source: HCMC

Figure 13 illustrates the distribution of the funds raised in 2003 through corporate bond issues by sector of activity. There were two corporate bond issues in the Banks sector, which raised 29.9 million euros, or 43.9% of the total funds raised. There was one corporate bond issue in each of the following sectors: Holding & Consulting Companies, which raised 23.6 million euros (34.5% of the total); Publishing & Printing, which raised 9 million euros (13.2% of the total) and Wholesale Trade, which raised 5.7 million euros (8.4% of the total).

FIGURE 13.
Funds raised through corporate bond issues in the ASE by sector, 2003.



Source: HCMC

Uses of funds raised

In 2003, the Hellenic Capital Market Commission presented a report on the uses of the funds raised by companies during the period 1999-2002.[1] According to this report, 94% of the total funds raised through the capital market during this four-year period (19.2 bn euros) were raised in 1999 and 2000. More than 40% of the funds (7.8 bn euros) were drawn by companies of the financial sector, especially banks. From the remaining sectors, the most prominent are the manufacturing sector, whose companies performed the highest number of new issues (96) and raised 3.1 bn euros, and the construction sector, which raised 2.1 bn euros. The companies belonging to all three sectors mentioned above absorbed 67.6% of the total funds raised.

According to data stemming from the issuing companies and the statutory audits, 97% of the funds raised in 1999 had been used by the end of 2002. The relevant percentages for the years 2000, 2001 and 2002, were 93.5%, 77.5% and 66.1% respectively. Overall, 94.1% of the funds raised by the companies throughout all these years, an amount equivalent to more than 18 bn euros, had been used by the end of 2002.

As far as the type of use raised is concerned, 33% of these funds (4.6 bn euros) were absorbed by fixed capital investments, i.e. they were used for the enhancement of the companies' capacity, through the growth of their tangible assets. 36% of the funds raised were used for financing corporate mergers and acquisition, participations in the share capital of other companies and/or the formation of new companies in domestically and abroad. The remaining 30% of the funds raised was used in almost equal parts for working capital purposes and debt substitution financing. According to the data, 1.4 bn euros (7.4% of the total) financed other types of investment than those mentioned in company Prospectuses.

These large capital placements have a multiplier effect on the Greek economy and are expected to enhance corporate profitability, improve fund management efficiency and increase national employment. These capital placements are also expected to reinforce the financial position of company Groups, given that a major portion of the funds used for mergers, acquisitions or participations, is utilized by the Groups' subsidiaries for financing fixed capital investments.

In 2003, the Hellenic Capital Market Commission investigated deviations between the stated and actual uses of the funds raised that were published in the companies' prospectuses, regarding both their type and time schedule, by performing additional audits with the assistance of auditing firms. Initially, sixty five (65) companies were audited, regarding sixty eight (68) share capital increases.

Whenever considerable deviations in the use of capital were detected, the Hellenic Capital Market Commission proceeded to audits on whether the decision made by the issuing companies' management to amend the use of funds, had been timely and appropriately announced to investors, i.e. whether there was any transparency deficit for a considerable time period.

The audits that were performed proved that in forty five (45) cases of share capital increase, the issuing companies used the funds raised in accordance with the Prospectuses, or amended the use of funds after having informed investors timely and appropriately about such amendments. It was also found that in ten (10) cases of share capital increase, the issuing companies amended the use of funds, without having informed investors timely and appropriately about such amendments. These companies were penalised.

Furthermore, the report ascertained that the total amount of listed company investment for the four-year period 1999-2002 amounted to 33.8 billion euros. This amount is equivalent to approximately 25% of Greece's annual GDP and to 52% of the capitalization of the companies listed in the Athens Stock Exchange by the end of 2002, or 23% of GDP and 40% of total capitalization by the end of 2003. Of this total, 56% (18.8 bn euros) was used to finance investment in intangible and tangible assets, while the remaining 44% (15 bn euros) was used to finance investment in mergers, acquisitions, and participations in new or existing companies. It is noted that the companies' total investment in fixed capital exceeds the total amount of funds raised through the capital market during the same period.

Almost 50% of business investment was financed by funds raised through the capital market (16.6 bn euros), bearing proof of the major importance of the stock exchange for the growth of the national economy. 24% of business investment (8 bn euros) was financed by long-term lending, while 10% was financed by short-term lending and, finally, 2% of business investment was financed by subsidies. The remaining 16% of business investment was financed by retained earnings and other internal financing sources.

The existing regulatory framework that governs the use of funds raised is detailed, demanding and promotes the provision of complete information. It is currently considered to be the most complete and transparent among all European Union member states. It is noted that the aim of these regulations is to enhance transparency and to ensure the timely disclosure of information to investors, and do not enter into management or feasibility issues regarding the uses of the funds raised in the stock exchange. The Hellenic Capital Market Commission believes that transparency regarding the uses of the funds raised has been sufficiently achieved through the aforementioned institutional framework, which is adequately abided by.

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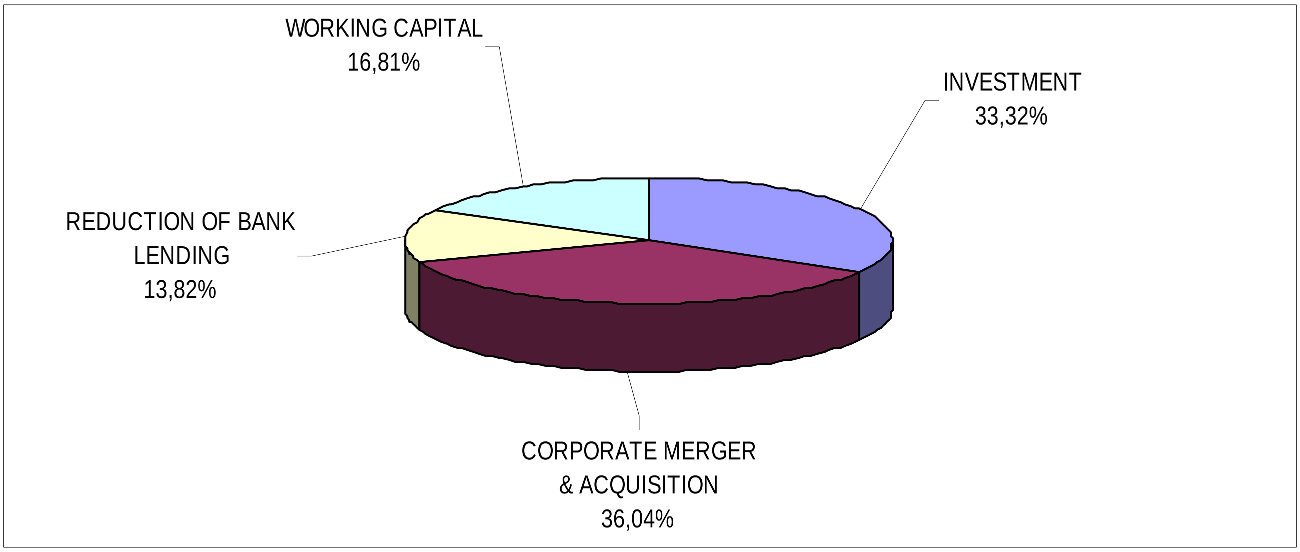
[1]. "*Uses of funds raised and investment by ASE Listed Companies: 1999-2002. Share capital increases, cash-funded, with or without public offering*" (in Greek), Hellenic Capital Market Commission, Directorate of Public Offerings and Supervision of Listed Companies, September 2003. The report is available at the HCMC website, http://www.hcmc.gr.

FIGURE 14.
Use of the funds raised through IPOs, 1999-2002.



Source: HCMC

Mergers and acquisitions in the capital market

In 2003, worldwide corporate restructuring activity increased by 6.8%, including 15 major international mergers & acquisitions between companies, with a total of 1.3 trillion US dollars. The continued growth of the US economy and the increasing valuations of shares worldwide are expected during the next year to direct corporate leaders towards strategic actions emphasizing on mergers & acquisitions. This trend is expected to be reinforced by the need to improve the companies' capital base, after the prolonged bear market of the past few years.

The surge in merger & acquisition activity between listed companies in the Greek capital market is a development of the past few years, which continued in 2003, during which 8 mergers & acquisitions were concluded, mainly in the banks and investment companies' sectors. Indeed, 15 listed companies initiated procedures that led to 8 mergers & acquisitions between companies, as compared to 17 mergers in 2002 and 9 mergers in 2001. Four of these companies belonged to the banks sector (EFG Eurobank Ergasias SA absorbed two companies), 5 belonged in the investment companies sector, and 2 companies belonged in each of the oil refineries, telecommunications and leasing sectors. Moreover, in 2003 there was one spin-off and transfer of a branch between companies listed in the stock exchange, and belonging in the Metals sector. More specifically, the General Meeting of Chalkor SA, decided on the spin-off and transfer of its brass rod and pipe drawing section to Fitco SA.

TABLE 21.
Mergers & Acquisitions in the Capital Market, 2003.

A. Mergers and Acquisitions between companies listed in the ASE

	Acquirer	Industry	Target Company	Industry
1	EFG Eurobank Ergasias SA	Banks	Ergo Invest (C)	Investment Companies
2	Hellenic Invest. Co	Investment Companies	Piraeus Investment.	Investment Companies
3	Hellenic Petroleum SA	Oil Refineries	Petrola Hellas SA	Oil Refineries
4	EFG Eurobank Ergasias SA	Banks	Investment Development Fund (C)	Investment Companies
5	Alpha Bank SA	Banks	Alpha Investment (C)	Investment Companies
6	Lan-Net SA	Telecommunications	Lantec Telecommunications SA (P)	Telecommunications
7	Piraeus Bank SA	Banks	ETVA SA	Banks
8	Piraeus Leasing SA	Leasing	ETVA Leasing SA.	Leasing

B. Spin-offs and transfers between ASE-listed companies.

	Transferor	Industry	Acquirer	Industry
1	Chalkor SA.	Metals	Fitco SA	Metals

Source: Hellenic Capital Market Commission

Share ownership dispersion of the ASE listed companies

According to previous surveys of the Hellenic Capital Market Commission on the dispersion of share ownership of companies in the ASE during the period 1.2.2001-2.7.2002, shareholders with stakes less than 1% or 5% the companies' share capital, tended to decline. According to a more recent survey of the HCMC (17.10.2003 data), this trend is reversed and the dispersion level increases. This development was facilitated by the increasing privatization of Greek state corporations during 2003 and the distribution of a substantial number of bank shares to institutional investors. According to the available evidence, the dispersion of share ownership in the Athens Stock Exchange is considered to range from medium to low (Table 22).

TABLE 22.
Share Ownership Dispersion in the ASE, 2003

Date	Average share ownership	
	At least 1%	At least 5%
17.10.2003	37.36%	48.56%
2.7.2002	33.86%	44.61%
3.9.2001	35.70%	47.22%
1.2.2001	38.25%	50.03%

Source: HCMC

CAPITAL MARKET INTERMEDIARIES

Investment firms members of the ASE, investment firms non ASE members and firms for the reception and transmission of orders

General overview

During 2003 there was an increase in both the volume of transactions and profits of investment firms in Greece. This increase in transactions is due to the improved investor sentiment that prevailed in both the Greek and international stock markets and caused a shift of investor preference towards high risk investments. The rise of both the daily average volume and value of transactions in the Athens Stock Exchange led to an increase in the revenues of the financial services sector, without any remarkable change in the total number of activated companies.

In 2003, eighty five investment firms ASE members and forty three investment firms non ASE members were active in the Greek capital market. The Hellenic Capital Market Commission revoked the license of one investment firm ASE member and one investment firm non ASE member, and proceeded to the dissolution of one investment firm ASE member and one investment firm non ASE member. During the same year, the HCMC approved of share capital increases in thirty four investment firms ASE members and sixteen investment firms non ASE members, as well as share capital decreases in five brokerage and three investment firms non ASE members. Furthermore, the HCMC granted licenses for the extension of the operation network through the establishment of new branches and representative offices to two investment firms ASE members and two investment firms non ASE members.

In 2003, investment firms ASE members (excluding credit institutions) intensified their activation in the underwriting and advisory field. In seven out of sixteen initial public offerings performed during the year, the Main Underwriter (or one of the Main Underwriters) was a investment firm ASE member, while in two out of sixteen initial public offerings performed, the Main Underwriter (or one of the Main Underwriters) was an investment firm non ASE member. Moreover, four investment firms ASE members and two investment firms non ASE members provided advisor services, while two investment firms ASE members provided advisor services in four issues of corporate bonds of companies listed in the ASE.

The need to strengthen the capital base of the sector's companies and to cope efficiently with the challenges of the new competitive environment, encouraged company restructuring. In 2003 two investment firms ASE members were absorbed by banks, one investment firm ASE member was absorbed by another firm, one investment firm non ASE member was also absorbed by another and three investment firms non ASE members changed their purpose of activity. Despite continuous restructuring, the financial intermediation sector in the Greek capital market comprises a high number of firms in comparison to other European markets. It is anticipated that merger & acquisition activity among companies will intensify.

According to the published financial statements for the fiscal year 2002, total capital owned by investment firms ASE members amounted to 758.8 million euros, as compared to 910.5 million euros in 2001, registering a decrease of 16.7% By the end of 2002, the companies' own capital accounted for 37% of total assets, as compared to 36% in 2001. Total turnover in 2002 amounted to 318.6 million euro, as compared to 430.4 million euros in 2001, representing an annual decrease of 26%. This decrease mainly reflects the decrease in transaction value, and is partly offset by the income from other services rendered.

In 2003, the regulatory framework that regulates the provision of investment services was further enhanced. Having already enacted measures that ensure the smooth operation of the market and the effective co-operation between investment firms, the Hellenic Capital Market Commission proceeded to the implementation of measures aimed at upgrading the quality and range of both the rendered services and the liquidity of the market.

This also provided the basis for the clarification of issues pertaining to the administrative and accounting organization of investment firms, their auditing and security systems, the information they send to clients and the information they submit to the Hellenic Capital Market Commission. There was an adjustment in the custody system: the custodian of both portfolio components and client monies must be a credit institution, while in the case of portfolio components only the custodian may be an investment firm possessing the minimum share capital required for the establishment of a credit institution. Moreover, further issues pertaining to the contents of the records issued by investment firms regarding the execution of basket orders in the ASE, were clarified. Finally, in 2003, basket orders trading, which had been enacted by the HCMC in 2002, began in the OASIS trading system. The possibility to execute basket orders enhances the transparency of transactions by providing an audit trail concerning the entry, execution, clearing and settlement of the result, reduces the firms' portfolio management costs, improves their flexibility regarding client portfolio management and, finally, facilitates the development of the retail securities market.

In order to enhance the effectiveness of the stock exchange's transaction system by adding new possibilities, in 2002 the Hellenic Capital Market Commission proceeded with consecutive amendments of the Regulation for the Clearing and Settlement Process and the Operation of the Dematerialised Securities System, with the aim of incorporating current developments concerning new markets, the demands of the market for new investment products and the reduction of the time needed for transactions clearing.

In 2003, the reserves of the Common Guarantee Fund were reduced from 234.7 million euro in 2002 to 187 million euro, and the Fund membership contribution was set to 704,328.69 euros for investment firms ASE members, 704,328.69 euros for investment firms non ASE members and 2,465,150.41 euros for an investment firm that becomes a new member of the Athens Stock Exchange and the Fund. At the end of 2003, the amount of the Supplementary Fund stood at 164.4 million euros.

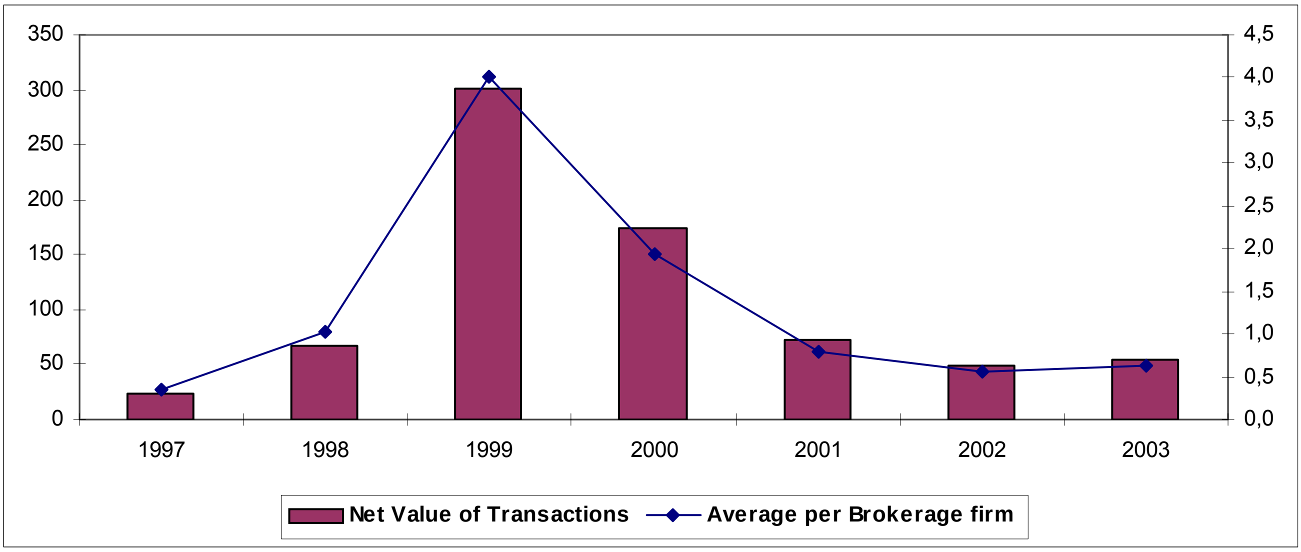
The use of the provision of credit by investment firms ASE members to their clients for the purchase of securities (margin account) was satisfactory. By the end of 2003, the number of active margin account contracts was 10,123 and the total value of security portfolios for margin trading amounted to approximately 500.1 million euros (see Table 24).

In 2003, work on the revision of the EU Investment Services and Regulated Markets Directive (ISD 93/22) continued, with the active participation of the Hellenic Capital Market Commission during the Greek presidency of the European Council in the first semester of the year. The ultimate aim of the revised draft Directive is to upgrade the regulatory framework for EU capital markets and ensure the appropriate infrastructure for the creation of a single European market. Proposals for its materialization include the harmonization of procedures regarding investment firm licensing and organized markets, as well as the establishment of the domestic and cross-border co-operation among regulators. The Directive’s provisions that are under revision include the expansion in the scope of investment products and services offered by investment firms activated in organised markets within the EU, the upgrading of the investor protection framework through the establishment of standards and rules regarding the firms’ organization, operation and ethical conduct, and the improvement of transparency in the execution of transactions.

The value of transactions in the ASE executed by investment firms ASE members.

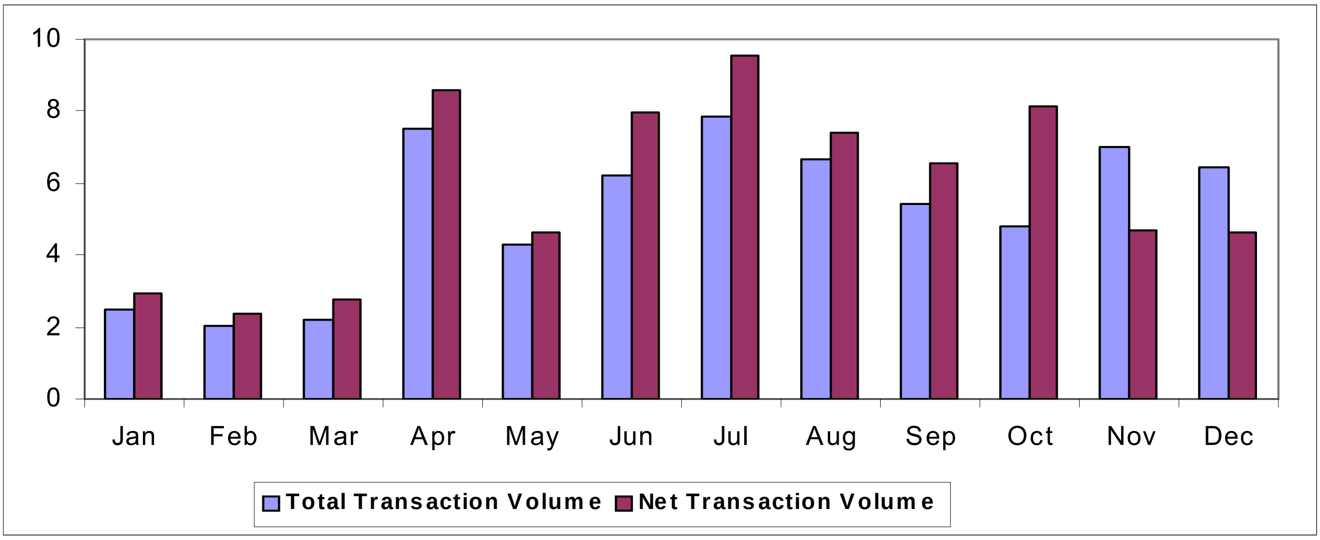
The increase in to 32.90 million shares in 2003 from 19.74 million shares in 2002, as well as the increase of the average daily value of transactions to 134.8 million euros in 2003 from 94.1 million euros in 2002, led to an increase in the income of the financial services sector companies. The total value of transactions rose from 49.5 bn euros in 2002 to 69.8 bn euros in 2003, representing an increase of 41%. This increase contributed to the rise of the ratio of the total value of transactions to GDP to 45.8%, as compared to 32.5% in 2002. It also contributed to the rise of the ratio of the total value of transactions to total capitalisation, according to which the value of transactions executed by investment firms ASE members accounts for 82.5% of the total market capitalization of listed shares in the ASE in 2003, as compared to 75% in 2002.

FIGURE 15.
Value of transactions executed by investment firms ASE members (€ bn), 1997-2003.



Source: HCMC

FIGURE 16.
Value of Transactions by Investment firms ASE members by month (€ bn), 2003.



Source: HCMC

The value of transactions performed through the Thessalonica Stock Exchange Centre decreased to 1.95 bn euro in 2003 from 4.6 bn euro in 2002, registering an annual decline of 58%. The ratio of transactions in the Exchange Centre to the total value of transactions in the ASE decreased to 5.6% in 2003 from 9.3% in 2002. The net value of transactions by investment firms ASE members rose from 39.9 bn euros in 2002 to 54.5 bn euros in 2003 registering a total annual increase of 36.6%. The increase in transactions on block trades and repurchase agreements during 2003 led to a decrease of the ration of net to the total value of transactions from 0.81 in 2002 to 0.78 in 2003.

The increase in mergers among investment firms ASE members and credit institution subsidiaries, along with efficient client enticement, increased the degree of concentration in transactions performed by investment firms ASE members. The average value of transactions per investment firm ASE member increased from 563 million euros in 2002 to 802 million euros in 2003. Nevertheless, only sixteen investment firms ASE members, representing 18% of the total, exceeded this average.

The share of the four investment firms ASE members with the largest value of transactions as percentage of the total value of transactions increased from 35.4% in 2002 to 43% in 2003, i.e. more than 40% of the total value of transactions was executed by 5% of all investment firms ASE members. It is anticipated that further merger & acquisition activities among investment firms ASE members and investment firms non ASE members will lead to further increases in the concentration of transactions within the sector.

TABLE 23.
Value of Transactions executed by investment firms ASE members, 2000-2003.

Transaction analysis (in € ,000)	2000	2001	2002	2003	diff% 03/02
Total Transaction Value	202,847,680	84,726,000	49,542,080	69,774,318	40.84%
Share of the first 4 brokerage firms	21.83%	26.17%	35.40%	43.00%	21.46%
Average value per brokerage firm	2,253,863	920,935	562,978	802,003	42.46%
Maximum transaction value per brokerage firm	14,603,000	5,733,000	6,547,343	11,537,250	76.21%
Minimum transaction value per brokerage firm*	60,000	16,000	2,927	1,534	-47.59%
Share of transaction value by Bank subsidiaries	46.36%	46.39%	48.37%	58.00%	19.90%
Net Transaction Value [1]	173,253,629	72,021,000	39,944,349	54,503,871	36.45%
Share of the first 4 brokerage firms	19.51%	25.20%	27.86%	33.40%	19.89%
Average value per brokerage firm	1,925,040	783,000	453,913	626,481	38.02%
Maximum transaction value per brokerage firm	9,484,000	4,886,000	3,973,967	6,587,761	65.77%
Minimum transaction value per brokerage firm*	60,000	16,000	2,927	1,534	-47.59%
Share of transaction value by Bank subsidiaries	41.23%	43.36%	41.33%	50.44%	22.04%
Block Trades & Repurchase Agreements	29,594,051	12,705,000	9,597,731	15,270,446	59.10%
Percentage over total transaction value	14.59%	15.00%	19.37%	21.89%	12.97%
Share of the first 4 brokerage firms	52.13%	58.22%	66.80%	77.32%	15.75%
Number of firms involved in block trades	70	57	79	81	2.53%
Share of transaction value by Bank subsidiaries	76.30%	63.60%	77.68%	85.40%	9.94%

[1] : Block trades and repurchase agreements are excluded from total value (L. 2324/95, article 16)
*: Concerns investment firms ASE members that operated throughout the year

The top four investment firms ASE members executed 33.4% of the total net value of transactions in 2003, as compared to 27.9% in 2002, while the top ten investment firms ASE members executed more than 55% of the total net value of transactions. Investment firms ASE members that are subsidiaries of financial institutions executed 58% of transactions in 2003, as compared to 41.3% in 2002. It also has to be noted that this last category includes investment firms ASE members whose majority stake is owned by a financial institution. In 2003, thirteen investment firms ASE members were subsidiaries of financial institutions, representing 15% of the total number of investment firms ASE members activated in the Athens Stock Exchange.

In 2003, the value of transactions on block trades and repurchase agreements amounted to 15.3 billion Euro, registering an annual increase of 59.4%. The value of transactions on block trades and repurchase agreements accounted for 22% of the total value of transactions, registering an annual increase of 16%. The value of pre-arranged deals executed by bank subsidiary investment firms ASE members increased to 85.4% of the total, while the number of investment firms ASE members that executed block trades increased from 79 in 2002 to 81 in 2003.

The ongoing integration of European markets and the capability to execute transactions faster and cheaper through the use of new technology is expected to play a major role in the further concentration of transactions. These developments are expected to accelerate the restructuring of both the companies' clientele and income.

TABLE 24.
Market Share Concentration of Investment firms ASE members, 2000-2003

Classification of firms according to market share	Market share (%)				
	2000	2001	2002	2003	
	(%)	(%)	(%)	(%)	Diff % 03/02
1-10	39.3	50.1	55.5	62.9	13.4
11-25	26.6	22.6	22.8	17.5	-23.4
26-45	19.7	15.6	13.3	11.8	-11.5
46-89	14.4	11.8	8.4	7.8	-6.8

Source: HCMC

Margin account trading

During 2003, the use of the provision of credit by investment firms ASE members to their clients for the purchase of securities was further expanded. This institution came into operation for the first time in August 2001.

According to the provisions of this institutional framework, the said credit is provided by investment firms ASE members, which possess the appropriate operational and organisational capacity, and have submitted the relevant notification to the Hellenic Capital Market Commission. A main condition for the provision of credit is the conclusion of an agreement between the investment firm ASE member and the client, based on capital market law and the pledging of the client's security portfolio with the investment firm ASE member. The maximum credit that can be extended for each new purchase of shares is limited by the percentage of the initial margin requirement, with an upper limit of 150,000 euros per client. During the term of the credit agreement, the security portfolio of each margin account is daily evaluated, while the margin must be kept within limits set in advance, in order to compare the amount of total credit extended to the client with the pledged portfolio.

Table 24 presents the development of margin account trading for the year 2003, according to data submitted by investment firms ASE members to the Hellenic Capital Market Commission for the last trading day of each month. More specifically: first, only an average of 44 firms out of 50 investment firms ASE members that submitted the relevant notification to the Commission became active in this field; second, the average number of active contracts increased from 5,663 in 2002 to 7,695 in 2003; third, total debit balances in margin accounts increased in average from 91 million euro in 2002 to 102.8 million euro in 2003, and reached its highest level in November 2003 (144 million euro); the value of security portfolios increased in average from 278,9 million euro in 2002 to 348.5 million euro in 2003. These developments show that margin account trading is an elementary instrument for increasing liquidity in the market.

TABLE 25.
Margin Account Trading by Investment firms ASE members, 2001-2002

Date	Announcement of ASE members for the provision of credit	Members providing credit	Active agreements for the provision of credit	Debt margin account balances (in € ,000)	Total value of security portfolios from margin account trading (in € ,000)
Dec 31st, 2003	50	46	9,951	140,475	501,022
Nov 30th, 2003	50	43	10,123	143,901	500,118
Oct 31st, 2003	50	44	9,668	137,379	486,315
Sep 30th, 2003	49	43	8,545	123,167	411,322
Aug 31st, 2003	50	45	8,031	127,194	497,902
July 31st 2003	49	44	7,557	127,459	385,482
June 30th, 2003	49	44	6,796	82,576	291,005
May 31st, 2003	49	44	6,431	71,057	243,750
Apr. 30th, 2003	49	44	6,323	66,875	233,263
Mar 31st, 2003	49	44	6,610	64,812	195,931
Feb 28th, 2003	49	44	6,444	72,467	225,616
Jan 31st, 2003	48	44	5,866	76,735	210,739
Dec 31st, 2001	48	44	6,466	83,557	252,485

Source: HCMC

Market making by investment firms ASE members in the stock market.

Market making on listed company shares is a service offered in many advanced capital markets, with the aim of increasing liquidity in the market for the specific shares, and, ultimately in the capital market as a whole. Market making is performed by properly authorized investment firms ASE members. Market making on listed company shares began on 18.11.2002 in both the Main and Parallel markets, and has expanded ever since. In 2003, 21 companies got their own market maker, raising the total number of listed companies that used the services of market makers to 23 at the end of the year. Out of this number, 12 companies are listed in the Main market and 11 companies are listed in the Parallel market of the stock exchange. In 2003, 9 investment firms ASE members acted as market makers in the Main and Parallel markets of the stock exchange, while 2 of those companies attracted most listed company shares that are under market making status. Although market making is optional for shares traded in the Main and Parallel markets, it is mandatory for shares traded in the New market. By the end of 2003, 7 companies had listed their shares in the New Market, whose market making is performed by 6 investment firms ASE members.

In 2003, the Athens Stock Exchange adopted a rule concerning the classification of Main and Parallel market shares in two distinct trading time-schedules, according to the average daily bid-ask spread criterion: (i) the continuous five-hour trading (11 am - 4 pm) schedule for shares with average daily bid-ask spreads of less than two percentage points, which is the annual limit set for 2003, and (ii) the continuous three-hour trading in two sub-periods (11 am-11:30 am and 1:30 pm - 4 pm) for shares with average daily bid-ask spreads of more than two percentage points.

According to this rule, any share traded on the basis of the limited time-schedule may be transferred to the extended time-schedule, provided that its average bid-ask spread for the period is less than, or equal to, 80% of the annually set limit. Any share traded continuously for three hours can be transferred to the five-hour continuous trading period, irrespectively of its average daily bid-ask spread, provided that a market making agreement has been concluded. In these cases, the share is included in the extended time-schedule since the date its market making began.

The first evaluation by the board of directors of the Athens Stock Exchange on the basis of the new rule was performed in May 2003, while the classification to different time-schedules was made on June 2nd, 2003. The period from 02.01.2003 to 30.04.2003 was taken into account for the first evaluation and the period from 01.05.2003 to 30.09.2003 for the second. All shares for which a market maker had been appointed on May 2003 were included in the continuous five-hour trading, irrespectively of the bid-ask spreads. The next evaluation is going to be based on the period from 01.10.2003 to 31.03.2004.

During the period May-Dec. 2003, 15 companies listed in the Main and Parallel markets of the ASE appointed market makers for their shares, and only 2 of these shares fulfilled the criteria for continuous five-hour trading. Out of 8 companies that had appointed market makers for their shares prior to May 2003, only half fulfilled the criteria for continuous five-hour trading. On the basis of the bid-ask spread for the period from 01.10.2003 to 31.12.2003, out of 23 companies that had appointed market makers for their shares, 4 did not fulfill the criteria for continuous five-hour trading.

According to the data presented on Table 25 regarding the main and parallel markets and Table 26 regarding the New Market, bid-ask spreads of shares under market making status was reduced since the beginning of the year, demonstrating that market making is a rather efficient institution of both the main and parallel markets of the Athens Stock Exchange.

TABLE 26.
Average bid-ask spreads in the Main and Parallel Markets of the ASE, 2002-2003

No	Share	Market making initiated on	Average spread (%) 01.10.03 - 31.12.2003	Average spread (%)01.05.03 - 30.09.2003	Average spread (%)01.01.03 - 30.04.2003
1	Uncle Stathis SA	18.11.2002	0.95	1.02	1.47
2	Delta Ice Cream SA	18.11.2002	1.3	1.28	1.65
3	Informer SA	3.2.2003	1.75	1.56	1.34
4	Ridenco SA	11.3.2003	1.08	0.96	1.49
5	Goodys SA.	11.3.2003	0.84	0.86	2.82
6	Technical Publications SA	7.4.2003	1.75	1.43	3.41
7	Druckfarben Hellas SA.	17.4.2003	1.11	1.13	2.41
8	Kyriakoulis Shipping SA	22.4.2003	1.71	1.61	3.39
9	Quality and Reliability SA	8.5.2003	0.98	1.14	2.01
10	Nirefs SA	12.5.2003	1.19	1.24	2.11
11	Selonda Aquacultures SA	12.5.2003	1.39	1.28	2.55
12	Comm Group SA	26.5.2003	1.91	1.99	4.28
13	Crete Plastic SA	30.5.2003	2.27	2.53	5.57
14	Lamda Development SA	30.5.2003	1.18	1.12	2.57
15	Euroline Investment SA	2.6.2003	2.06	1.59	2.76
16	Mochlos SA	2.6.2003	1.24	1.22	2.1
17	Sato SA	12.6.2003	1.55	1.64	3.46
18	Bitros Holding SA	30.6.2003	1.32	1.28	1.58
19	P. Kostsovolos SA	23.7.2003	1.45	1.9	3.07
20	New Millennium Investments SA	7.8.2003	1.24	1.69	1.71
21	Autohellas SA	11.8.2003	1.12	1.03	2.25
22	Hellenic Fishfarming SA	13.11.2003	2.06	3.63	5.94
23	Persefs SA	1.12.2003	2.64	4.09	4.15

Source: ASE.
Note: The calculation of the bid-ask spread of each share was based on the difference between the best ask from the best bid price, as a percentage of their sum divided by two, i.e. spread = (ask-bid)/ [(ask+bid)/2].

TABLE 27.
Average bid-ask spreads in the New Market of the ASE, 2002-2003

No	Share	Market making initiated on	Average spread (%) 01.10.03 - 31.12.2003	Average spread (%)01.05.03 - 30.09.2003	Average spread (%)01.01.03 - 30.04.2003
1	Unibrain SA	30.4.2001	2.07	1.53	1.91
2	Euroconsultants SA	7.1.2002	1.43	1.16	1.46
3	Compucon Computer Applications SA	2.4.2002	0.78	1.17	2.26

4	Hitech Consultants SA	4.9.2002	1.03	0.81	1.21
5	Dynamic Life SA	25.9.2002	1.11	1.47	2.30
6	Ballis Chemicals SA	30.5.2003	1.50	1.00	-
7	Profile Systems SA	29.10.2003	0.78	-	-

Source: ASE.

Market maker participation in share trading

The main function of market makers is to increase liquidity in the market for certain shares. Therefore, their efficiency is evaluated on the basis of their participation in total days the shares were traded, as well as in the number, volume and value of transactions. To this end, the transactions of shares under market making status were examined since the beginning of the session of the Main OASIS Board, without taking into account transactions during the opening price determination stage, given that market makers do neither participate in the pre-session trading stage, nor in block and odd lot trades. The findings are included in the tables 28-31.

In 2003, market makers in the Main and Parallel markets of the Athens Stock Exchange were actively involved in the trading of shares under market making status in more than 90% of the year's trading sessions. On the contrary, the participation of most market makers in the trading of share under market making status in the New Market was minimal and ranged to a maximum of almost 56% of the year's trading sessions.

In 2003, market makers in the Main and Parallel markets of the Athens Stock Exchange were actively involved in trading activity with a large number of transactions, while the participation of market makers in the New Market was very limited and ranged to a maximum of 4% of total transactions. Moreover, market makers in the Main and Parallel markets performed up to 12% of the volume and value of transactions in shares under market making status, while in the New Market they performed up to 7.2% of the volume and value of transactions.

Finally, it is noted that since 2002 market makers may prepare, under certain conditions, over-the counter repurchase agreements in the derivatives market of the Athens Stock Exchange, borrowing the securities required to perform their duty from the shareholders of the listed company. During 2003, market makers performed deals on repurchase agreements concerning 2 shares, and borrowed 17,100 shares (171 contracts) for sale, of which 10,100 were returned (101 contracts).

TABLE 28.
Market Maker participation in trading sessions, 2003

Main market	Number of shares	Cumulative Frequency (%)
0% - 91% of sessions	1	8%
91.01% - 94% of sessions	2	25%
94.01% - 97% of sessions	1	33%

Over 97.01% of sessions	8	100%
Parallel market		
0% - 88% of sessions	1	9%
88.01% - 92% of sessions	1	18%
92.01% - 96% of sessions	2	36%
Over 96.01% of sessions	7	100%
New Market		
0% - 56%of sessions	4	57%
56.01% - 68%of sessions	1	71%
68.01% - 90%of sessions	1	85%
Over 90.01% of sessions	1	100%

Sources: ASE, HCMC

TABLE 29.
Market Maker participation in the number of transactions, 2003

Main market	Number of shares	Cumulative Frequency (%)
0% - 1.6% of transactions	1	8%
1.61% - 9%of transactions	7	66%
9.01% - 14%of transactions	1	75%
14.01% - 26%of transactions	1	83%
26.01% - 37% of transactions	2	100%
Parallel market		
0% - 4% of transactions	2	18%
4.01% - 10% of transactions	2	36%
10.01% - 17% of transactions	5	81%
17.01% - 20% of transactions	1	90%
20.01% - 32% of transactions	1	100%
New market		
0% - 0.53% of transactions	1	14%
0.54% - 2% of transactions	3	57%
2.01% - 3% of transactions	2	85%
3.01% - 4% of transactions	1	100%

Sources: ASE, HCMC

TABLE 30.
Market Maker participation in the volume of transactions, 2003

Main market	Number of shares	Cumulative Frequency (%)
0% - 3% of the volume	2	16%
3.01% - 6.5% of the volume	5	58%
6.51% - 12% of the volume	3	83%
12.01% - 32% of the volume	1	91%
32.01% - 42% of the volume	1	100%
Parallel Market		
0% - 3% of the volume	1	9%
3.01% - 6% of the volume	4	45%
6.01% - 9% of the volume	1	54%
9.01% - 12% of the volume	3	81%
12.01% - 21% of the volume	2	100%
New Market		

0% - 3% of the volume	3	42%
3.01% - 5% of the volume	1	57%
5.01% - 6% of the volume	1	71%
6.01% - 7.2% of the volume	2	100%

Sources: ASE, HCMC

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TABLE 31.
Market Maker participation in the value of transactions, 2003

Main market	Number of shares	Cumulative Frequency (%)
0% - 3% of the value	2	16%
3.01% - 6.5% of the value	5	58%
6.51% - 12% of the value	3	83%
12.01% - 32% of the value	1	91%
32.01% - 42% of the value	1	100%
Parallel market		
0% - 3% of the value	1	9%
3.01% - 6% of the value	4	45%
6.01% - 9% of the value	2	63%
9.01% - 12% of the value	2	81%
12.01% - 21% of the value	2	100%
New Market		
0% - 3% of the value	3	42%
3.01% - 5% of the value	1	57%
5.01% - 6% of the value	2	85%
6.01% - 7.2% of the value	1	100%

Sources: ASE, HCMC

Collective Investment Institutions.

General overview

The developments in the Greek mutual funds market during 2003 were directly related to developments in the international market. The recovery of stock markets facilitated the growth of mutual fund markets both internationally and in Greece, where the total assets of mutual funds activated in the Greek market increased by 19.75% year-on-year.

By the end of 2003 the total number of mutual fund management firms had increased to 29 from 28 firms in 2002. During the year, two new mutual fund management firms initiated their operation, one ceased its operation and three firms changed their names. As a result of the restructuring that took place during 2003, the total number of funds under management increased from 260 in 2002 to 265 in 2003. The distribution of mutual funds by investment by the end of 2003 was the following: 40 money market funds, 65 bond funds, 119 equity funds and 41 mixed (or balanced) funds (Table 32).

TABLE 32.
Net assets and Number of Mutual Funds, 2000-2003

MF Classification	31.12.2003 (€ mn)	31.12.2003 No of MF	31.12.2002 (€ mn)	31.12.2002 No of MF	31.12.2001 (€ mn)	31.12.2001 No of MF	31.12.2000 (€ mn)	31.12.2000 No of MF
Money Market	15,787.39	40	10,747.44	40	9,692.96	42	15,339.99	47
Bonds	6,540.32	65	5,121.93	63	5,586.55	63	4,736.61	62
Equity	4,852.77	119	3,711.26	121	5,470.21	128	7,872.63	120
Mixed	3,218.33	41	5,804.52	36	6,045.18	36	2,938.22	36
Total	30,398.81	265	25,385.15	260	26,794.90	269	30,887.45	265

Sources: Union of Greek Institutional Investors, Hellenic Capital Market Commission.

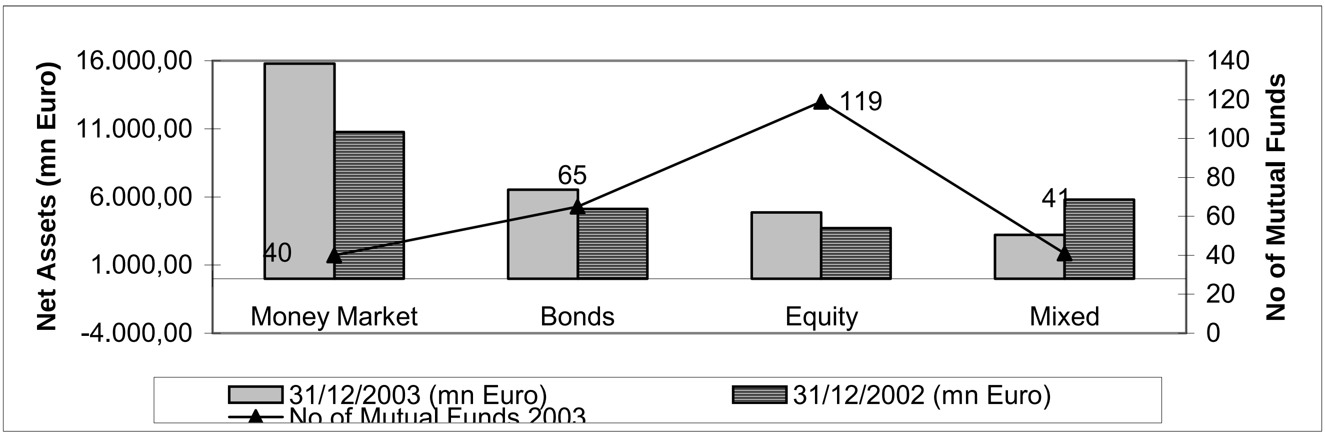
TABLE 33.
Net Mutual Funds Assets and macroeconomic aggregates, 1991-2003

Date	Commercial Bank Deposits (€ million)	ASE Capitalisation (€ million)	Net Mutual Funds Assets (€ million)
Dec. 2003	-	219.766,6	30.398,8
Oct.2003	136,958.7	217,358.8	30,071.4
Dec. 2002	133,848.7	180,329,5	25,385.1
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 2000 [1]	117,825.9	194,898.0	30,887.7
Dec. 1999	67,172.4	274,397.4	35,021.3
Dec. 1998	58,910.9	133,938.4	26,405.6
Dec. 1997	57,974.8	69,099.9	21,497.6
Dec. 1996	52,816.1	68,905.6	11,367.3
Dec. 1995	46,268.8	61,946.0	7,202.1
Dec. 1994	40,344.8	45,250.5	3,943.4
Dec. 1993	32,530.0	35,817.5	2,543.8
Dec. 1992	29,784.3	27,049.2	655.6
Dec. 1991	27,097.6	22,555.8	503.3

Sources: Bank of Greece, ASE, Union of Greek Institutional Investors, Hellenic Capital Market Commission.

[1]. Resident deposits and repurchase agreements of residents (companies, households and general government) in Greek credit institutions. The previous data of the series refer to total deposits in commercial banks and specialised credit institutions.

FIGURE 17.
Net assets and Number of Mutual Funds by Fund Classification, 2003



Sources: Union of Greek Institutional Investors, Hellenic Capital Market Commission.

By the end of 2003, the total net assets of mutual funds had increased from 25.38 billion euros in 2002 to 30.40 billion euros, registering an annual increase of 19.75%. This rise is mainly due to the increase in the net assets of money market funds by 5.04 billion euros, of bond funds by 1.42 billion euros and of equity funds by 1.14 billion euros. The net assets of money market funds and bond funds increased by 46.89% and 27.69% respectively. These increases tool place during the first semester of 2003 and resulted from new capital inflows in these mutual fund types. In the second semester of 2003, there were minimal changes in both net assets and the number of units in these types of funds, which sustained the increased market shares they had gained during the first semester. In 2003, the net assets of equity funds increased by 30.76% and this increase started to materialize in the period following March 2003 and is mainly due to the rise in share prices. The number of units in equity funds for the entire year registered a slight increase of 5.66%. In the first quarter of 2003, the net assets of equity funds were reduced by 15.93%, following the trend of the ASE General Index.

In 2003, both net assets and the number of units in mixed mutual funds decreased by 44.55% and 41.00%, respectively. This substantial decline occurred mostly during the first quarter of the year. The picture presented by mixed funds is heavily influenced by fluctuations in the largest mixed fund, whose assets accounted for 64.32% of total net assets in this type by the end of 2003, as compared to 81.96% in 2002. The net assets and the number of units in other mixed funds were reduced during the first quarter of the year, and rose afterwards, leading to annual changes of 9.67% and 9.7%, respectively, by the end of 2003.

In the first three quarters of 2003, the total net assets of mutual funds in the Greek market increased by 18.06%, against an increase of 8.9% in the total net assets of mutual funds in the European market. Moreover, the changes in the net assets of various types of mutual funds in the Greek market were uneven (46.39% increase for money market funds, 31.44% increase for bond funds, 13.6% increase for equity funds and a 43.34% decrease for mixed funds), while, on the contrary, the changes in the net assets of mutual funds in the European market was commensurate (10.2% increase for money market funds, 9.5% increase for bond and equity funds, and 3.6% increase for mixed funds).

Overall, in 2003 there was a net capital inflow of 3,559.6 million euros in the mutual funds of the Greek market, which, as a percentage, was lower than the increase in total assets. All mutual fund types enjoyed net capital inflows, except international equity funds, domestic mixed funds, and international mixed funds. The highest net capital inflows occurred in the case of domestic money market funds and amounted to 4,637.6 million euros, while the highest net outflows occurred in the case of domestic mixed funds and amounted to 2,782.6 million euros.

By the end of 2003, the structure of the mutual funds market was the following: money market mutual funds enjoyed a major increase in market share, from 42.34% in 2002 to 52.66% by the end of 2003, while their total net assets increased by 46.89%. The largest monthly net asset increase occurred in

January (11.80%). By the end of 2003, out of 40 money market mutual funds, 36 were domestic and 4 were international (see Table II of the Appendix).

Equity funds increased their market share from 14.62% in 2002 to 15.96% in 2003, registering an annual increase in their total assets of 30.76%. The largest net asset increase occurred in July (15.41%). By the end of 2003, out of 119 equity funds, 69 were domestic, 37 were foreign and 13 were international funds.

Bond funds also increased their market share from 20.18% in 2002 to 21.52% in 2003, increasing their total assets by 27.69% year-on-year. The largest net asset increase occurred in January (6.54%). By the end of 2003, out of 65 bond funds, 32 were domestic, 16 were foreign and 17 were international funds.

Finally, mixed funds suffered a major increase in market share, from 22.87% in 2002 to 11.32% in 2003. This substantial decline is mainly due to the capital outflows that occurred during the first quarter of 2003 in the largest mutual fund of this type. The largest reduction in net assets occurred in January (-34.94%). By the end of 2003, out of 41 mixed funds, 27 were domestic, 4 were foreign and 10 were international mixed funds.

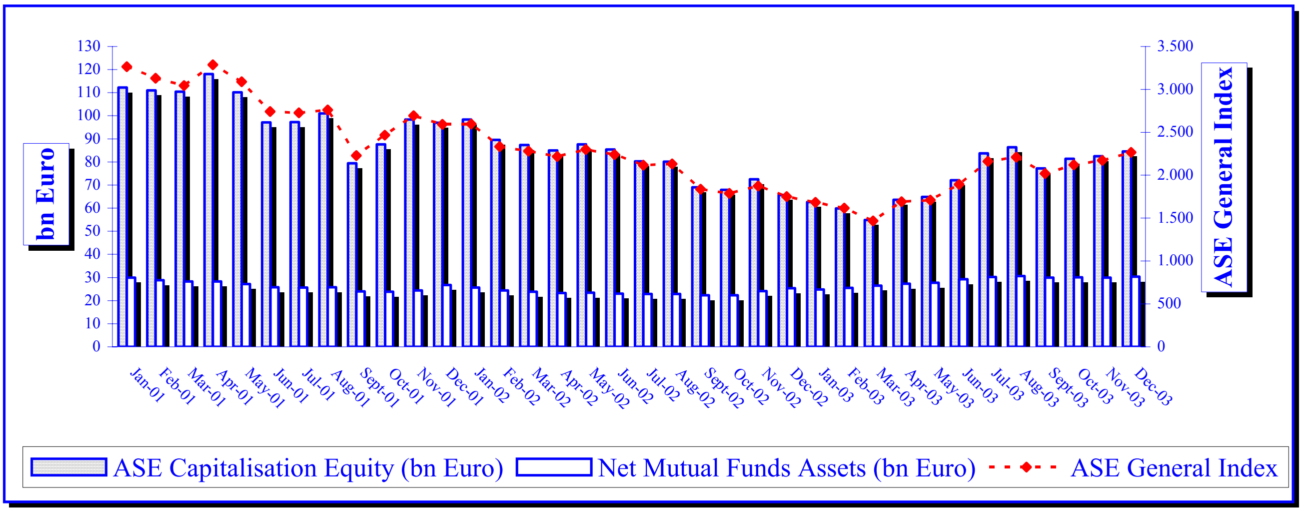
The make-up of the mutual funds market is presented on Figure 18, which correlates the quarterly change in total mutual fund assets with the corresponding ratio of equity funds to total assets.

TABLE 34.
Net Assets and Units of Mutual Funds, 2003

MF Classification		Net Assets 31/12/2003 (billion Euros)	% diff. 2003-2002	No. of Shares 31/12/2003	% diff. 2003-2002
Money Market	Domestic	15,635,775,417.00	45.94	2,970,335,394.91	43.17
	Foreign	0.00	-100.00	0.00	-100.00
	International	151,618,715.95	354.66	14,408,539.00	594.50
Bond	Domestic	5,109,912,942.93	19.50	796,073,628.93	28.66
	Foreign	748,592,614.61	42.62	123,681,793.08	43.46
	International	681,817,868.31	112.54	162,634,365.82	99.53
Equity	Domestic	4,184,592,198.54	23.51	738,538,465.32	2.53
	Foreign	621,560,935.68	130.00	155,755,150.98	26.23
	International	46,614,456.01	-12.09	19,834,497.50	-7.51
Mixed	Domestic	3,054,550,087.70	-45.92	478,912,503.08	-42.22
	Foreign	10,789,378.37	248.09	2,909,907.39	175.13
	International	152,986,280.17	-0.28	19,624,455.98	-1.71
TOTAL		30,398,810,895.27	19.75	5,482,708,701.99	19.75

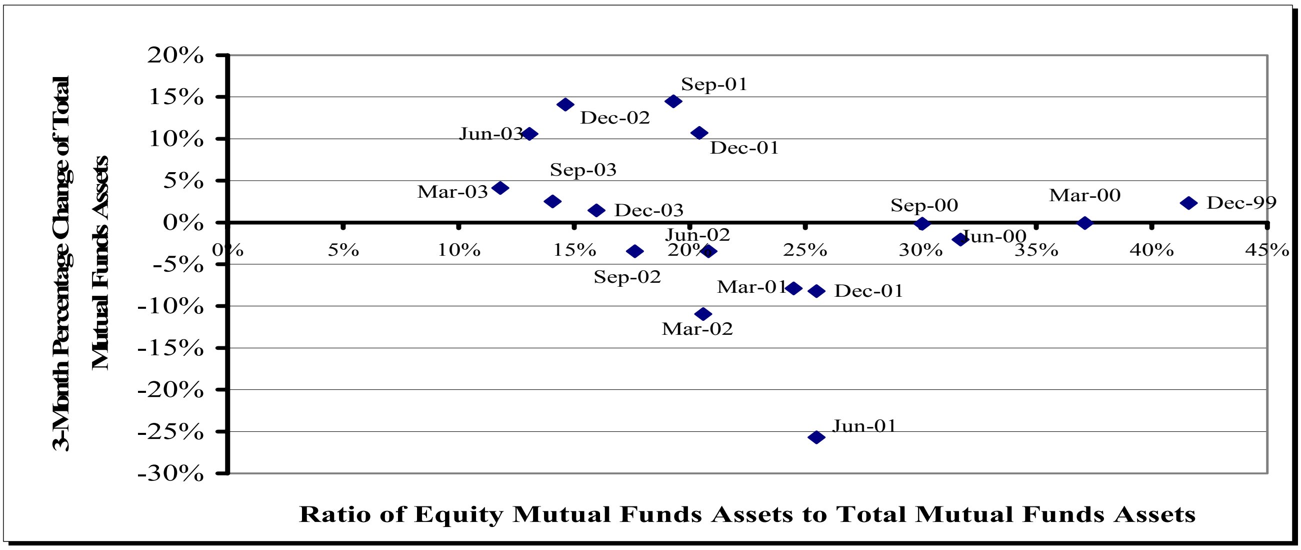
Sources: Union of Greek Institutional Investors, Hellenic Capital Market Commission

FIGURE 18.
Net Mutual Fund Assets, Market Capitalisation and the ASE General Index, 2003



Sources: Union of Greek Institutional Investors, Hellenic Capital Market Commission

FIGURE 19.
The Make-up of the Capital Market and the Total Assets of Mutual Funds, 2001-2003



Sources: Union of Greek Institutional Investors, Hellenic Capital Market Commission

In the first half of 2003, the total net assets of mutual funds registered a 15.15% increase, against an 8.21% increase of the ASE General Index during the same period. However, despite the increase in the net assets of equity funds by 2.93%, their market share fell from 14.62% in December 2002, to 13.07% in June 2003. This fact is due to the comparatively larger increase in the net assets of money market funds (46.44%) and bond funds (26.22%) and the consequent commensurate increase in the number of their units (46.45% and 29.76%, respectively).

During the second half of 2003, the total net assets of mutual funds registered a slight increase of 3.99%, which is mainly due to the increase in the net assets of equity funds by 27.04%, mainly the result of positive equity fund returns, given that the number of units in equity funds increased by a mere 4.98%. The other mutual fund types registered small net asset increases. During this period, the market share of equity funds increase from 13.07% in June 2003 to 15.96% in December 2003.

Therefore, the annual increase in the total net assets of mutual funds can be attributed to the inflow of fresh capital in money market and bond funds, as well as to the recovery of share prices since March 2003, which had a positive effect on the net assets of equity and mixed mutual funds.

In 2003, the concentration level in the mutual fund market increased. By the end of the year, the three largest mutual fund management firms had funds under management of 20.05 bn euros, which accounted for 65.96% of total mutual fund assets, as compared to 60.29% in 2002, while the 5 largest mutual fund management firms had funds under management of 80.06% of total mutual fund assets, as compared to 76.27% in 2002 (see Table I of the Appendix).

In 2003, six overseas UCITS notified the HCMC about their intention to sell mutual fund units in the Greek market through their representatives. The operation of four of those UCITS is governed by the provisions of Directive 85/611/EEC. Three of those UCITS are based in Luxemburg, two in Germany and one in Ireland. Finally, in 2003 the Hellenic Capital Market Commission approved the sale of shares from 117 foreign mutual funds.

TABLE 35.
Foreign UCITS in the Greek Capital Market, 2001-2003

YEAR	UCITS covered by Directive 85/611/EEC		UCITS covered by Directive 85/611/EEC	
	No of UCITS	No of M/Fs	No of UCITS	No of M/Fs
2003	4	115	2	2
2002	6	264	0	0
2001	18	316	3	11
Total	28	695	5	13

Source: HCMC

The international mutual fund market

According to the statistics of FEFSI, during the first nine-months 2003, total net assets of mutual funds in European markets (UCITS and non-UCITS) increased by 8.7% (Table 35). During the same period, the total net assets of UCITS mutual funds increased by 8.9%, because of the increase in the total assets of money market funds by 10% and in the total assets of equity and bond funds by 9.5% each. The total assets of mixed funds increased by a mere 3.6%. Net unit sales were positive for all mutual fund types, the highest being those of bond funds. It is noted that during the third quarter of 2003 equity funds enjoyed the highest net inflows (25 bn euros), while for the first time since late 2000 money market mutual funds suffered net outflows of 1.6 bn euros.

These changes in net assets during the first three quarters of 2003 did not produce any major reshuffling in the market shares of European UCITS mutual funds, which were the following: 32% equity funds, 14% mixed funds, 32% bond funds and 20% money market funds (excluding Irish mutual funds, for which there is no classification). France, Luxembourg and Italy, dominate the European UCITS mutual fund market, with a market share of 58.9% of the total, followed by the United Kingdom and Ireland (Table 36).

The non-UCITS market is dominated by four product types: German special mutual funds, exclusively addressed to institutional investors, British investment trusts, French employee insurance funds and real estate funds. During the first three quarters of 2003, the total assets of non-UCITS mutual funds increased by 7.8%; French employee insurance funds and real estate funds registered the largest net asset increases by 16.7% and 15.5% respectively.

Table 36.
Net Assets of UCITS, 2002-2003

MF Classification	30.9.2003			30.6.2003	31.3.2003	31.12.2002
	Total net assets (€ Bn)	% of total	% Change 09.03 – 12.02	Total net assets (€ Bn)	Total net assets (€ Bn)	Total net assets (€ Bn)
Equity	1,063	32.1%	9.47%	1,006	884	971
Mixed	448	13.5%	3.46%	437	413	433
Bond	1,045	31.5%	9.42%	1,032	983	955
Money Market	678	20.5%	10.24%	674	667	615
Other	81	2.4%	5.19%	78	74	77
Total (1)	3,315	100.0%	8.65%	3,227	3,021	3,051
Incl. Ireland	3,581		8.88%	3,486	3,256	3,289

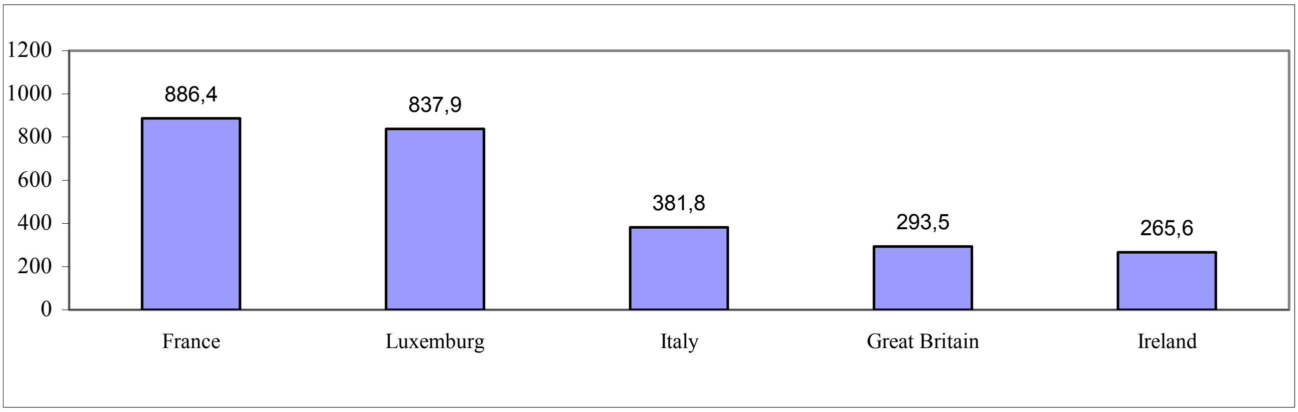
Source: FEFSI, (1): Excluding Ireland for which there is no detailed information.

TABLE 37.
Top-5 Countries in Mutual Fund Assets in the EU, 30.9.2003

Country	30.09.2003			31.12.2002	
	Total net assets (€ mn)	% of the total in the EU market	% change 09.2003 – 12.2002	Total net assets (€ mn)	% % of the total in the EU market
France	886,400	24.75%	9.99%	805,900	22.50%
Luxembourg	837,891	23.40%	9.31%	766,539	21.40%
Italy	381,826	10.66%	5.86%	360,693	10.07%
United Kingdom	293,520	8.20%	6.55%	275,471	7.69%
Ireland	265,601	7.42%	11.36%	238,501	6.66%
Total	2,665,238	74.42%	8.91%	2,447,104	68.33%

Source: FEFSI

FIGURE 20.
Top-5 Countries in Mutual Fund Assets in the EU (€ Bn), 30.9.2003



Portfolio Investment Companies

The recovery of the capital market after the first quarter of the previous year boosted both the net asset value of portfolio investment companies (PIC), and the prices of their shares. The profits of these companies are expected to follow a similar course that will allow the distribution of large dividends.

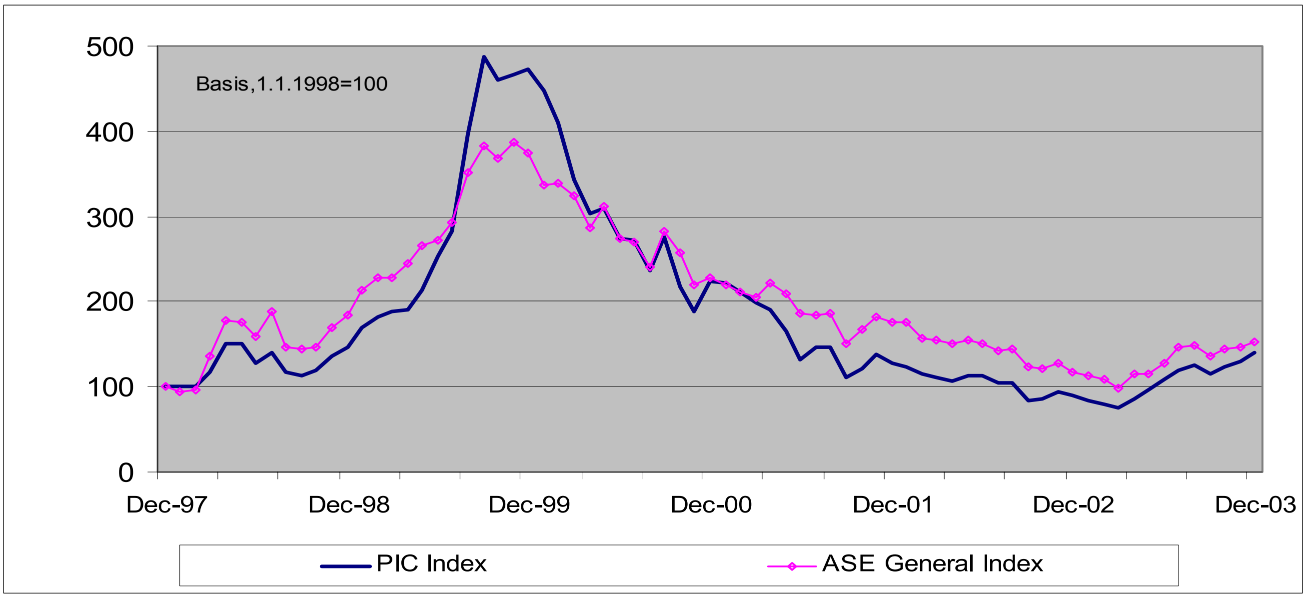
In 2003, two non-listed portfolio investment companies were granted permission to introduce their shares in the stock market. By the end of the year, twenty two shares of portfolio investment companies were traded in the Athens Stock Exchange.

By the end of 2003, the total market capitalisation of these twenty two listed portfolio investment companies was 1.3 billion euros, while in 2002 there were twenty four companies with market capitalisation of 1.4 billion Euros and in 2001 there were twenty companies with market capitalisation of 1.8 billion Euros. Their total net asset value was 1.4 billion euros in 2003, as compared to 1.7 billion euros in 2002 and 2.3 billion euros in 2001. By the end of 2003, PIC shares traded at an average premium of 5.2%, as compared to discounts of 15% and 15.3% by the ends of 2002 and 2001 respectively. Nevertheless, barring one listed PIC, which showed a premium of 362.5%, there was an average discount of 11.8%, as compared to 23% in 2002.

During 2003, two portfolio investment companies, as compared to six in 2002, listed their shares in the Main Market of the ASE, raising 3,022,000 euros, as compared to € 6,277,480, while none of the already listed PICs proceeded to share capital increases through cash payment. Moreover, during 2002 the HCMC did not grant operating license to one new PIC, while it revoked the licenses of two companies due to dissolution and liquidation, and four companies due to merger by absorption. By the end of 2003, ten portfolio investment companies were still remaining out of the stock market.

Finally, as far as developments in the institutional framework regulating the operation of portfolio investment companies is concerned, we should note the introduction of HCMC Rule 4/278/12.8.2003. This rule ensures both the provision of complete information to PIC shareholders (and to investors at large) and the easiest and more effective supervision of those companies' operation by the Hellenic Capital Market Commission. More specifically, the said rule: (i) specifies a model according to which all PICs must prepare the investment table provided for by paragraph 1, article 12 of Law 1969/1991; (ii) sets a deadline of 10 days after the end of each calendar quarter for the distribution of the aforementioned table to the public and its submission to the HCMC; (iii) establishes the announcement of the intrinsic value of the share, as well as its premium / discount every 10 days; and (iv) establishes the presentation of the intrinsic value of the share, as well as the risk premium/discount in a note attached to the balance sheet and the quarterly financial statements, according to the date of their preparation.

FIGURE 21.
The Evolution of the ASE General Index and the PIC Index, 1998-2003



The portfolio structure of Portfolio Investment Companies listed in the ASE

In 2003, the activity of portfolio investment companies was increased, and involved extended portfolio restructuring. Table 37 presents the portfolio structure of the portfolio investment companies listed, or about to be listed, in the ASE. Portfolios of such companies are allocated to the following main categories: a) placements in shares of companies listed in the ASE; b) placements in shares of companies not listed in the ASE; c) placements in mutual fund shares and fixed income securities; d) placements in foreign equities; and e) investment capital in cash, including repos.

In the end of September 2003, the total value of PIC portfolios amounted to 1,699.09 million euros, as compared to 1,804.81 million euros in the end of September 2002, decreasing by 7.52% since the same month of the previous year and 19.18% since September 2001. In the first quarter of 2003, total portfolio value fell to 1,346.45 million euros, by the end of the second semester it had regained

18.24%, and in the end of the third quarter it increased by a further 4.84%, as compared to the previous quarter.

The course of the portfolio structure of portfolio investment companies during the first nine-months of 2003 shows a reduction of placements in shares listed in the ASE as a percentage of total portfolio value from 64.84% in December 2002 to 57.53% in September 2003. From September 2002 to March 2003, this reduction of placements in equities was continuous, while in the second and third quarters of the year, placements in equities increased as a result of positive equity valuations in the Greek stock market. Overall, during the period Sept. 2002 - Sept. 2003 the value of investments by PICs in shares listed in the ASE decreased by 18.45%, against increases of 15.52% for the General Index, 17.68% for the FTSE/ASE20 index, 13.39% for the FTSE/ASE Mid40 index and 13.45% of the FTSE/ASE 80 during the first nine months. On the contrary the value of investments by PICs in bonds and mutual funds rose, as a percentage of the total value of their portfolios, to 7.51% in September 2003, from 6.12% in September 2002 and 6% in December 2002, while the value of investments by PICs in cash, (including repos) rose, as a percentage of the total value of their portfolios, to 28.99% in September 2003, from 17.45% in September 2002 and 19.37% in December 2002.

The value of placements in bonds and mutual funds (the latter do not represent more than 10% of the total value of this category) rose by 36.21% in the first nine-months of 2003, as compare to a rise of 26.69% in the same period of 2002, registering its largest increase during the first quarter of the year. These developments are due to the negative course of international stock market indices during the first months of 2003, the weakness of economic recovery rates during the first half of 2003, and the shift of portfolio managers towards low risk placements.

The percentage of placements in foreign equities decreased from 7.09% in September 2002 and 8.23% in December 2002 to 4.71% of the total in September 2003. The total value of placements in foreign equities decreased in absolute terms by 37.73% during the first nine months of 2003, as compared to 15.8% during the same period of 2002, despite the increase in international stock market indices in this period. Placements in shares of non-listed companies decreased to 1.26% of total PIC investment, as compared to 4.09% in September 2002 and 1.56% in December 2002.

A review of the portfolio structure of portfolio investment companies for the period Dec. 1998 – Sept. 2003 shows that, by the end of this period, placements in ASE listed shares and foreign equities as a percentage of total portfolio value reached their lowest for the period, while investment in cash and repos, reached their peak, reflecting the conservative investment policies implemented by portfolio managers.

TABLE 38.
Portfolio Structure of Portfolio Investment Companies,[1] 1998-2003

Quarter /Year	Shares of ASE listed Companies	Shares of non-listed Companies	Mutual Funds Shares & Bonds	Foreign Equities	Cash & Repos

	Value (€)	% of portf.	Value (€)	% of portf.	Value (€)	% of portf	Value (€)	% of portf	Value (€)	% of portf
Sep-03	960,176,219.7	57.53	21,090,560.8	1.26	125,355,809.6	7.51	78,635,389.8	4.71	483,836,444.4	28.99
Jun-03	948,553,092.3	59.58	21,342,627.8	1.34	111,850,797.3	7.03	108,906,529.0	6.84	401,323,553.8	25.21
Mar-03	798,273,047.9	59.29	23,729,212.7	1.76	117,479,737.1	8.73	110,740,530.0	8.22	296,226,475.1	22.00
Dec-02	995,244,616.3	64.84	23,982,933.7	1.56	92,028,408.7	6.00	126,287,067.2	8.23	297,348,389.3	19.37
Sep-02	1,177,475,389.8	65.24	73,865,124.8	4.09	110,503,933.8	6.12	127,981,111.2	7.09	314,988,576.5	17.45
Jun-02	1,477,908,495.5	68.97	76,401,919.4	3.57	85,668,615.0	4.00	145,605,068.7	6.79	357,392,328.6	16.68
Mar-02	1,620,811,187.3	71.47	79,301,056.1	3.50	99,795,339.8	4.40	156,450,788.1	6.90	311,435,036.7	13.73
Dec-01	1,792,363,836.0	72.38	102,081,693.4	4.12	87,467,177.6	3.53	152,019,483.2	6.14	342,391,537.2	13.83
Sep-01	1,384,551,028.1	67.04	114,852,039.5	5.56	71,198,161.6	3.45	125,095,822.3	6.06	369,462,092.8	17.89
Jun-01	1,749,647,332.9	71.76	119,069,134.0	4.88	97,695,628.3	4.01	166,192,423.7	6.82	305,420,655.1	12.53
Mar-01	1,974,581,240.3	68.84	117,479,275.8	4.10	86,178,460.1	3.00	144,318,466.1	5.03	545,880,967.5	19.03
Dec-00	2,221,187,907.8	71.59	111,955,154.1	3.61	117,778,201.7	3.80	160,202,699.2	5.16	491,340,170.5	15.84
Sep-00	2,785,591,820.7	74.46	104,819,779.8	2.80	95,611,478.4	2.56	171,304,166.5	4.58	583,781,273.8	15.60
Jun-00	2,689,366,183.3	71.55	104,227,972.3	2.77	117,287,330.4	3.12	155,216,241.7	4.13	692,471,215.1	18.42
Mar-00	2,890,894,436.9	69.58	103,548,139.2	2.49	219,460,705.7	5.28	147,023,651.2	3.54	793,883,405.4	19.11
Dec-99	2,827,316,683.7	75.93	94,036,409.3	2.53	32,799,209.5	0.88	96,072,272.1	2.58	673,383,699.5	18.08
Sep-99	2,347,463,352.5	84.27	44,573,116.3	1.60	45,683,001.9	1.64	71,151,485.9	2.55	276,871,459.2	9.94
Jun-99	1,456,406,629.8	77.92	21,092,958.8	1.13	66,220,179.3	3.54	71,982,570.7	3.85	253,522,585.9	13.56
Mar-99	935,920,847.4	72.72	18,871,745.1	1.47	33,223,971.7	2.58	54,427,047.8	4.23	244,552,107.0	19.00
Dec-98	740,516,932.8	74.98	15,320,182.0	1.55	59,738,867.7	6.05	47,652,063.6	4.82	124,409,081.2	12.60

Source HCMC.

[1]. Source: Hellenic Capital Market Commission.

[1]. The above analysis includes data concerning companies whose shares were either already being traded in the ASE on December 31st, 2002, or had been approved for listing by the HCMC. Therefore, the above analysis includes data for the companies: Aeolian Investment Funds SA, Active Investments SA, Alpha Portfolio Investments SA, Alpha Trust Andromeda, Alpha Trust Asset Manager Fund, Alpha Trust Orion, Altius, Arrow, Aspis Invest SA, Astra SA, Dias SA Investment Company, Domus Closed End Fund SA, National Investment SA, Hellenic Investment SA, Commercial Investment SA, Exelixi SA, Investment Development Fund, Ergo Invest SA, Eurodynamic Closed End Fund SA, Interinvest International Investments, Marfin Classic SA, New Millennium SA, Nexus Investment, Optima SA, P&K SA, Piraeus Investment SA, The Greek Progress Fund SA, Standard Investment SA and Farai Investment Co.

Institutional investor activity in the derivatives market

In 2003, institutional investors increased their activity in the derivatives market. Table 38 shows the investment of mutual fund assets in derivatives at the end of each quarter by value and as a percentage of the total assets of these mutual funds, as well as the gains/losses from such investments during the corresponding quarter.

Mutual fund investments in derivatives during the first nine-months of 2003 rose by a spectacular 66,06%, as compared to a 25.20% increase by December 2002. As a percentage of the net assets of the mutual funds that were active in the derivatives market, these placements increased to 14.91% in September 2003 from 8.40% in December 2002 and 7.09% in September 2002. These placements also increased as a percentage of total mutual fund net assets, albeit to a lower level, i.e. to 6.11% in September 2003, from 4.96% in September 2002 and 5.76% in December 2002.

Portfolio investment company placements in derivatives increased by 7.29% during the period Dec. 2002 – Sept. 2003 (Table 39), but decreased by 30.27% during the period Sept. 2002 – Sept. 2003. As a percentage of their assets, PIC placements in derivatives increased both year-on-year, and for the first three quarters of 2003, and on September 2003 accounted for 7.89% of total assets, as compared to 3.36% in December 2002, and 6.33% in September 2002.

TABLE 39.
Mutual Fund Investments on Derivatives, 2001-2003

Quarter	Absolute value of position on derivatives (€)	% of absolute value of position on derivatives	Gains / losses within the quarter
3rd Quarter 2003	1,830,795,801	14.91%	4,227,805
2nd Quarter 2003	2,232,022,819	10.79%	-14,274,272
1st Quarter 2003	1,719,168,837	10.61%	-7,262,240
4th Quarter 2002	1,462,288,622	8.40%	23,467,248
3rd Quarter 2002	1,102,462,102	7.09%	-7,796,429
2nd Quarter 2002	1,329,785,038	7.94%	5,859,696
1st Quarter 2002	953,982,414	7.23%	707,904
4th Quarter 2001	783,945,848	5.91%	10,024,880
3rd Quarter 2001	670,887,540	5.03%	1,540,379
2nd Quarter 2001	1,106,847,848	8.21%	-1,627,693
1st Quarter 2001	703,731,902	5.12%	3,278,772

Source: HCMC

TABLE 40.
Portfolio Investment Companies Investments in Derivatives, 2001-2003

Quarter	Absolute value of position on derivatives (€)	% of absolute value of position on derivatives	Gains / losses within the quarter
3rd Quarter 2003	86,879,115	7.89%	2,910,027
2nd Quarter 2003	98,218,767	8.51%	-473,970
1st Quarter 2003	96,099,169	5.14%	257,771
4th Quarter 2002	80,974,822	3.36%	3,405,621
3rd Quarter 2002	124,602,151	6.33%	-3,902,468
2nd Quarter 2002	67,764,316	2.70%	2,234,410
1st Quarter 2002	94,798,312	3.77%	1,562,640
4th Quarter 2001	43,711,727	1.74%	-2,296,656
3rd Quarter 2001	74,098,112	2.95%	4,772,068
2nd Quarter 2001	47,267,147	1.88%	-1,723,921
1st Quarter 2001	72,117,296	2.87%	696,670

Source: HCMC

Developments in the International Capital Markets

Overview.

After a continuous three-year bear market, which on the whole was the worse of the last 70-years, in the year 2003 stock prices rose substantially in most advanced and emerging capital markets, including the Greek. The global MSCI index registered a 27.7% annual increase, exhibiting its best performance in the last 17-years, surpassing even its 1999 gains of 25%, thus confirming investor confidence in international markets. The FTSE All Emerging Markets, expressed in US dollars, showed annual gains of 70%, the Latin American capital markets index rose by 62% year-on-year, and the Asian capital markets index, excluding Japan, registered a year-on-year increase of 34%, despite the adverse consequences of the SARS virus outbreak. The performance of European capital markets lagged behind those of the US, Japan and the emerging markets. In fact, while in 2003 the Dow Jones Industrial Average rose by 22.2% and the Nikkei 225 Average by 24.5%, the FTSE Eurotop 300 index, which comprises the largest European listed companies, rose by a mere 8%, the FTSE 100 index of the London Stock Exchange rose by 11.7%, and the CAC-40 of the Paris Stock Exchange rose by 11.4%. The only exception was Germany's DAX index, which registered an annual gain of 28.9%.

The uncertainty that prevailed in capital markets as a result of the war in Iraq, worries for further terrorist attacks, the outbreak of the SARS virus in Asia, and the weak performance of international economies, led to a decline in share prices that lasted till March 2003. Since then, the successful outcome of the war in Iraq, the attenuation of the SARS threat, the improvement of corporate profits above expectations for both the profits themselves and the recovery of the global economy, led investors to equity placements. The rise of international markets was rather evident in the advanced technology and telecommunications, banks, and insurance sectors. This capital market rally resulted from positive expectations regarding global economic growth during 2003 and the next two years. The recovery of business activity in the US and Asia, and to a lesser extent in Europe, was already evident by mid-year, and is due to the success of macroeconomic policies and structural reforms, the abatement of geopolitical worries, the maintenance of low prices and the increase in productivity. According to estimates, the US will sustain its growth momentum in the next two years, while Japan and the EU member-states will experience slower recovery rates, limited to 2%-2.5% till 2005.

In 2003, the performance of EU member-state economies remained weak for a third consecutive year. GDP growth of the EU member-states amounted to 0.8% in 2003, as compared to 1.1% growth in 2002. Despite low growth rates, average EU inflation rose by 1.8% in 2003 because of the inflationary effects from the rise in oil and food prices, which resulted from adverse weather conditions during the year, as well as from the rise in indirect taxes. Unemployment in the EU increased from 7.7% in 2002 to 8.1% in 2003 (Table 40).

The relatively weak recovery of business activity in the EU during 2003 is due to both exogenous and endogenous factors. The former include the military engagement in Iraq, the steady revaluation of the

euro against the dollar, the reduction of foreign demand for European good and services that reduced exports and oil price fluctuations. The latter include the heavy debt burden accumulated by listed companies during the period of stock market euphoria in the late 1990s, the reduction of private investment expenditure because of low business confidence and the reduction of consumer expenditure mainly because of low consumer confidence, which was further aggravated by the increase in unemployment. In March and June, the European Central Bank (ECB) reduced its basic rate by 50 basis points and stabilized it at 2% in order to boost the growth potential of the euro zone. The implementation of less strict monetary policies, the successful effort of companies to achieve competitive restructuring and reduce costs, the improvement of corporate profits and business confidence indices in the largest economies of the euro zone, as well as the progress regarding structural reforms, facilitated a change in the expectations of European investors, who proceeded to placements in the capital market, leading to an increase o European Stock Market indices.
In 2003, there was a major rise of the main US stock market indices, which was due to the successful outcome of the military operations in Iraq and the strong growth momentum of the US economy. It is estimated that US GDP grew by 2.8% in 2003 as compared to 2.5% in 2002, inflation rose to 1.7% in 2003 from 1.4% in 2002 and unemployment rose to 6,1% in 2003 from 5.8% in 2002. Economic growth was enhanced, especially during the second half of 2003, by the less strict monetary and fiscal policies that were implemented in order to boost the economy. Indeed, the US Federal Reserve (Fed) reduced in June its base rate to 1%, which is the lowest since 1958, while during the year the Congress and the Senate approved the program of the US administration which provides for large tax-cuts and increased defense spending, and whose amount is the largest in the last 50 years, facilitating the increase of private consumption and investment, exports and productivity, as well as of the consumer and business confidence indices. One of the flaws of this growth effort was its failure to reduce unemployment. US companies implemented competitive restructuring and cost-cutting policies in order to improve their balance sheets and their corporate governance. These policies, in conjunction with the increase in productivity, the devaluation of the dollar and expansive macroeconomic policy, led to a greater-than-expected rise in profitability, and, consequently, to a rise in share prices in the US stock markets.
The growth of the US economy, which is considered as the engine of global economic growth, may not prove viable because of grave macroeconomic imbalances. Indeed, the US budget deficit, which is estimated to approach 5% of the US GDP for 2003, may finance this growth potential, but is expected to offset the long-term benefits from the tax reductions and discourage the necessary adjustment of the current account, whose deficit is projected to almost 5.3% of the country's GDP for 2003. This deficit is financed through inflows of foreign capital to direct investments and US corporate and above all Treasury securities, led by increased investment by Asian central banks in US Treasuries. Given that

the current account deficit cannot increase indefinitely, the necessary medium- to long-tem adjustment will mainly occur as a revaluation of the dollar or a deceleration of growth rates. Such developments will have adverse effects on the recovery of Europe and Japan, to the extent that the growth of these economies still depends on their exports to the US economy.

During 2003, Japan's Nikkei 225 index registered a year-on-year increase of 24.5%. Investors acquired Japanese equities on the basis of their historically low evaluations, which were the result of the bear market of the last 13 years, and the sanguine projections for the country's economic growth rate, which is estimated to reach 2.6% in 2003. This growth is mainly due to the increase in private investment and in the exports of goods, and to a lesser extent to the increase in private consumption. The financial structure of Japanese companies was significantly improved, while the Bank of Japan managed to contain deflationary pressures. However, the problems concerning the heavy debt burden of the financial sector companies and the heavy public debt persist and are expected to slow down the country's growth, unless they are efficiently dealt with.

During 2003, international foreign exchange markets were market by volatility and substantial capital transfers. The value of US dollar declined substantially against the currencies of other advanced economies, and by the end of 2003 its exchange rate stood at 0.8€:1$ and 107.3JPY:1$. The devaluation of the dollar against the euro is mainly due to geopolitical tensions and the engagement of the US in the Iraq war, concerns over the financing of the US current account deficit, the G7 statement concerning the maintenance of flexible exchange rates, and the interest rate differential between the euro zone and the US. The devaluation of the dollar against the yen is mainly due to the acceleration of Japanese economic growth rates, the improvements of Japan's investment outlook and the effective monetary policy pursued by the Bank of Japan.

In 2003, demand for gold increased because of the uncertainty in the capital markets during the first quarter of the year and the weakening of the dollar. The price of gold reached its highest level since 1995, and by the end of 2003 stood at almost 417$ per ounce. In the same year, the price of oil remained high, albeit with fluctuations. As a matter of fact, the price of Brent Dtd closed at 30$ in the end of 2003, as compared to 35$ on March 12th 2003 and 26$ in late November 2002.

In 2003, there was increased activity in international bond markets. A main feature of the market during the first half of the year was increased demand for sovereign debt, which led to a rise in prices and a decline in yields. In June, the yield of the 10-year US Treasury bond was 3.11% and approached the lowest level of the past 45 years, while the yields of the equivalent German and Japanese bonds were also very low at 3.43% and 0.43% respectively. This increased demand for bonds was accompanied by concerns about the rather high evaluations of those securities, especially in Japan. In the second half of the year, the encouraging macroeconomic data about the US and Japanese economies, along with the expectations for a gradual recovery of the European economy, which would have a positive effect on equity prices, led to a decline in bond prices and a rise in bond yields. By the end of the year, the 10-year Treasury bond yielded 4.25% in the US, 4.30% in Germany and 1.36% in Japan. The spread in the yields between the German and US bonds is due to the different growth potential of each area. Activity in the international corporate bonds market was also increased. The expectations concerning global economic recovery, the relaxation of monetary policy by the ECB and the Fed, the improvement of the companies' balance sheets, and, consequently, the reduction of bankruptcy risks, boosted investor interest in corporate bonds, leading to a rise in their prices and a decrease in the spread between corporate bond and 10-year treasury bond yields in both the euro zone and the US.

These international macroeconomic developments led to an increase in the total market capitalization of companies listed in stock markets (Table 42). Market capitalization in the NYSE increased by 25.66%, in the NASDAQ by 32.26%, in the Tokyo Stock Exchange by 42.71%, in the London Stock Exchange by 35.89%, in the Frankfurt Stock Exchange by 57.29%, in the Stockholm Stock Exchange by 78.68%, in the Euronext stock exchange by 34.95% and in the Milan Stock Exchange by 28.88%.

TABLE 41.
EU macroeconomic aggregates, 2001-2003[1]

Country	Gross Domestic Product			Exchange Rates			Inflation[2]			Gross Government Debt (% of GDP)[3]		
	2001	2002	2003[4]	2001	2002	2003	2001	2002	2003[5]	2001	2002	2003[6]
Austria	0,8	1,4	0,9	-	-	-	2,2	1,1	1,4	67,1	66,7	66,4
Belgium	0,6	0,7	0,8	-	-	-	2,8	1,4	1,6	108,7	106,1	103,5
Denmark	1,4	2,1	0,8	7,46	7,45	7,44	2,6	2,4	2,1	45,4	45,5	42,9
Finland	1,2	2,2	1,5	-	-	-	3,4	3,0	1,7	44,0	42,7	44,6
France	2,1	1,2	0,1	-	-	-	1,6	2,0	1,9	56,8	59,0	62,6
Germany	0,8	0,2	0,0	-	-	-	1,6	1,3	1,1	59,4	60,8	63,8
Greece	4,0	3,8	4,1	-	-	-	3,3	3,6	3,6	106,9	104,7	100,6
Ireland	6,2	6,9	1,6	-	-	-	4,3	6,6	3,5	36,1	32,4	33,5
Italy	1,8	0,4	0,3	-	-	-	2,7	3,0	2,9	109,5	106,7	106,4
Luxembourg	1,2	1,3	1,2	-	-	-	3,3	2,3	2,1	5,5	5,7	4,9
Netherlands	1,2	0,2	-0,9	-	-	-	4,7	3,1	2,1	52,9	52,4	54,6
Portugal	1,6	0,4	-0,8	-	-	-	3,5	3,6	3,4	55,5	58,1	57,5
Spain	2,8	2,0	2,3	-	-	-	3,3	3,5	3,2	56,8	53,8	51,3
Sweden	1,1	1,9	1,4	9,26	9,13	9,12	2,1	2,0	2,0	54,4	52,7	51,7
UK	2,1	1,7	2,0	0,62	0,63	0,69	2,2	1,3	1,2	38,9	38,5	39,6
EU -15	1,7	1,1	0,8	1	1	-	2,3	2,1	1,8	62,8	62,5	64,1
USA.	0,3	2,5	2,8	0,9	0,94	1,13	2,0	1,4	1,7	N/A	N/A	N/A
Japan	0,4	0,1	2,6	1,08	1,11	1,30	-1,5	-1,5	-1,2	N/A	N/A	N/A

Source: European Economy (EU Commission: DG of Economic and Financial Affairs)
Notes:
1. Annual % change, unless otherwise stated.
2. Deflator of private expenditure for final consumption (ESA).
3. Gross government debt (end of year, as % of GDP).
4. October estimates concerning 2003.
5. October estimates concerning 2003.

[6]. October estimates concerning 2003.

TABLE 42.
Developments in Selected International Stock Exchanges , 2003

Stock Exchanges	General Index		Market Capitalization			Transaction Value			Turnover ratio[1] (%)	No. of listed companies
	Closing price	Annual % change	Amount (bn. $)	Annual % change	% of GDP	Amount (bn. $)	Annual % change	% of GDP		
London	4,476.9	13.62	2,425.82	35.89	122.16	3,624.01	-9.36	182.50	149.39	2,692
Germany	3,965.2	37.08	1,079.03	57.29	40.17	1,304.99	8.03	48.58	120.94	866
Euronext[2]	609.0	12.72	2076.41	34.95	-	1905.4	-4.12	-	91.76	1392
Paris	3,557.9	16.12	-	-	-	-	-	-	-	-
Switzerland	3,961.6	22.06	727.1	18.68	200.00	609.01	1.49	167.52	83.76	419
Amsterdam	337.7	4.62	-	-	-	-	-	-	-	-
Italy	19,922.0	17.51	614.84	28.88	37.46	823.08	29.25	50.15	133.87	279
Madrid[3]	808.0	27.44	726.24	57.35	77.68	938.72	43.37	100.40	129.26	3223
Stockholm	194.2	29.82	320.04	78.68	95.52	305.09	9.95	91.05	95.33	282
Brussels	2,244.2	10.82	-	-	-	-	-	-	-	-
Athens	2,263.6	29.46	106.64	59.02	55.24	40.09	70.52	20.77	37.59	340
Vienna	1,545.2	34.36	56.52	68.31	20.08	11.23	82.90	3.99	19.87	125
NYSE	6,464.0	24.07	11,328.95	25.66	92.97	9,692.34	-6.00	79.54	85.55	2,308
NASDAQ	2,003.4	50.01	2844.19	32.26	23.34	7,068.21		58.00	248.51	3,294
Tokyo	10,676.6	24.45	2953.1	42.71	61.34	2,130.71	36.08	44.26	72.15	2,206
Hong-Kong	12,575.9	34.92	714.60	54.32	NA	296.41	52.79	NA	41.48	1037

Sources: World Federation of Exchange Members, HCMC.
Notes:
1. Value of trading in shares / market capitalization.
2. Includes data from Amsterdam, Brussels, Lisbon and Paris.
3. Includes data from the stock exchanges of Madrid, Barcelona, Bilbao, and Valencia.

The use of the "European Passport": Notifications of foreign companies wishing to provide investment services in Greece.

According to the European Investment Services Directive 93/22 (ISD), investment firms intending to provide investment services in any EU member state (host member state) are obliged to notify this intention to the competent authorities of the home member state. Such notification must always be accompanied by a complete business plan. Thereafter, the competent authorities of the home member-state inform their counterparts in the host member-state accordingly.

In the context of the implementation of the Directive 93/22 for the period 1995-2003, the Hellenic Capital Market Commission has received notification from 1039 overseas firms wishing to provide investment services in Greece by means of the "European Passport." These notifications remain active in the case of 754 of the above companies.

The distribution of notifications by country is the following: 623 notifications were submitted by the UK, 29 by Ireland and 23 by the Netherlands. In addition, 18 notifications were submitted by France, 16 by Austria, 10 by Belgium, 7 by each of Germany and Norway, 6 by Denmark, 4 by each of Italy and Finland, 3 by each of Spain and Sweden 2 and finally 2 notifications by Luxembourg (Table 43).

Furthermore, in 2003, 34 new companies submitted notification regarding the provision of investment services in the Greek capital market. Of those notifications, 18 were submitted by the UK, 4 by France, 2 by each of the Netherlands and Finland, and 1 by each of Sweden, Luxembourg, Italy, Germany and Austria.

TABLE 43.
Notifications for the Provision of Investment Services y Overseas Firms in Greece, 2003

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
Austria	14	19	19	2	2	3	12	17	16
Belgium	10	11	11	1	1	1	9	10	10
Denmark	5	5	5	0	0	0	5	5	5
France	11	14	18	0	0	0	11	14	18
Germany	5	6	7	0	0	0	5	6	7
Ireland	33	35	35	4	6	6	29	29	29
Italy	3	3	4	0	0	0	3	3	4
Spain	1	3	3	0	0	0	1	3	3
Luxembourg	1	1	2	0	0	0	1	1	2
Norway	6	7	7	0	0	0	6	7	7
Netherlands	22	26	28	4	5	5	18	21	23
Sweden	5	6	7	2	4	4	3	2	3
Finland	2	2	4	0	0	0	2	2	4
Britain	789	840	889	203	235	266	586	605	623
Total	907	978	1039	216	253	285	691	725	754

Source: Hellenic Capital Market Commission

PART THREE

ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

THE ORGANISATION CHART OF THE HELLENIC CAPITAL MARKET COMMISSION

The task of monitoring the enforcement of capital market laws has been assigned to the Hellenic Capital Market Commission by means of Law1969/1991. In the meantime, both the structure of the capital market and the operation of the Hellenic Capital Market Commission underwent major changes. During this period stock exchange activity grew substantially, new markets were established and the institutional framework for the capital market was improved. These major changes in the capital market led to a rise in the HCMC's regulatory and supervisory responsibilities, an expansion of its purview and an increase in its personnel.

In 2002 the organisation chart of the Hellenic Capital Market Commission was amended. The objective of this amendment was the effective fulfilment of its tasks. The new organisation structure and the responsibilities of the Commission's directorates were established by means of presidential decree 25/2003 (Gov. Gazette 26/6.2.2003).

The new organization structure of the Hellenic Capital Market Commission deals more effectively with demands concerning the specialized supervision of the capital market and the monitoring of EU directive enforcement. Three new directorates are added to the four existing ones: the Directorate of Public Offerings and Supervision of Listed Companies, the Directorate of Monitoring and Auditing Capital Market Transactions, and the Directorate of International and Public Relations. The implementation of the new organization chart of the Hellenic Capital Market Commission will fulfill three major tasks: first, to specify the segregation of duties among the directorates, which is necessary for efficient and faster supervision; second, to ensure better execution of the new duties that emanated from the transfer of supervisory responsibilities from the Athens Stock Exchange to the Hellenic Capital Market Commission; third, to execute the new duties that result for European capital market regulators from the implementation of the Directives and the regulations of the Lamfalussy process.

The new organisation structure enhances human resources development within the HCMC. The creation of new positions for the heads of directorates and departments enables the creative utilisation of the Commission's staff, whose number has increased substantially in the past five-years, to approximately 140 members. The new organisation structure of the Hellenic Capital Market Commission is presented in Part One of this report.

RULES AND REGULATIONS.

During 2003, the board of directors of the Hellenic Capital Market Commission issued several rules and regulations and contributed significantly to the Ministry of Economy and Finance's legislative work on the capital market. During 2003, the Commission's regulatory activity was directed towards the enhancement of service quality and investor protection, the safeguarding of the normal operation of the market, the protection of the trading and clearing system, market transparency and the assurance of the smooth function of the market. The following rules are regulations were issued during 2003:

Investor protection and quality of investment services provided to investors.

- HCMC Rule 16/262/6.2.2003: "Provision of client investment portfolio management services by investment firms non ASE members." This rule specifies the administrative and accounting organization and the audit and security mechanisms for investment firms non ASE members that provide client portfolio management services and establishes cases of professional inconsistency regarding the staff of such firms. Finally, the same rule improves the custody system: the custodian of both portfolio components and client funds must be a credit institution, while in the case of portfolio components only the custodian may be an investment firm possessing the minimum share capital required for the establishment of a credit institution.
- HCMC Rule 10/265/27.2.2003: "Approval of the training program for individuals involved in the distribution and sale of mutual fund units." This rule approves the proposals submitted by the Union of Institutional Investors regarding the professional training of involved in the distribution of mutual fund units and specifies the syllabus.
- HCMC Rule 2/273/10.6.2003: "Specification of special qualifications and procedures for the professional certification of Stock Exchange Representatives as investment advisors." This rule specifies the syllabus of the professional certification examinations for the position of investment advisor, which can be attended by any person that during the five-year period from 5.12.1996 to 5.12.2001 acted without interruption as Stock Exchange Representative.
- HCMC Rule 19/284/9.10.2003: "Duties and responsibilities of the General Director of the Hellenic Capital Market Commission." This rule specifies the general and specific duties and responsibilities of the General Director of the Hellenic Capital Market Commission, in order to ensure the efficient operation and monitoring work of the HCMC and the faster provision of assistance to supervised entities.

Improvement of capital market transparency

- HCMC Rule 3/269/22.4.2003: "Content of the records issued by investment firms ASE members and investment firms non ASE members, regarding the execution of basket orders in the Athens Stock Exchange." This rule specifies in detail the contents of the records that must be issued by investment firms, regarding the preparation and submission of basket orders in the ASE.
- HCMC Rule 4/275/27.6.2003 : "Amendment of HCMC Rule 3/269/22.4.2003 'Contents of the records issued by investment firms-non-members of the Athens Stock Exchange and members of the Athens Stock Exchange, regarding the preparation security transactions in the Athens Stock Exchange on behalf of investor groups (basket orders).'" This rule amends article 2 of HCMC Rule 3/269/22.4.2003 as follows: "Athens Stock Exchange members that execute orders for the preparation of transactions in securities in the Athens Stock Exchange on behalf of investor groups must issue a separate official contract note for each end-investor. The official contract note slip that is delivered to the end-investor must state at least the following: the account number of the investor group, the account number of the specific end-investor, the full name of the end-investor, the type of the transaction, the date the transaction was executed, as well as the securities' type, quantity and unit price." This rule improves the quality of information about the execution of "basket orders."
- HCMC Rule 4/278/12.8.2003: "Publication and announcement of data regarding Portfolio Investment Companies, in accordance to the provisions of article 12, Law 1969/1991." This rule specifies the data that must be published and announced by Portfolio Investment Companies, in accordance to the provisions of article 12, Law 1969/1991.
- HCMC Rule 38/279/29.8.2003: "Operation of the parallel market of the stock exchange, as provided for by article 32 Law 1806/1988." This rule improves the criteria for the listing of securities in the ASE parallel market, specifies the financial obligations of the issuing companies toward the Athens Stock Exchange, sets the place and time of the public sessions of the parallel market, and the reasons for suspension of trading in, and delisting of, company shares from the parallel market.

Safeguarding the normal operation and liquidity of the capital market

- HCMC Rule 24/273/10.6.2003: "Amendment of HCMC Rule 8/71/2.4.1996 (Gazette B 296) 'Specification of the maximum daily fluctuation limits of share prices, block trades and clearing entries' as is currently in force." This rule amends the existing rule by specifying maximum daily fluctuation limits of share prices, block trades and clearing entries.

- HCMC Rule 5/272/22.5.2003: “Size of the Common Guarantee Fund for the year 2003.” This rule sets the total amount of the Common Guarantee Fund for the year 2003 to 187 million euros.

Enhancement of the clearing and settlement system.

- HCMC Rule 2/262/6.2.2003: “Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.” This rule amends parts of HCMC Regulation 9820/154/16.3.1999 “Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System,” with the main aim of supporting the wide distribution of Greek treasury bonds to investors, assisting issuing companies in the payment of dividends, and, in general, of enhancing the efficient operation of the clearing system.
- HCMC Rule 15/272/22.5.2003: “Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.” This rule amends parts of HCMC Regulation 9820/154/16.3.1999 “Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System,” with the main aim of introducing the capability of trading on Greek treasury bonds in the securities market of the Athens Stock Exchange through the use of broker operators.
- HCMC Rule 10/277/31.7.2003: “Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.” This rule amends parts of HCMC Regulation 9820/154/16.3.1999 “Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System,” with the main aim of facilitating the work of ASE market makers, the speedier remediation of errors during the completion of public offerings, and, in general, of enhancing the efficient operation of the clearing system.
- HCMC Rule 1/283/7.10.2003: “Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.” This rule adds the following verse to paragraph 2, article 63 of the Regulation 9820/154/16.3.1999: “Similarly, in the case of over-the-counter transfers of shares or other securities in accordance with article 15 paragraph 11 case vii of Law 3632/28, as is currently in force, the transfer from the special account of the Greek State or the Public Company for Transferable Securities, to the account off the acquirer must be completed the latest on the working day following the submission of the transfer application.”

LICENSING OF SUPERVISED ENTITIES.

The work of the Hellenic Capital Market Commission in the field of licensing during 2003, includes the following:

Investment firms-members of the ASE

- Granted expansion of license to one (1) investment firm-member of the ASE
- Approved of the absorption of two (2) investment firms-member of the ASE by credit institutions.
- Revoked the license of one (1) investment firm-member of the ASE.
- Approved of the resolution of one (1) investment firm-member of the ASE.
- Approved the merger through absorption of one (1) investment firm-member of the ASE by one (1) investment firm-member of the ASE
- Approved the appointment of stock exchange representatives of investment firms-members of the ASE in forty seven (47) cases.
- Approved the operation of subsidiaries of investment firms-members of the ASE in two (2) cases.
- Approved the operation of local representative offices of two (2) investment firms-members of the ASE.
- Approved the modification of the charter of investment firms-members of the ASE in six (6) cases.
- Approved of share capital increases of investment firms-members of the ASE in thirty four (34) cases.
- Approved of share capital decreases of investment firms-members of the ASE in five (5) cases.
- Approved of the transfer of shares of investment firms-members of the ASE in nine (9) cases
- Approved of changes in board composition of investment firms-members of the ASE in thirty eight (38) cases (concerning 34 firms).
- Approved the replacement of the head of an investment firm-member of the ASE branch in eight (8) cases.
- Approved of the participation of investment firms-members of the ASE in the share capital of other companies, concerning two (2) cases.

Investment firms-non ASE members

- Revoked the license of one (1) firm.
- Approved of the resolution of one (1) firm.
- Approved of the merger through absorption of one (1) firm by another (1) investment firm-non member of the ASE.
- Approved of changes in the purpose of activity of three (3) firms.
- Granted expansion of license to one (1) firm.
- Approved of the operation of subsidiaries of one (1) investment firm-non member of the ASE.
- Approved of the operation of the local representative offices of two (2) firms.

- Approved of the modification of the charter of six (6) firms.
- Approved of share capital increases of sixteen (16) firms.
- Approved of share capital decreases of three (3) firms.
- Approved of the transfer of shares of investment firms non members of the ASE in twelve (12) cases.
- Approved of changes in board composition of investment firms-non-members of the ASE in thirty three (33) cases (concerning 25 firms)

Mutual fund management firms

- Approved of seventeen (17) new mutual funds
- Approved the merger of thirteen (13) mutual funds
- Approved of investments in over-the-counter securities by ten (10) firms
- Approved of share transfers of seven (7) firms.
- Approved of the modification of the charter of seven (7) firms.
- Approved of the modification of the internal regulations of sixty six (66) mutual funds
- Approved of share capital increases of two (2) firms.
- Approved of share capital increases due to conversion in Euro of one (1) firm.
- Approved of share capital decreases due to conversion in Euro of one (1) firm.
- Approved of the appointment of new board members in twenty one (21) cases
- Revoked the license of two (2) firms.

Portfolio investment companies

- Approved of the modification of the charter of eleven (11) firms.
- Approved of investments in over-the-counter securities by four (4) firms.
- Approved of share capital increases of thirteen (13) firms.
- Approved of share capital decreases of nine (9) firms.
- Approved of share capital increases due to conversion in Euro of one (1) firm.
- Approved of share capital decreases due to conversion in Euro of two (2) firms.
- Approved of the appointment of new board members in twenty three (23) cases
- Revoked the license of two (2) firms because of dissolution and liquidation and four (4) firms because of merger by absorption.
- Approved of the listing of two (2) firms in the ASE.

Real estate investment companies

- Granted operating license to two (2) firms.
- Revoked the license of one (1) firm because of dissolution and liquidation.

Public offerings

- Approved of the public offering of shares of six (6) new firms in the ASE's Main Market. The approvals also included the re-approval of the listing of two (2) firms that were granted approval in 2003 and one firm that was granted approval in 2002, by simultaneously revoking the approvals previously granted.
- Approved of the public offering of shares of thirteen (13) new firms in the ASE's Parallel Market. The approvals also included the re-approval of the listing of six (6) firms that were granted approval in 2003 and four (4) firms that were granted approval in 2002, by simultaneously revoking the approvals previously granted.
- Approved of the public offering of shares of six (6) new firms in the ASE's New Market. The approvals also included the re-approval of the listing of two (2) firms that were granted approval in 2003, by simultaneously revoking the approvals previously granted.
- Approved of the public offering of shares of two (2) firms already listed in the Main Market of the ASE.
- Revoked permanently the approvals granted to two (2) firms regarding their listing in the Main and Parallel markets of the ASE.

Distribution of shares to existing shareholders

- Approved of the distribution in Greece of up to 18.781.020 ordinary registered shares of Hellenic Stock Exchanges SA to the company's existing shareholders as per June 20th, 2003, and to the bearers of 2001-2004 government certificates convertible to privatising public enterprises shares. The distribution was performed from 10/10/03 till 12/10/03 and the distribution price was: € 3.75.

Take-over bids

- Approval of five (5) company Prospectuses regarding take-over bids in the capital market.

ENFORCEMENT AND COMPLIANCE

The regulatory framework

For the purpose of supervision of market entities, the Hellenic Capital Market Commission monitors and analyses the developments in the capital market and exercises control and sanctions whenever considered necessary. The responsibility for the first task rests with the Directorate of Research, Certification and Information Systems, whilst the responsibility for the second task rests with the three supervising Directorates: the Directorate of Licensing and Supervision of Capital Market Intermediaries, the Directorate of Public Offerings and Supervision of Listed Companies and the Directorate of Monitoring and Auditing of Capital Market Transactions.
The supervising Directorates act on the basis of regular and special audits concerning the functioning procedures of all supervised entities, with the purpose of ascertaining the degree of compliance with the relevant legislation, as well as with the rules and regulations issued by the Commission, including the Codes of Conduct.
During 2003, the Hellenic Capital Market Commission continued its auditing work in all areas. Control and sanctions contributed significantly to the rise in the market's efficiency through the establishment of the environment required for the smooth functioning of the capital market under conditions of volatility regarding both supply of and "retail" demand for securities.
The audits that were performed during 2003 concerned investment firms, mutual fund management firms, firms for the receipt and transmission of orders, ASE-listed companies and stock exchange transactions. Dozens of cases concerning the disclosure of information by large shareholders were audited. The monitoring of the use of funds raised through the capital markets during the previous years was expanded. Finally, the trading behaviour of shares of 60 listed companies for which there was evidence of illegal trading was monitored and analysed.

Administrative sanctions

The audits detected violations of capital market regulations, which led the Hellenic Capital Market Commission to the imposition of the following administrative sanctions:

Revocation of license

- Revoked the license of one (1) investment firm-member of the ASE for failing to fulfill its obligations towards its clients, in conjunction with grave administrative and organizational deficiencies, as well as for violating other regulations.
- Revoked the license of one (1) investment firm-non-member of the ASE for illegal practices that exposed its clients to risk and fraud, as well as for violating other regulations.
- Revoked the licenses of thirteen (13) firms that receive and transmit orders, under the power of article 4 of Law 1806/1988.

- Temporarily revoked the licenses of twenty nine (29) firms that receive and transmit orders for failing to comply with their obligations toward investors and the competent authorities, as well as for failing to comply with the code of conduct.

Fines

Investment firms (members and non-members of the ASE.

- Fines were levied on thirteen (13) investment firms-members of the ASE for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- Fines were levied on nine (9) investment firms-members of the ASE for illegal trading on shares and exposing their clients to risk, for unlawfully providing investment services and for not disclosing due information to the competent authorities.
- A fine was levied on one (1) investment firm-member of the ASE for violations of the Underwriters Regulation.
- Fines were levied on three (3) investment firms-non-members of the ASE for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- Fines were levied on two (2) investment firms-non-members of the ASE for failing to comply with the code of conduct for investment services regarding administrative and accounting omissions.
- Fines were levied on fifteen (15) investment firms-members of the ASE, and one (1) investment firm-non-member of the ASE for failing to disclose information regarding changes in ownership exceeding 3 percent and certain volumes of daily transactions, as required by Presidential Decree 51/1992.

Firms for the reception and transmission of orders.

- Fines were levied on thirteen (13) firms for the reception and transmission of orders for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.

Mutual Fund Management Firms and portfolio investment companies.

- Fines were levied on seven (7) mutual fund management firms for violating rules of market transparency.
- A fine was levied on one (1) mutual fund management firm for failing to comply with the code of conduct for investment services and for inadequate investor protection.

- A fine was levied on one (1) mutual fund management firm for delays in the disclosure of due information to the competent authorities.
- Fines were levied on three (3) mutual fund management firms, for violating HCMC Rule 194/4.7.2000 concerning investment on derivatives.
- Fines were levied on nine (9) portfolio investment companies, for violating HCMC Rule 194/4.7.2000 concerning investment on derivatives.
- Fines were levied on two (2) portfolio investment companies, for delays in the disclosure of due information to the competent authorities.

Listed Companies

- Fines were levied on seven (7) listed companies for price manipulation, which undermined the smooth function of the capital market.
- Fines were levied on sixteen (16) listed companies for violating HCMC Rule 5/204/14.11.2000 on the submission of financial statements to the Commission and the disclosure of major events or daily transactions affecting the share price.
- Fines were levied on four (4) listed companies for the provision of misleading information and delays in the publication of financial statements provided for by presidential decree 360/1985.
- Fines were levied on twelve (12) listed companies for the provision of misleading information to investors regarding the use of funds raised, as provided for by presidential decree 350/1985.
- Fines were levied on two (2) listed companies for failing to submit compulsory take-over bids.
- Fines were levied on two (2) listed companies for major deviations from their Prospectuses.

Legal Entities

- Fines were levied on two (2) companies for listed company share price manipulations, which compromised the smooth operation of the market.
- A fine was levied on one (1) company for insider information abuse in violation of Presidential Decree 53/1992.
- Fines were levied on two (2) companies for failing to disclose information regarding changes in ownership exceeding 3 percent and certain volumes of daily transactions, as required by Presidential Decree 51/1992.
- A fine was levied on one (1) company for violations of the code of conduct for investment firms.

Individuals

- Fines were levied on seven (7) individuals for engaging in share price manipulation.

- Fines were levied on three (3) individuals for violating HCMC Rule 5/204/14.11.2000 on the disclosure of daily transactions affecting the share price.
- Fines were levied on eighteen (18) individuals for failing to timely disclose to the ASE changes in share capital ownership, as required by Presidential Decree 51.
- Fines were levied on three (3) individuals for violations of the code of conduct for investment firms.

Credit institutions.

- Fines were levied on two (2) credit institutions for violations of the Code of Conduct regarding the distribution of mutual funds units.
- Proposed the levying of fines by the Bank of Greece on two (2) credit institutions for violations of the Underwriters' Code.

Indictments to courts

- Indictments were submitted against four (4) individuals for price manipulations and the provision of misleading information.
- An indictment was submitted against the representatives of one (1) investment firm-member of the ASE for engaging in price manipulation and the provision of misleading information.
- Indictments were submitted against the representatives of six (6) listed companies for engaging in price manipulation and the provision of misleading information.
- Indictments were submitted against two (2) companies for engaging in price manipulation and the provision of misleading information.

During 2003, the Hellenic Capital Market Commission levied fines of a total worth of 9,413,693 euros, as compared to 27,030,300 euros in 2002. The allocation of fines among market entities is presented below:

TABLE 44.
Fines Levied per Supervised Entity, 2003

Number of Fines	Entity	Amount (€ '000)
38	Investment firms-Members of the ASE	910
8	Investment firms-non ASE member	246.61
13	Firms for the reception & Transmission of orders	1,609
12	Mutual Fund Management Firms	167.9
11	Portfolio Investment Companies	161.6
43	Listed Companies	2,889.6
2	Credit Institutions	60

6 35	Other Legal Entities Individuals	626.8 2,742.2
Total: 168		9,413.7

Source: Hellenic Capital Market Commission

Reception and investigation of investor complaints.

The Investor Complaints Department of the Directorate of Monitoring and Auditing Capital Market Transactions of the Hellenic Capital Market Commission is responsible for receiving and investigating complaints from investors and other market agents, regarding violations of capital market law. The HCMC investigates investor's complaints against the entities it supervises only as far as adherence to capital market law by these entities is concerned. In cases where the HCMC detects violations of capital market law by the supervised firms, it imposes the proper sanctions. Quite often, upon investigating complaints, the Hellenic Capital Market Commission observes that the parties involved make opposing allegations regarding real events. It is well known that the Hellenic Capital Market Commission does not currently posses powers of interrogation, enabling it to ascertain the accuracy of such allegations. Therefore, such issues are left to the court ruling.

In 2003 the Hellenic Capital Market Commission received 103 written complaints and completed the investigation of 68 of them. Of these complaints, 54% concerned real events, for which the Hellenic Capital Market Commission has no power to pass judgment, 10% led to sanctions for violation of the capital market law, 15% led to the submission of notification for compliance and in the remaining 21% no violation of capital market law was detected.

It is noted that since early 2003 the Capital Market Ombudsman has started its operation. The Ombudsman investigates investor complaints against, or disputes with, investment firms and mutual fund management firms and aims at their concessionary resolution out of courts.

The supervision of ASE listed companies

The enforcement of the Code of Conduct for Listed Companies and the provisions of the Law on Corporate Governance.

In 2003 the implementation and supervision of the Code of Conduct for listed companies and their affiliated persons (HCMC Rule 5/204/11.12.2000) continued for a third consecutive year. The Code was enacted in order to enhance market transparency and the provision of adequate and equitable information to investors. Among others, it imposes the timely announcement to investors of corporate investment decisions and actions that may affect the share prices of the relevant companies, the timely announcement of transactions performed by company insiders, and the improvement of the periodic information provided by companies. The Code has become the most important instrument of interactive communication between listed companies and investors and, in conjunction with the provisions of Law 3016/2002; it is one of the fundamental measures for enhancing corporate governance practices in Greece.

More specifically, in 2003, in accordance with article 8 of the Code, there were 186 announcements by responsible persons disclosing transactions performed within “sensitive periods”. The distribution of the volume of announcements among the four “sensitive periods” (January, April, July, and October) shows increasing concentration of announcements in July and October. The investigation of these announcements during the year led to the detection of two violations of article 8, for which fines worth 41,600 euros were levied.

Moreover, during 2003, in accordance with article 10 of the Code, there were 78 recorded cases of shareholders owning more than 10% in a company’s share capital that timely announced their intention to acquire or dispose of more than 5% of this company’s share capital. Almost 72% of the announcements were made during the second half of the year. After the end of the notification period, 17 cases of significant deviation were identified, accounting for 22% of the total. The investigation of these announcements led to the detection of violations of article 10 in three cases that concerned significant deviations made within 2002 and one case concerning a deviation made in 2003, for which fines of 72,000 euros were levied.

In accordance with articles 4 and 5 of the Code, a great number of announcements were published during 2003 in the ASE Daily Bulletin, concerning the disclosure of corporate actions and decisions that may affect listed company share prices, as well as the confirmation or denial of corporate events and/or rumours. The investigation of these announcements led to the detection of two violations of articles 4 and 5, for which fines of 55,000 euros were levied

In accordance with article 16 of the Code, each listed company is obliged to produce and distribute to investors Annual Reports, in order to provide investors with regular and adequate information about its activities. In 2003, the audits of the companies’ Annual Reports were intensified. These Reports are considered to be a major source of periodic information and the information they contain must be adequate and accurate. The audits of the Reports during 2003 led to the detection of many violations of article 16, concerning omissions in the Report, for which fines of 42,000 euros were levied.

Other articles of the Code established the obligation of listed companies to form internal audit departments, as well as shareholder relations and corporate announcement sections. Article 11 of the Code establishes the obligation of listed companies to prepare an adequate operations manual. Law 3016/2002 on corporate governance, whose supervision has been assigned to the Hellenic Capital Market Commission, specified certain issues pertaining to articles of the Code. In fact, 2003 was the first year that the law’s implementation and company compliance was satisfactory. Nevertheless, in certain cases violations were detected, especially regarding compliance with the provisions of the law

regarding the appointment of members in corporate boards, which are currently under investigation by the Commission.
The Commission's active enforcement and the remarkable increase in the level of disclosure were associated with a considerable decrease during 2003 in the number of sanctions imposed for violations of the Code, showing that there is near full compliance of supervised entities with the aforementioned transparency rules. This conclusion is rather important and demonstrates the improvement in the market conduct of corporate insiders relative to the past and prevailing European practices. These developments verify the efficacy of the Commission's transparency-enhancing policy since 2000, with the view of improving corporate governance practices and subsequently enhancing market credibility.

The enforcement of the Takeover Regulation.

In 2003, the Takeover regulation (HCMC Rule 2/258/05.12.2002) was implemented for a third consecutive year. The regulation was enacted to modernize the framework regarding mergers & acquisitions between listed companies in the Greek capital market, aiming at the protection of minority shareholder rights through enhanced transparency during the tendering process. The introduction of the regulation is part of the effort to enhance corporate governance practices in the Greek capital market.
In 2003, there were five (5) tender offers in accordance with the provisions of the Regulation. The first case concerned the (voluntary) bid by "Alpha Trust Investment SA" to acquire shares of "Alpha Trust Asset Manager Fund." The Prospectus of the bid was submitted to the HCMC on March 4th, was approved by its board on March 14th, and the acceptance period of the bid lasted from March 20th till April 21st. The bidder made an offer for all the shares it did not possess (directly or indirectly), i.e. for 64.94% of the share capital of the target company, while the final percentage accepted by shareholders was 31.25%. In accordance with the provisions of the regulation, the bid was considered unsuccessful, given that the requested amount of shares was not offered to the bidder so as to acquire the desired 95% of the target company's voting shares.
The second case concerned the (voluntary) bid by "Deutsche Bank A.G." » to acquire shares of the "New Millennium Investments SA." The Prospectus of the bid was submitted to the HCMC on May 23rd, was approved by its board on June 10th, and the acceptance period for the bid lasted from June 13th till July 14th. The bid was considered unsuccessful, given that no shareholder of the target company offered its shares to the bidder.
The third case concerned the (voluntary) bid by "Societe De Participation Carnaud Metalbox Investment SA" to acquire shares of "Hellas Can SA." The Prospectus of the bid was submitted to the HCMC on June 24th, was approved by its board on July 10th, and the period concerning the acceptance of the bid lasted from July 17th, till September 10th. The bidder made an offer for all the shares it did

not possess (directly or indirectly), i.e. for 27.21% of the share capital of the target company. The bid was considered unsuccessful, given that no shareholder of the target company offered his/her shares to the bidder, which managed to acquire through stock exchange purchases 2.16% of the target company's shares.

The fourth case concerned the (compulsory) bid made by "Philip Morris Holand BV" to acquire shares of the "Papastratos Cigarette Co." The Prospectus of the bid was submitted to the HCMC on October 15th, was approved by its board on October 23rd, and the acceptance period of the bid lasted from October 31st till December 1st. The bidder made an offer for all the shares it did not possess (directly or indirectly), i.e. for 20,60% of the share capital of the target company. By means of the bidding process, the bidder acquired 4.27% of the target company's shares. During the same period, the bidder acquired, though stock exchange purchases, an additional 14.16% of the target company's shares. Therefore, at the end of the acceptance period the bidder's stake holding of the target company amounted to 97.83%, so the bid was successful. As a result, the bidder proceeded with the initiation of the target company delisting process, as stated in the bidder's approved Prospectus.

The fifth case concerned the (compulsory) bid made by "Vodafone Group Plc" to acquire shares of "Vodafone Panafon SA." The Prospectus of the bid was submitted to the HCMC on December 1st, was approved by its board on December 11th, and the period concerning the acceptance of the bid lasted from December 17th, 2003 till January 22nd, 2004. The bidder made an offer for all the shares it did not possess (directly or indirectly), i.e. for 25.21% of the share capital of the target company. The objective of the bid was to acquire at least 95% of the voting shares of the target company and to delist the latter from the Athens Stock Exchange. The outcome of this bid was successful.

The enforcement of compliance with the provisions of the regulation in 2003 led to the detection of two violations regarding the non-submission of bids, for which fines of 125,000 euros were levied.

During its three-year experience in enforcing the takeover regulations, the Hellenic Capital Market Commission has secured the level of relevant information provided in the approved Prospectuses so as the shareholders of the target company to adequately assess the attractiveness of the bid. The takeover framework thus established ensures the efficiency and smoothness of the Greek market of corporate control, especially in a period European efforts to harmonize the disparate frameworks do not seem to bear fruit.

Enforcement: four cases of capital market law violation and market abuse during 2003.

Use of funds raised: the case of "Sheet Steel Co".

In the context of its responsibilities concerning the supervision of adherence with the provisions of capital market law, the Hellenic Capital Market Commission proceeded to second-degree audits of the

Prospectuses of companies that performed share capital increases, in order to verify the manner and time schedule of the uses of the funds raised through the capital market. One of these companies was "Sheet Steel Co," which performed a share capital increase during the period 25.05.1999-06.07.1999.

By means of an announcement dated 24.4.2000, and published in "Naftemboriki" newspaper on 27.4.2000, the company stated that funds amounting to GRD 1,381,474,953 and raised through the share capital increase of 6.9.99 (General Meeting decision dated 17.2.99) and funds amounting to GRD 1,919,530,047 from the issuance of shares above par, i.e. a total sum of GRD 3,301,005,000, had been used by 31.12.99 in accordance with the Prospectus. More specifically, the company stated that GRD 420,000,000 were used to cover own participation in an approved investment project, GRD 495.000.000 were used for the purchase of additional machinery, GRD 607,810,329 were used for the purchase of specialized equipment with incorporated know-how, GRD 855,381,717 were used to write-down bank debt, and GRD 922,812,954 were used for working capital purposes, i.e. the total use of funds amounted to GRD 3,301,005,000.

The audit by the Commission's staff detected substantial deviations in the scheduled (as described in the Prospectus) and actual uses of the funds raised, therefore the announcement of the company on 27.4.2000, stating that the use of the funds raised had been completed by 31.12.99, was inaccurate. More specifically, it was found that 54% of the funds raised had been used by 31.12.99, 41% had been used in 2000 and the remainder had been used during 2001. It was also found that the company changed the use of funds amounting to GRD 835 million, which were given as a loan to the company's Chairman and Managing Director, Mr. Georgios Soteriou, for a period of more than four months. According to a statement of the company, this amount was gradually repaid by the Chairman and its balance on 31.12.1999 amounted to GRD 291 million. During the period from August 1999 till the full repayment of the above sum no information was provided to investors regarding this major change in the use of funds raised, that accounted for 25% of the total amount, in violation of article 5, par. 5, verse (i) of presidential decree 350/85. Moreover, the audit found that of the above GRD 835 million, GRD 553 million were given, according to a statement of the company, as an advance payment to a supplier through the open account kept by the company's Chairman and CEO. The copies of the documents sent by the company to the Hellenic Capital Market Commission were deemed inadequate to establish the legitimacy of this transaction. Finally, the audit found that the company's announcement on 27.4.2000 that the use of the funds raised has been completed by 31.12.99 in accordance to the Prospectus contained an in accuracy of GRD 291 million that accounted for 8.8% of the total funds raised.

Therefore, the audit concerning the uses of the funds raised by Sheet Steel Co showed that the company had violated the provisions of article 5 par. 5, verse (i) of presidential decree 350/1985 and paragraph2 article 72 of Law 1969/1991, which is punishable with the sanctions provided by article 76 pr 10 and article 72 par 2 of Law 1969/1991 respectively, and the Hellenic Capital Market Commission levied a fine of 80 million euros.

Failure to fulfill obligations against investors: the case of the investment firm "Worldwide SA".

On 14.5.1999 the investment firm Worldwide SA submitted an application to the Hellenic Capital Market Commission asking permission to operate as an investment firm-non-member of the ASE with a share capital exceeding amount provided for by Law 2396/1996 by GRD 250 million. The relevant permission was granted on 12.10.99 after the examination of the submitted file and the interview with the company's board of directors.

It is noted that in general the conditions prevailing in the market affect the financial condition of investment firms, especially of smaller ones. Such conditions necessitate increased vigilance on the regulator's part. The supervision of investment firms is mainly prudential and includes the monitoring of their capital adequacy and their administrative and operational efficiency. At the same time, the Hellenic Capital Market Commission performs regular and special audits, mainly concerning adherence to the Code of Conduct for Investment Firms, as well as the companies' organizational and accounting infrastructure and their overall financial condition.

In this context, the investment firm Worldwide SA did adhere to prudential supervision rules, by submitting each month and in due time capital adequacy rations that were much higher than the minimum statutory amount. The possibility that some companies may default is present in every free market. No system can prevent such an occurrence. The crucial issue is whether the failure of a company has systemic repercussions on the surrounding clearing and settlement system.

HCMC executives performed an audit in the investment firm Worldwide and presented their report on 15.10.2002. The audit was based on the generally accepted auditing procedures implemented by the Commission for the evaluation of the ability of firms to operate on the basis of the license they have been granted. Based on the findings of the audit, on 31.10.2002 the board of the Hellenic Capital Market Commission detected grave organizational, accounting and procedural shortcomings and violations, and took the most severe measure provided for by the law: it initiated the procedure to revoke the firm's license. In accordance with the standard practice mandated by the law and the Investment Services Directive (ISD), the firm was given a deadline in order to reply to the Commission's comments and to remedy its own shortcomings. On 9.12.2002 the firms presented the HCMC with a detailed answer and claimed that it had remedied its shortcomings. In accordance with the standard practice, the HCMC performed a second audit in order to verify the accuracy and effectiveness of the measures that the firm claimed to have taken. There was no delay in the clearing of the firm's transactions in the stock market or the derivatives market of the Athens Stock Exchange through firms co-operating with it, nor any failure to cover the margins required by its positions in derivatives, both during the audit and during the period till 15.1.2003. Therefore, there was no indication of any risk that the firm would default.

While the second audit was in progress, the Athens Derivatives Clearing House (ADECH) announced on 15.1.2003 that on the pervious day the firm had increased substantially the risk of the positions in derivatives it had taken on its own behalf, and on behalf of its clients. The analysis of the ADECH showed that the firm had adopted such a policy in order to avoid the payment of further security margins to the ADECH. It must by noted that the firm's positions in derivatives were high risk position, since the firm was, in fact, betting on a stock market rally, but according to the finding up to date they cannot be considered illegal.

In order to explain matters, it must be noted that, on the basis of the existing system and institutional framework, there are two levels of risk control and management regarding positions in derivatives. The first level is the clearing member of the ADECH (in this case, the HSBC bank), which has a contractual relationship with the investment firm-member of the derivatives market, undertakes the execution of the firm's obligations against the ADECH regarding the securing or clearing of positions in derivatives and is entitle to demand collateral from the firm, whenever it considers that excess risks have been assumed. The second level is the ADECH itself, which reviews and readjusts each day the necessary margin regarding risk coverage. Up to 15.1.2003 neither of these two risk management mechanisms had produced signs of impeding anomaly or weakness.

It is noted that the Hellenic Capital Market Commission had made sure that in any case the clearing of the investment positions would be smooth and therefore no systemic problem (i.e. a problem for other market participants) would occur, since the positions of the investment firm Worldwide SA were fully insured by the clearing member of the ADECH (i.e. HSBC). Indeed, no such problem occurred and this demonstrates the effectiveness of the regulatory framework protecting the derivatives market.

On 17.1.2003 the senior management executives of the investment firm Worldwide disappeared. After this unexpected development, the regulators' reactions were immediate. The Executive Committee of the HCMC temporarily suspended the operation of the firm, and afterwards the board of the HCMC, by means of a decision dated 21.01.2003 revoked the firm's operation license, appointed a liquidator and on 24.01.03 submitted indictments with the Prosecutor of Athens and the Financial Crimes Investigation Office.

By assuming in full the firm's obligations towards the ADECH, the clearing member protected the market, while the immediate appointment of a liquidator by the HCMC exhausted the options provided for by the law on investor protection in case of an investment firm default. Although it is not possible to prevent firm failures or the irresponsible conduct of their management, both in this and in other cases, the effectiveness of the measures provided by the law was fully exploited.

Market abuse: the case of the listed company "Varvaressos SA."

The competent directorate of the Hellenic Capital Market Commission audited the transactions on the share of the listed company Varvaressos SA during the period from 24.09.2001 to 27.12.2001. The audit showed that during this period the price of the share had increased by 85%. This large price increase was accompanied by a substantial rise in the volume of transactions by 218.63%, as compared to the same period of the previous year.

The audit also revealed increased concentration of transactions execution by a single investment firm (Devletoglou SA) which executed 37.25% of the total volume of transactions on this share, while the level of related party transactions was high and amounted to 15.77%.

An overwhelmingly large percentage of transactions on the share of Varvaressos SA executed by the Devletoglou SA investment firm, originated from orders transmitted by the firm for the reception and transmission of orders, Anaptixi SA. More specifically, Anaptixi SA transmitted orders that led to the execution of share purchases accounting for 33.88% of total purchases and sales accounting for 37.12% of total sales, while out of 632 clients involved in the transactions on the share through Devletoglou SA, 572 were clients of Anaptixi SA.

The Anaptixi SA clients include one of the main shareholders of the listed company "Varvaressos SA", that is Mrs. Anastasia Varvaressos, who performed 7.93% of all transactions on the share during the specified period, as well as Mr. Stylianos Stratinakis, who is a relative of a member of the Board of Directors and principal shareholder of Anaptixi, and performed 6.24% of all transactions on the share.

Apart from the above, the audit revealed that there was also a concentration of the transactions performed through Varvaressos SA in "sensitive" time periods, such as the opening or closing of the trading session, as well as sales of shares with simultaneous repurchase between clients of Anaptixi, which, in certain occasions, led to mutual agreements.

Moreover, a large amount of shares had been purchased through both the firm for the reception and transmission of orders and the investment firms ASE members during the period the closing price of the share was being determined, in comparison to the total volume of transactions on the share during this period.

Furthermore, both the investment firm ASE member and the firm for the receipt and transmission of orders were present at the opening of each session. In 37 out of 67 trading sessions, clients of both firms appear in the first transaction of the day, either as buyers or as sellers. In fact, in 6 sessions the first buyer of the day was Mrs. Anastasia Varvaressos, while in 12 sessions the first buyer was Mr. Stylianos Stratinakis. In 149 transactions among clients of the investment firm ASE member Dovletoglou SA, the latter did not adhere to the rule providing for at least one minute time lapse to be kept between opposite purchase and sale orders, as provided for by the relevant regulations. Finally,

there were sales of shares with simultaneous repurchase between clients of Anaptixi, and consequently by the investment firm, which increased the price of the share, while in certain occasions mutual agreements were even performed by Mrs. Anastasia Varvaressos and Mr. Stylianos Stratinakis.
During its 287/27.11.2003 meeting the Capital Market Commission decided to levy fines amounting to a total of 376,000 euro to Devletoglou SA and Anaptixi SA, as well as to Mrs. Anastasia Varvaressos and Mr. Stylianos Stratinakis, for manipulating the share price of Varvaressos SA.

Market abuse: the case of the listed company "Informatics SA"

The competent directorate of the Hellenic Capital Market Commission performed an audit of the transactions on the share of ASE-listed company "Informatics SA" during the period from 13.8.2002 to 30.9.2002. The audit was performed because during the aforementioned period there was a large and sudden increase in the share price (193.26%) and in the volume of transactions on the share (2.636%), along with high concentration (over 5%) of the volume of transactions to four investment firms ASE members, namely N. Sarros Securities SA, Axon Securities SA, Northern Hellenic Securities SA, and Kyklos Securities SA. As demonstrated below, the involved individuals and legal entities were interconnected, performed transactions as clients-orderors of the said investment firms ASE members and, in fact, executed among each other a substantial portion of the total volume of transactions, thus substantially manipulating both the price and tradability of the share of "Informatics SA". During the audited period from 13.8.2002 to 30.9.2002 the company's share price rose by 193.26%, as compared to a decline by 13.80% for the ASE General Index and a decline by 24.16% for the IT Equipment sectoral index (the sector to which the company belongs) during the same period. More specifically, on 13.08.2002 the market price of the share was 1.78 euros, while on 30.09.2002 the price stood at 5.22 euros. The average daily volume of transactions during the audited period (34 sessions of the ASE) amounted to 1,133,939 shares, excluding block trades. The average daily volume of transaction for the same number of sessions that proceeded the audited period (i.e. from 26.6.2002 to 12.8.2002) amounted to 41,448 shares. Therefore, during that period the volume of transactions increased by 2,636%.
The major investors that, as shown by the audit, either individually, or as representatives authorized to handle company assets, were involved in transactions on the company's share during the audited period, are individuals and legal entities connected with the listed company Sex Form SA, individuals and legal entities connected with the listed company Klonatex Group SA, and individuals and legal entities connected that either participate in the management of the firm for the reception and transmission of orders Hellas Finance SA, or belong to its clientele, or are connected to it through shareholdings and managerial positions. Both the investors connected with Sex Form SA, and those connected with the Klonatex Group SA were also, during the audited period, clients of Hellas Finance

SA. Moreover, Sex Form SA and Klonatex Group SA are related, since the Klonatex Group participated by a large percentage in the share capital of Sex Form SA. More specifically, the above entities accounted for 53.61% of the total volume of purchases and for 46.03% of the total volume of sales on the share.

The audit of the transactions shows clearly both the increased trading activity of these individuals and entities on the share during the crucial period, and the short term nature of their investment, since sales followed purchases just a few days later.

A substantial portion of the transactions at issue were performed among the aforementioned persons and entities, i.e. both the buyer and the seller in each transaction are included in these persons and entities. More specifically, 8,857,045 shares were traded among these persons and entities (excluding block trades) which accounts for 22.7% of the shares traded during that period. It is evident that the said transactions were instrumental for the rise in the share price and tradability, both because of the direct, targeted, artificially tradable and rather important impact they had on these figures, and because of the powerful (albeit misleading) impression they made on the investing public, thus affecting the latter and causing increased investor interest on the share, which led to further increases in the price and tradability of the share. The artificial increase in both the tradability and in the price (in most of these sessions) of the share is substantial and evident during these sessions of the ASE.

During the audited period, the aforementioned investors performed 50% of all trading on the company's share, causing a remarkable rise in its price and tradability. The audited transactions, as well as their outcome, spurred investor interest for the share, since investors are partly possessed by speculating tendencies and are often enticed to place their funds in shares that show temporary increases in their price and tradability. Therefore, as a result of the transactions performed by the participants to this operation, there was also a substantial rise of the volume of transactions performed by other investors on the share, which during the audited period reached 1,300%.

Apart from performing prearranged transactions, which led to the artificial increase in both the price and tradability of the share, the above persons and entities manipulated systematically the closing price of the share during the corresponding sessions of the ASE. In 20 out of the 34 sessions of the audited period, the above persons and entities accounted for more than 20% of the transactions that determined each closing price.

It is well known that the closing price of a share for each trading session of the ASE is a reference price, which affects investor opinion regarding the supply of and demand for shares during the next session and therefore affects share prices. As a result, the systematic manipulation and the artificial increase of the share's closing price raise investor expectations that the price of the share will increase even more during the next sessions of the Athens Stock Exchange, and, therefore, can attract investor interest and give a further boost to the share's market price and tradability.

The competent directorate of the Hellenic Capital Market Commission performed on-the-spot audits of the major investment firms-members of the ASE, through which the investors involved performed their transactions, including N. Sarros Sec. SA, Axon Sec. SA, Northern Hellenic Securities, and Kyklos Sec. SA. The HCMC asked for records of financial transactions and all recorded orders concerning the execution of transactions, in order to crosscheck them against the transactions performed by the aforementioned group of investors.

The investment firms-members of the ASE mentioned above submitted the records requested in each case; none of these firms, though, for different reasons and presenting different arguments, did not submit any files containing recorded client orders.

During its 282/01.10.2003 meeting the Hellenic Capital Market Commission decided to levy fines amounting to a total of 6,025,000 euros on Messrs. Antonis Papadopoulos, Christos Papadopoulos, Spyridon Vergetis, Thomas Lanaras and on the companies Sex Form SA, Naoussa Spinmills SA, Violan SA, Rodopi Spin-mills SA, Lantec SA, Urban Investment Management SA, Aldemar SA, Hellas Finance SA and Olympic Textiles SA, for violating article 72, par. 2, of Law 1969/91 regarding transactions on the share of Informatics SA during the period from 13.8.02 to 30.9.02.

Moreover, N. Sarros Securities SA was levied a fine of 200,000 euros for violating article 72, par. 2, law 1969/91. Finally, N. Sarros Sec. SA, Axon Sec. SA, Northern Hellenic Securities, and Kyklos Securities SA were levied fines of 50,000 euros for obstructing supervision by the Hellenic Capital Market Commission in violation of article 76, par. 13, of Law 1969/91.

The Commission's contribution to legislative and judicial work in 2003.

During 2003, the Directorate of Legal Services of the Hellenic Capital Market Commission (HCMC), with a legal staff of 8 people, proceeded to the following actions:

- Participated in the preparation of 371 court cases, handled either by itself or assigned to outside lawyers. More specifically, the Directorate of Legal Services handled 316 cases in front of Greek courts. The handling of these cases included the preparation of the relevant legal reports and memoranda and the attendance of lawyers in courts and criminal investigation authorities. Moreover, the Directorate prepared the briefs for 56 other cases assigned to outside lawyers and followed them up.
- Prepared and submitted 5 indictments for various violations of capital market law (especially articles 30, Law 1806/1988 and 72 par. 1, Law 1969/1991).
- Made 7 appeals against decisions by first instance administrative courts.
- Participated in the preparation of proposals submitted to the Commission's Executive Committee and the Board of Directors and in the preparation of individual board rules for the imposition of

sanctions for capital market law violations, for the temporary suspension of the operation of firms for the reception and transmission of orders, for the initiation of the procedure for the revocation of investment firm-non-member of the ASE license, the revocation of such a license, the prohibition of the operation of firms for the reception and transmission of orders, the acquittal of individuals or legal entities and for certain other issues in 313 cases.

- Participated in the preparation of letters sent to capital market agents and other investors summoned to a plea, as well as for other issues in 156 cases.
- Prepared consolatory responses on various legal issues that occurred in 9 cases.
- Offered its advice on various legal issues that occurred in other 109 cases.
- Participated in the State and the HCMC's legislative and regulatory work in 14 cases.
- Participated in work groups, seminars and conventions in 29 cases.
- Provided its legal assistance for the preparation of contracts and tender announcements in 8 cases.

Professional certification of capital market agents.

In 2003, with the main purpose of enhancing the reliability of the Greek capital market, the HCMC continued the program for the professional certification of market agents by successfully organizing specialized examinations in accordance with the provisions of article 4 Law 2836/2000. The program concerns employees in firms for the reception and transmission of orders, responsible for order reception & transmission and employees of investment firms, responsible for the provision of investment services, such as order execution, the provision of investment advice, the management of client portfolios and the analysis of securities and markets.

In 2003, the examinations were held twice, on May 17th and 18th and on November 1st and 2nd, in Athens and Thessalonica. The examinations were attended by a total number of 898 candidates, with an average success rate of 27.4%.

TABLE 45.
Professional Certification Examination Results, 2003

Examination term	Specialty				
	Investment advisor	Market analyst	Portfolio manager	Person responsible for executing orders	Person responsible for receiving & transmitting orders
May 2003					
Number of candidates	65	20	73	99	200
Success Rate	41.5%	35.0%	52.0%	34.3%	39.0%
November 2003					
Number of candidates	48	20	34	86	153
Success Rate	27.1%	20.0%	18.0%	19.8%	15.0%

Source: HCMC

Notwithstanding its brief period of implementation, the program for the professional certification of market agents has been successful. Many capital market executives have successfully attended the examinations. In the five examination terms of the period 2002-2003, 4,130 candidates applied for participation in the examinations, 4,001 were accepted and 1,627 executives were certified (Table 45). Moreover, according to the decision 26825/B697 (Gazette B 519/5.5.2003) of the Minister of Economy and Finance and the HCMC Rule 2/273/10.6.2003, special examinations were held for the professional certification, as investment advisors, of Stock Exchange Representatives in investment firms ASE members for at least 5 consecutive years (appointed prior to 5.12.1996). These special examinations were held on July 10th, 2003, and 63 candidates were certified. Finally, the evaluation process concerning the exemption from the examination and the professional certification of capital market executives that met the requirements of Ministerial Decision 42430/B17662003 was completed in 2003. Overall, the Hellenic Capital Market Commission received 1,513 exemption applications regarding all professional positions, of which 790 were accepted (Table 46).

TABLE 46.
Examination Attendance per Professional Position, 2002-2003

Professional Position	Passed		Failed		Absent		Accepted Applications		Rejected Applications		Total Applications
	No	% of total	No	% of total	No	% of total	No	% of total	No	% of total	
Market Analyst	65	41.7	57	36.5	19	12.2	141	90.4	15	9.6	156
Portfolio Manager	189	45.8	175	42.8	26	6.3	390	94.4	23	5.6	413
Investment Advisor	181	36.4	186	37.4	82	16.5	449	90.3	48	9.7	497
Order Execution	433	39.0	581	52.3	87	7.8	1.101	99.2	9	0.8	1.110
Order reception & Transmission	759	38.8	931	47.7	230	11.8	1.920	98.3	34	1.7	1.954
Total	1.627	39.4	1.930	46.7	444	10.8	4.001	96.9	129	3.1	4.130

Source HCMC

TABLE 47.
Applications for exemption from the examinations per Professional Position, 2002-2003

Professional Position	Accepted Applications	Rejected Applications	Total
Market Analyst	54	75	129
Portfolio Manager	90	90	180
Investment Advisor	131	230	361
Order Execution	125	76	201

Order reception & Transmission	390	252	642
Total	790	723	1,513

Source HCMC

The main purpose of the institution of professional certification of market agents by means of examinations is to improve the quality of the services rendered to investors. This improvement was enhanced by both successful participation in the examinations, and the establishment of strict attendance criteria. These criteria include criteria regarding the acceptability of each individual, as well as professional adequacy criteria, such as graduate and post-graduate degrees, foreign languages, and relevant professional experience. The following tables present information about the education and foreign language levels of certified executives, which are rather high.

TABLE 48.
Education levels of certified executives per professional position, 2002-2003

Professional Position	Education level								Total
	Ph.D.		Post Graduate Degree		Graduate Degree		High School Diploma		
	No.	% of total.	No.	% of total.	No.	% of total.	No.	% of total.	
Market Analyst	4	3.36	101	84.87	14	11.76	0	0.00	119
Portfolio Manager	18	6.45	198	70.97	52	18.64	11	3.94	279
Investment Advisor	9	2.40	218	58.13	115	30.67	33	8.80	375
Order Execution	5	0.90	49	8.78	105	18.82	399	71.51	558
Order reception & Transmission	7	0.61	131	11.40	460	40.03	551	47.95	1.149
Total	43	1.73	697	28.10	746	30.08	994	40.08	2,480

Source: HCMC

TABLE 49.
Adequacy of foreign language knowledge of certified executives per professional position, 2002-2003

Professional Position	Adequate knowledge		Inadequate knowledge		Total
	No	% of total.	No	% of total.	
Market Analyst	119	100.0	0	0.00	119
Portfolio Manager	246	88.17	33	11.83	279
Investment Advisor	266	70.93	109	29.07	375
Order Execution	179	32.08	379	67.92	558
Order reception & Transmission	241	20.97	908	79.03	1,149
Total	1051	42.38	1429	57.62	2,480

Source: Hellenic Capital Market Commission

Forced sales of shares.

In 2003, the framework that regulates the forced sale of shares was streamlined. Because of their peculiar nature, which is mainly due to the specific market they are traded, pledged or seized shares can only be forcedly sold through their natural market, namely the stock exchange. Such sales require the "intermediation" of a investment firm ASE member. Given that the sale is forced, i.e. it is not performed on the initiative of the owner, but on the initiative of the lender, it must be accompanied by guarantees of objectivity, transparency and safeguarding of all parties' interests. To this end, the selection of the investment firm ASE member that will perform the forced sale has never been left to the parties involved, albeit had always been provided for by the law, and was originally assigned to the state supervisor and later to the Hellenic Capital Market Commission (see art. 24par. 4 Law 3632/1928, as amended by art. 13 par. 2 Law 3152/2003).

One of the features of the market for forcedly sold shares is the high volatility of prices and transaction volumes. Therefore, permission must be granted for any intraday sale of more than two thousand shares of the same stock. The relevant responsibility has also been transferred to the HCMC since 19.6.2003 (see article 24 par. 3 Law 3632/1928, as amended by article 13 par. 1 Law 3152/2003).

In order to exercise these new duties in a manner that enhances transparency and investor protection, the Hellenic Capital Market Commission adopted and published circular 18/23.10.2003, which briefly and comprehensibly presents the relevant procedures.

The documents that must be submitted have been limited to those utterly required, given that the HCMC does verify neither the actual validation, nor the legitimacy of any relevant action. The role of the HCMC is, on one hand, strictly mediatory, with the aim of ensuring the objective and "neutral" selection of the investment firm ASE member that will perform the sale and the unimpeachable conditions of the sale, and on the other hand regulatory, as regards the evaluation of the market's potential to absorb the volume of forcedly sold shares without any problem. For these reasons and given that, notwithstanding differences in terminology, any forced sale is in fact a forced auction, a notary public, responsible for monitoring the preliminary proceedings, adherence to deadlines, the accuracy, completeness and legitimacy of deliveries, as well as the reimbursement of the product of the sale, has to be appointed in all cases.

Investment firms ASE members are selected from the list of members of the Association of Athens Exchanges Members according to alphabetical order. Exemptions are made whenever the member to be selected belongs in the same group of companies or the same interest group with the petitioner, as well as whenever the member pleads in writing the existence of a serious impediment.

The sale is performed, like any other stock market transaction, through the electronic transmission of orders in the ASE trading system (OASIS), in accordance with the procedure described in article 22,

par. 4, decision 98/05.05.2003 of the board of the Athens Stock Exchange and item B.10 of HCMC Circular 18/23.10.2003.
Since the transfer of the relevant responsibilities to the Hellenic Capital Market Commission, six (6) forced sales have been performed, of which one (1) had to be repeated on the following day because of a technical problem, and one (1) failed because of lack of interested buyers. One (1) forced sale was suspended after a relevant request from the petitioner. Finally, one (1) forced sale was postponed, because it was not possible to serve the relevant decision to the debtor company in due time, since it was impossible to find the company's postal address.

The new framework for the establishment and operation of stock exchanges and the new responsibilities of the Hellenic Capital Market Commission.

In 2003, the Greek State proceeded to the full privatization of the Athens Stock Exchange, by selling its shareholding in the parent holding company "Hellenic Exchanges Holding SA" to private investors.
The fierce competition prevailing worldwide in the field of financial intermediation and the European framework for the provision of investment services that is currently being formed, call for the disengagement of stock exchanges from supervisory and administrative functions and duties, and the concentration of their activities on competitive restructuring, strategic moves and business alliances. Under the previous regime, it was impossible for the Athens Stock Exchange to make any such move. In the new environment the relations between trading parties (financial intermediation companies, companies with securities listed for trading, investors) and stock exchanges are governed by private law regulations, and enable the conclusion of bilateral or multilateral agreements for the provision of investment and intermediation services.
Indeed, the enactment of Law 3152/2003 (Gazette A 152/19.06.2003) on the "Establishment and Supervision of stock exchanges and organized markets, new responsibilities of the Hellenic Capital Market Commission, amendments of capital market law, and other provisions" in 2003, promotes the necessary modernization of the stock market, by transferring supervisory duties of the Athens Stock Exchange, as well as certain duties of the Ministry of Economy and Finance, to the Hellenic Capital Market Commission. This transfer of responsibilities enables the stock exchange to be more flexible as a corporation in private law, and enables the HCMC to exercise its supervisory duties with increased efficiency.
The new responsibilities of the Hellenic Capital Market Commission include granting and revoking stock exchange operation licenses and approving their rulebooks, granting licenses for the establishment and operation of new markets and financial instruments, approving prospectuses for initial public offerings, approving the regulation for the clearing of transactions of the Central

Securities Depository and the regulation for the clearing of transactions on derivatives of the ADECH. Moreover, the HCMC is now responsible for issuing a multitude of regulatory decisions, which were mainly taken by the Minister of Economy and Finance, for example, the specification of the minimum share capital for investment firms ASE members, the contents, the periodicity, the means of distribution to the public and the manner of preparation and publication of the Daily Official Bulletin of the Athens Stock Exchange, the maximum number of stock exchange representatives for each investment firm-member of the ASE, the adjustment of share capital limits for investment firms non ASE members and the amendment of the terms concerning the blocking of shares in the New Market.

A major innovation of the new law is that it provides for the issuance of a stock exchange rulebook, including the regulation of issues pertaining to the organization and operation of a stock exchange and its markets, in a manner detailed, clear, and comprehensible to stock exchange shareholders and investors alike. The elementary rules for the operation of stock exchanges and the general principles for the preparation of stock exchange transactions are either specified by a law, or by regulations of the Hellenic Capital Market Commission. Moreover, the stock exchange rulebook regulates issues pertaining to the procedure for the listing and trading of securities in the markets of the stock exchange, the obligations of the listed companies, the organization and execution of transactions, the preparation of stock exchange contracts, the procedures pertaining to the acquisition and loss of the identity of a stock exchange member, and general directions for the specification of member contributions. The rulebook and its amendments are approved by the Hellenic Capital Market Commission, in order to protect public interests and ensure the security of stock market transactions, with the aim of protecting investors. Approval of the rulebooks is granted after the HCMC has verified the legitimacy of its provisions and its overall compliance with capital market law. The administrative decree that approves the rulebook does not incorporate its contents or amendments, thus safeguarding its independence and private nature, without converting it to a legal act in public law.

The new framework is expected to assist in the rationalization and acceleration of the procedure for the listing of securities in organized markets. By transferring the responsibility to verify the completeness of prospectuses from the Athens Stock Exchange to the Hellenic Capital Market Commission, the time-consuming of overlapping controls is avoided. Broadly speaking, the new procedure will be the following: the stock exchange authorities will monitor compliance of the companies to be listed with the basic listing requirements, on the basis of the provisions of the relevant laws and the additional requirements that may be provided for by the stock exchange's rulebook, according to the procedure established by the latter. The Hellenic Capital Market Commission will review the prospectus regarding the completeness of its contents and the fulfilment of the basis conditions for the listing of securities in organized markets and, if any omission is detected, it will impose to the stock exchange a decision rejecting the listing application. The HCMC is entitled to exercise veto regarding the verification of the basic conditions for the listing of securities in organized markets. Nevertheless, the ultimate decision regarding the listing of the securities is made by the stock exchange, to which the HCMC forwards the approval of the prospectus and the permission for the initial public offering.

Finally, Law 3152/2003 provides for the equally important issuance of a rulebook for the clearing of transactions on securities by the Central Securities Depository, by abolishing the existing legal provision, according to which this responsibility lied with the HCMC. According to this regulation, the procedures for the clearing and settlement of stock exchange transactions are specified by the rulebook, without having any regulatory character. Finally, the law provides for the issuance of a rulebook for the clearing of transactions on derivative products by the Athens Derivatives Exchange Clearing House. Both these rulebooks and their amendments must be approved by the Hellenic Capital Market Commission.

INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION.

Memoranda of Understanding

The purpose of Memoranda of Understanding (MoU) is to establish and implement a procedure for the provision of mutual assistance between the competent authorities for the supervision of the capital market, in order to enhance the efficiency of the supervisory function entrusted with them. These Memoranda enable supervisory authorities to exchange confidential information, in order to achieve compliance of the supervised agents of the market with the existing regulations. The memoranda of understanding between the supervisory authorities of different countries facilitate international co-operation between stock exchanges, companies and other capital market agents, and therefore are the first stage for the establishment and further improvement of the relations among these countries' capital markets.

In 2003, the Commission signed the following Memoranda of Understanding in the context of the general development of its international relations: (a) A bilateral Memorandum of Understanding with the Securities Commission of Hungary (January 8th, 2003), and (b) a bilateral Memorandum of Understanding with the Securities Commission of Poland (August 1st, 2003).

The Hellenic Capital Market Commission and the Committee of European Securities Regulators (CESR).

CESR's mandate

The CESR (Committee of European Securities Regulators) was established as an independent authority in accordance with the terms of a decision reached by the European Commission on June 6th, 2001 (2001/1501/EC). It is one of the two commissions envisaged by the final Lamfalussy report concerning the regulation of European securities markets, which was chaired by Baron Alexandre Lamfalussy (Lamfalussy Committee of Wise Men). The European Council and the European Parliament ratified the report. The role of the CESR is: (i) to improve co-ordination among European capital market regulators; (ii) to act as a team of advisors, with the purpose of assisting the European Commission, especially in regard to the preparation of measures concerning the securities' field; and (iii) to work in order to guarantee a more consistent and timely implementation of community laws by member-states.

Each EU member-state is represented at the CESR with one member. The members are appointed by EU member-states and are the heads of the national public authorities responsible for the supervision of the securities market. The European Commission appointed as its representative at the CESR the General Director of the Internal Market General Directorate. Moreover, the supervisory authorities of Norway and Iceland are represented at the senior level. In 2003, the CESR accepted under observer status the regulatory authorities from the following eight countries whose accession in the EU is impeding: Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Malta, Slovakia, and Slovenia.

The Committee is chaired by one of the members, elected for two years and assisted by a vice-chairman. The CESR develops close operational links with the European Commission: a representative of the European Commission may actively participate in all CESR meetings, excluding those in which confidential matters are discussed. On October 10th, 2003, Mr. Arthur Docters van Leewen, Chairman of the Dutch capital market supervisory authority, was re-elected as chairman of the CESR for a two-year term, with Mr. Kaarlo Jannari, General Director of the Finnish supervisory authority as vice-chairman of the CESR, for a two-year term.

The Chairman of the CESR submits reports, whenever asked, to the European Parliament. The CESR submits its annual report to the European Commission, as well as to the European Parliament and Council. The Chairman of the CESR attends the meetings of the European Securities Committee (ESC) as an observer.

The Committee convenes at least four times each year and sets up ad hoc experts groups and/or permanent working groups. It works in an open and transparent manner, and more specifically, it applies the appropriate procedures of consultation (a priori, as well as a posteriori) with market participants, consumers, and end-users, which may include the following: press releases, papers under consultation, public hearings, lectures and conventions, consultations in writing and via the Internet, public presentations and summaries of comments, consultations on the national or European level. In order to facilitate the debate with market participants and consumers, the Committee can form advisory working groups. The Hellenic Capital Market Commission is a founding member of the CESR and actively participates in all its working groups.

CESR working groups

1. Expert Group on Market Abuse

On January 31st, 2003, the European Commission published its second mandate to the CESR to propose possible measures for the implementation of the Directive on Market Abuse, setting August 31st, 2003 as a deadline. The responsibility to implement this directive was assigned to the working group that was also responsible to prepare the CESR proposal following the first mandate of the European Commission. This group was chaired by Mr. Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission.

On September 3rd, 2003, the CESR announced its final proposal regarding the measures of level II. These measures included: (i) guidelines for the definition of acceptable market practices. These guidelines incorporate principles that should assist regulators in assessing the extent to which existing market practices undermine the integrity of the market; (ii) insider trading in the commodity derivatives markets. The proposal of the CESR acknowledges the differences between commodity derivatives markets and emphasizes on the need for adequate and timely disclosure of information; (iii) maintenance of insider lists by issuing companies. The proposal of the CESR specifies how companies must fulfill the obligations emanating from the Directive, regarding the maintenance and updating of lists of persons with access to confidential information and proposes that these lists should include all persons that usually have access to confidential information, as well as persons with occasional access to such information; (iv) disclosure of transactions by senior company managers. The CESR proposes the conditions for the disclosure of transactions performed by individual managers and the persons connected to them; (v) the obligation of financial intermediation firms to report suspect transactions. The CESR sets the criteria for the definition of the place and time in which the competent supervisory authority should be notified about suspect transactions, and standardizes the information that should be provided in the context of such disclosure.

In order to complete this proposal, in April 2003 the CESR proceeded with extensive consultations with interested parties throughout the EU, and received more than 70 written replies to the consultation paper. After elaborating on these replies, the CESR: (i) called for increased flexibility in the establishment and maintenance of insider lists; (ii) paid increased attention to the degree of responsibility of senior managers regarding the disclosure of their transactions; and (iii) tried to achieve a balance, so that regulators will not be overburdened by large volumes of reports on transactions, albeit will encourage market participants to disclose transactions only when there is ample evidence of illegal conduct.

The work of the CESR group was assisted by (i) a pan-European group of market experts, which played an advisory role and originated from a wide range of market participants, (ii) an ad hoc group of experts on commodity derivatives and (iii) a group of experts from the U.S. Commodities and Futures Trading Commission. The members of the expert group that played an advisory role to this work are:

Dr C Hausmaninger, Hausmaninger Herbst Wietrzyk, Austria
Mr P Verelst, Interbrew NV, Belgium
Dr U Bosch, Deutsche Bank AG, Germany
Dr C Di Noia, Assonime, Italy
Mr J Thiriart, Luxembourg Stock Exchange, Luxembourg
Professor S Eisma, De Brauw Blackstone Westbroek, Netherlands
Mr F Rognlien, Association of Norwegian Stockbroking Companies, Norway
Mr A del Campo, Banco Bilbao Vizcaya Argentaria, Spain
Mr L. Milberg, the Swedish Shareholders Association, Sweden
Mr M Mc Kee, British Bankers Association, UK

2. Expert Group on Prospectuses

The European Commission requested from the CESR to submit a proposal regarding the proposed Directive on Prospectuses for take-over bids or public offerings, and set three different deadlines: July 31st, 2003, September 30th, and December 31st, 2003.

In June 2003, the CESR issued a consultation paper, containing a detailed description of the technical; measures required for the implementation of the proposed Directive on Prospectuses, setting September 30th, 2003 as the ending date for the submission of comments. The measures cover three major areas: (i) the content of Prospectuses; (ii) information disclosure obligations; and (iii) information provided on an annual basis.

Based on the results of the consultation, the CESR submitted a new proposal to the European Commission, which included, for example, views on the following: (i) the same prospectus, should contain information about most non-equity securities, including warrants of any form, (with a few exceptions); (ii) the issuing companies should quote in their Prospectuses the sources of information regarding the past and potential behavior of the underlying assets in the stock exchange and the fluctuation of its price; and (iii) the framework within which institutional investors are activated, should be expanded to derivative products with no face value.

In July 2003, the CESR issued a second consultation paper, containing a detailed description of the technical measures that should apply during take-over bids or public offerings, in order to have them submitted to the European Commission by December 31st, 2003. The proposed measures include(i) the establishment of minimum transparency requirements regarding securities issued by EU member-states and their regional or local authorities; and (ii) the regulation of the dispersion of advertisements regarding take-over bids and public offerings, especially prior to the release of the Prospectus or the beginning of the public offering.

Based on the results of the consultation, in the same month the CESR presented the European Commission with its final proposal, adhering to the first deadline set by the Commission. The proposal of the CESR recommends the provision of standardized information throughout the European Union; this information will be released to investors by the issuing companies. The measure include: (i) the establishment of transparency requirements, on the basis of standards relevant to equities, bonds issued for private and institutional investors, asset-backed securities, non-equity securities issued by credit institutions and depository receipts on equities; (ii) the incorporation of prior published information through reports, such as, audit reports, accounting statements and corporate articles of association; and (iii) the publication of prospectuses, emphasizing on the availability and contents of the addendum and the methods for its publication.

The measures were prepared by a working group chaired by Mr. Fernando Texeira dos Santos, Chairman of the Portuguese "Comisao do Mercado de Valors Mobiliarios," with the assistance of Mr. Javier Ruiz of the CESR Secretariat. The group's work was assisted by a group of market specialists. The members of the Group that played an advisory role are the following:

Ms Ann Fitzgerald, Irish Association of Investment Managers, Secretary General, Ireland,

Mr Daniel Hurstel, Willkie, Farr & Gallagher, International Bar Association's Issues and Trading in Securities Committee, France,

Mr Jaap Winter, Unilever, Netherlands,

Ms Kaarina Stahlberg, Nokia, Finland,

Mr Lars Milberg, Shareholder Ombudsman (shareholder association), Sweden,

Mr Pierre Lebeau, Petercam, Belgium,

Mr Regis Ramseyer, Certified Internal Auditor of the Institute of Internal Auditors, Luxemburg,

Mr Stefano Vincenzi, Mediobanca, Italy,

Mr Torkild Varran, Avanse Forvaltning (investment-fund), Norway,

Mr Victor Pisante, EFG Eurobank-Ergasias, S.A., Greece,

Mr Wolfgang Gerhardt, Sal. Oppenheim Jr and Cie, Germany.

3. Joint Expert Group (CESR/ECB) on Clearing and Settlement

The supreme council of the ECB and the CESR decided to act in common on issues pertaining to securities' clearing and settlement systems. A working group comprising representatives of the ECB, the 15 central banks of the EU-15 and the CESR started its work within 2002. Mr. Jean-Michel Godeffroy, General Director of the ECB and professor Eddy Wymeersch, Chairman of the Belgian Securities Commission, chair the group.

In August 2003, the CESR and the European System of Central Banks (ESCB) published two consultation papers, titled: "Standards for clearing and settlement of transactions of transferable securities in the European Union" and "The implementation area of the CESR-CRB standards," concerning joint CESR-ESCB action for the clearing and settlement of securities. The first document elaborates on 19 standards aimed at enhancing the security, completeness and efficiency of securities' clearing and settlement systems in the EU. The standards are based on the recommendation of IOSCO-CPSS concerning securities' settlement systems, which were issued by the Technical Committee of IOSCO and the Committee on Payment and Settlement Systems (IOSCO/CPSS) in November 2001. The second document reviews the applicability of certain standards in major custodian banks that provide securities' clearing and settlement services. Both documents were prepared by the joint working group, which is jointly coordinated by Professor Eddy Wymeersch, Chairman of the Belgian Commission Bancaire et Financiere, as a CESR representative, and Mr. Jean-Michel Godeffroy, Director General of the Payment Systems Directorate of the European Central Bank. After being finalized, the measure will become a regulatory instrument and will be more binding than the original recommendations of IOSCO-CPSS.

4. ISD Expert Groups

The Investment Services Directive (ISD - 93/22/EEC) is a legal act that defines the conditions for the provision of investment services by investment firms and credit institutions that have been licensed and are supervised by the competent authorities of their countries. The European Commission deemed necessary to revise the Directive, for reasons related to technological advances, competition and the development of cross-border transactions in the European Union, and in November 2002, forwarded a draft revision of the Directive for consultation. The fundamental importance of this revision was recognised by the Financial Services Action Plan of the European Commission (FSAP) and, following the relevant debate, a political agreement was achieved on 07.10.2003among the members of the European Council regarding the revised document. The European Commission mandated the CESR to submit its proposal regarding the establishment of technical measures for the materialization of the agreed revision.

The CESR is already in the process of consultation with the interested parties and has formed three working groups:

(i) Working group on markets. Mr. Jacob Kaptein (Commissioner of the Dutch Autoriteit Financiële Markten) chairs this group, which reviews trading practices regarding the transmission and execution of orders on financial instruments, the obligations regarding pre- and post-trading transparency upon the internalization of transactions and the operation of multilateral trading systems in organized markets and the disclosure of information by investment firms.

(ii) Working group on financial intermediation firms. Mr. Callum McCarthy, Chairman of the UK regulatory authority, chairs this group, which reviews the trading practices pertaining to the transmission and execution of orders related to organizational requirements, to the conflicts of interest, and the general obligations of companies, which emanate from the provisions of the codes of conduct for the provision of investment services to clients, to the prerequisites for the "optimum execution" of client order and their consent prior to the execution of such orders, beyond the rules and systems of an organised market or a multilateral trading system, and to the transactions executed between the appropriate counterparties.

(iii) Working group on co-operation and law enforcement issues. This group is chaired by Mr. Michael Prada, Chairman of the French Autorité des Marchés Financiers. This group reviews issues pertaining to the disclosure of transactions and the disclosure of relevant information.

Moreover, a Guidance Group has been formed, to review horizontal issues and ensure the full cohesion of the proposal that will be prepared by each Working Group. This Group comprises the three chairmen of the Working Groups and will be chaired by Arthur Docters Van Leeuwen, Chairman of the CESR.

In addition, the CESR has formed an experts group, which will act as a consultant, providing technical advice to the working groups. The experts do not represent national or corporate interests and do not act as a substitute to full consultation with all market agents. The consultation group comprises the following twenty-three persons

Mr. Frede Aas Rognlien, Chief Legal Counsel in the Association of Norwegian Stock broking Companies (Norway)

Mr. Heiko Beck, General Counsel DekaBank Deutsche Girozentrale (Germany)

Dr. Michele Calzolari, Chairman of Assosim and CEO of BIPIELLE SIM (Italy)

Mr. Jean-François Conil-Lacoste, CEO of Powernext SA (France)

Mr. Henri de Crouy-Chanel, Administrateur de la Société de Gestion Internationale (Luxembourg)

Mr Peter De Proft, Member of the Executive Committee of the Banque Nagelmakers (Belgium)

Mr. Mark Harding, Group General Counsel of Barclays Bank Plc (United Kingdom)

Mr. Brian Healy, Director of Trading of the Irish Stock Exchange (Ireland)

Mr. Henrik Hjortshøj-Nielsen, Senior vice president Nykredit (Denmark

Mrs. Marianne Kager, Chief Economist of Bank Austria (Austria)

Mr. Socrates Lazarides, Vice-President of the Athens Stock Exchange (Greece)

Mr Jacques Levy-Morelle, Secretary general of Solvay SA (Belgium)

Mr. Joao Martins Pereira, Expert of Banco Espirito Santo (1) (Portugal)

Ms. Louise McBride, Consumers Association of Ireland (Ireland)

Mr. Gyorgy Mohai, Advisor to the Budapest Stock Exchange (Hungary)

Mr. Peter Norman, Executive President at Sjunde AP-fonden (Sweden)

Mr Anthony Orsatelli, CEO of CDC Ixis (France)

Mr Roger Sanders, Joint Chairman of SBPP (United Kingdom)

Dr. Jochen Seitz, Senior expert for European Regulatory Affairs from Deutsche Börse Group (D)

Mr. Erik Thedéen, Deputy Director General – The Swedish National Debt Office (Sweden)

Mr. Juan Carlos Ureta, President and CEO of Renta 4

Mr. Renzo Vanetti, CEO of SIA S.p.A (Italy)

Mr. Jan-Willem Vink, General Manager Corporate Legal, Compliance and Security ING Group (NL)

Market participants consultative panel

In accordance with its consultation policy and its statement regarding consultation practices, the CESR presents a series of specific commitments on who will proceed to consultations, when and how. According to its statute, the CESR can form consultation groups whenever it is necessary, and issue proposals concerning the materialisation of their findings in due time. To this end, decided to form a high-ranking Market Participants Consultative Panel, comprising a limited number of members selected on a personal basis. The role of this Group is to: (i) Provide comments on the manner with which the CESR performs its role, and more specifically, the implementation of its Statement on Consultation Practices; (ii) assist the CESR in setting its priorities; and (iii) draw the CESR's attention to any institutional deficiencies of the single market and other major financial developments.

On January 13th, 2003, this group held its second meeting in Paris. Discussions were mainly focused on three different issues: (i) the recent activities of the CESR; (ii) the organization of its work and (iii) its priorities and its role regarding the organization of the group. As far as the first issue is concerned, the chairman of the CESR quoted the most important decisions adopted by the CESR during its last Meeting that was held in Athens in December 2002, as well as during all the meetings to which he participated. In regard to the organisation of CESR's work, as well as its priorities, the group discussed the working plan of the CESR for the year 2003, on the basis of tables specifying possible fields of work in the context to the II level of the Lamfalussy report, on issues pertaining to existing Directives, draft Directives or future draft Directives. As far as the third discussion issue, which refers to the role and organization of the group, is concerned, the chairman of the CESR declared that the group should: (i) provide "early warning" for market developments to which the CESR does not pay the proper attention; (ii) to monitor the overall operation of the CESR and possible deficiencies in the wider regulator network; (iii) to advise the CESR regarding priorities in its work and deliver messages concerning the work that has to be executed by the CESR; and (iv) to provide advice on current market issues.

The group held its meeting in Paris, on June 12th, 2003. The discussion was mainly focused on the following issues: (i) transaction internalization and pre-trading transparency; (ii) quarterly financial statements of issuing companies whose securities are listed in organized markets; and (iii) the future work of the CESR regarding Undertakings for Collective Investment on Securities.

The Group consists of the following members:

Pr Luis Miguel Beleza, Consultant of the Executive Board, Banco Comercial Português,

Dott Salvatore Bragantini, CEO, Centrobanca S.p.A.,

Dr Rolf E Breuer, Chairman of the Supervisory Board, Deutsche Bank AG,

Mr Donald Brydon, Chair of the Financial Services Practitioner Panel and Chairman of AXA Investment Managers,

Mr Ignace Combes, Vice-President, Management Committee of the Board of Directors, Euroclear Bank,

Mr Lars-Erik Forsgardh, President and CEO, Swedish Shareholders Association,

Mr Dominique Hoenn, Deputy General Manager of BNP Paribas, Vice-Chair of the Supervisory Board of Euronext,

Ms Sonja Lohse, Group Compliance Officer, Nordea AB,

Mr Mariano Rabadan, Chairman of the Spanish Association of Investment and Pension Funds (INVERCO), and

Dr Emmanuel D. Xanthakis, Non-Executive President, Marfin Bank and Marfin Portfolio Investment Company.

Permanent CESR Committees

Two CESR committees that are in constant operation are the CESR-Pol and the CESR-Fin. CESR-Pol, which is chaired by Ms. Susanne Bergstrasser, consists of staff members from Securities Commissions-members of the CESR, responsible for supervision and exchange of information. CESR-Pol was formed by the conclusion of the Multilateral Memorandum of Understanding on the exchange of confidential information and the supervision of activities pertaining to securities (January 26th, 1999). The objective of the CESR-Pol is to facilitate effective information exchange, in order to improve co-operation and the co-ordination among CESR members in the fields of supervision and imposition of sanctions.

CESR-Fin, which is chaired by Mr. Henrik Bjerre-Nielsen, consists of staff members from Securities Commissions-members of the CESR, responsible for the supervision and safeguarding of the implementation of rules concerning the publication of financial results and compliance with transparency requirements. The main role of the CESR-Fin is to co-ordinate the work of the CESR regarding the endorsement and observance of the International Accounting Standards and other transparency requirements concerning financial results in the European Union, in the context of its strategy for the adoption of a single framework for financial reporting. CESR-Fin will provide the CESR observers with the necessary support in the context of the operation of the mechanism for the endorsement of the International Accounting Standards, the main aim being their adoption and implementation by the European Union. The objective of the CESR-Fin Subcommittee on International Accounting Standards Endorsement, which is chaired by Mr. Philippe Danjou, is to evaluate any International Accounting Standards that have already been adopted, and to submit proposals to the International Accounting Board, concerning the proposals of the EU member-state regulators before their final adoption on this level. The CESR-Fin Subcommittee on International Accounting Standards Implementation, which is chaired by Mr. Angelo Apponi, provides a framework for the exchange of opinion and experience concerning the effective supervision of listed companies on the basis of the rational, valid and timely monitoring of their financial results.

During the seventh Convention of the CESR, which was held in Paris on March 21st, 2003, the first CESR standard regarding financial information was approved: Implementation of Financial Information Standards in Europe. The standard was prepared by the CESR-Fin Subcommittee on Implementation and Control, chaired by Mr. Angelo Apponi, Head of the Auditing Department of the Italian securities commission. This standard represents a major part of CESR's contribution to the effort for the development and implementation of a single approach for the introduction of International Accounting Standards in Europe. The final standard was issued after a careful review of the comments received during the consultation process, and following an open hearing that was held on January 7th, 2003 in Paris.

In October 2003, the CESR published a consultation paper that proposes rules regarding the implementation of the International Accounting Standards, in order to achieve their effective and consistent introduction. By means of draft Standard 2, the CESR proposes the establishment of the necessary co-ordination for the implementation of International Accounting Standards all over Europe. The draft Standard 2 describes in a very practical manner how the Regulators-members of the CESR can work in a more coordinated manner. Thus, in the context of the Lamfalussy approach, which governs, in general, the operation of the CESR, this initiative may be interpreted as an example of "level III" of the four levels of the Lamfalussy approach.

The Hellenic Capital Market Commission and IOSCO

The International Organization of Securities Commissions - IOSCO, which is based in Madrid, is the principal forum of international co-operation among national capital market regulators and is recognized as the international organization responsible for the establishment of security market standards. Today, IOSCO has 181 members from more than 100 countries.

The Annual Conference of IOSCO

The world's securities and derivatives regulators and other members of the international financial community met in Seoul, South Korea, from October 14th to October 17th, 2003 on the occasion of the XXVIII Annual Conference of IOSCO, which was attended by 500 participants from 100 countries. The title of the Conference was "New Challenges for the Securities Markets and Regulators." The subject was selected in recognition of the challenges faced by capital market regulators, because of the recent corporate scandals. The protection of the integrity of international capital markets is a major part of the main task of regulators, which concerns investor protection. Recent events have proved that the integrity of capital markets depends to a great extent on the quality of corporate disclosure and the effective handling of conflicts of interest in securities markets. During the Conference, certain important initiatives were announced:

The Multilateral Memorandum of Understanding of IOSCO

The annual conference stressed the importance of IOSCO's multilateral memorandum of understanding on consultation, co-operation and information exchange, which is the first worldwide regulation regarding the exchange of information among capital market regulations. IOSCO's multilateral memorandum of understanding establishes a new criterion for assessing critical co-operation for dealing with capital market law violations. IOSCO members are committed to adopt adequate and effective information exchange measure, in order to combat illegal practices, including cases of market abuse and financial fraud. Prior to signing IOSCO's multilateral memorandum of understanding, the candidates must be submitted to a strict assessment process, in order to prove their ability to co-operate on the basis of the memorandum's terms. In order to monitor compliance of the memorandum's signatories with the terms of the memorandum, a monitoring group has been formed, comprising representatives of all signatories of the memorandum of understanding.

Despite the fact that this agreement came into force for the first time in 2002, during the 2003 annual conference IOSCO stressed the importance of the multilateral memorandum of understanding regarding the achievement of international capital market regulators to improve co-operation and information exchange among them on issues pertaining to the implementation of standards and rules, and the monitoring of the compliance of the supervised entities with these standards and rules.

IOSCO's multilateral memorandum of understanding provides for the exchange of the necessary information for the performance of cross-border audits regarding prevention of capital market law violations, and the establishment of the identity of company clients and records. The multilateral memorandum of understanding also enables national capital market regulators to use such information in order to monitor the compliance of supervised entities withy the rules.

Despite the fact that a large number of capital market regulators have already signed bilateral agreements during the past decade, the multilateral memorandum of understanding of IOSCO is the first agreement concerning the equitable exchange of information. IOSCO members that cannot fulfill the terms of the multilateral memorandum of understanding cannot become signatories, but can state their specific commitment to obtain the necessary institutional responsibilities.

The Hellenic Capital Market Commission submitted its application on August 14th, 2002. Its application was evaluated by Verification Team 3, which comprises the Securities Commissions of Germany, Hong-Kong, Norway and Brazil. After the affirmative proposal of this Team and the plenary session of the Screening Group, the Decision-Making Body approved on October 9th, 2002 the application of the Hellenic Capital Market Commission to co-sign the Multilateral Memorandum of Understanding of IOSCO.

Up to date, the signatories of the multilateral memorandum of understanding are the following:

Alberta Securities Commission, Alberta,

Australian Securities and Investments Commission, Australia,

British Columbia Securities Commission, British Columbia,

Commission des opérations de bourse, France,

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Germany,

Hellenic Capital Market Commission, Greece,

Securities and Futures Commission, Hong-Kong,

Hungarian Financial Supervisory Authority, Hungary,

Securities and Exchange Board of India (SEBI), India,

Commissione Nazionale per le Società e la Borsa, Italy,

Jersey Financial Services Commission, Jersey,

Lithuanian Securities Commission, Lithuania,

Comisión Nacional Bancaria y de Valores, Mexico,

New Zealand Securities Commission, New Zealand,
Ontario Securities Commission, Ontario,
Polish Securities and Exchange Commission, Poland,
Comissão do Mercado de Valores Mobiliários, Portugal,
Commission des valeurs mobilières du Québec, Québec,
Comisión Nacional del Mercado de Valores, Spain,
Financial Services Board, South Africa,
Capital Markets Board, Turkey,
Financial Services Authority, UK,
United States Securities and Exchange Commission, United States,
Commodity Futures Trading Commission (CFTC), United States.

The methodology for evaluating the rate of compliance with IOSCO's regulatory principles

Furthermore, during its Annual Conference IOSCO announced the adoption of the methodology for evaluating the rattle of implementation of IOSCO's principles, in order to assist its members in designing more efficient securities regulations. IOSCO's methodology was prepared by an experts group (Implementation Committee), with the active participation of the Hellenic Capital Market Commission, which still continues. The methodology will assist member states in detecting areas where the existing regulations do not fulfill the main regulation principles of IOSCO, in assessing failures on the basis of difficulty, in specifying areas of activity on a priority basis, and to develop action plans to find the necessary adjustments.
IOSCO believes that the evaluation methodology can be used in a wide range of applications, including internal and external evaluations by IOSCO members, the International Monetary Fund and the World Bank, in the context of the program for the evaluation of each nation's financial sector (FSAP Programs), and as an instrument for the provision of training and technical assistance to advanced and emerging capital markets.

Appointment of Chairmen and Vice-Chairmen of the technical committees, admission of new members and future conferences

During the Annual Conference of IOSCO, Mr. David Knott, Chairman of the Australian Securities and Investment Commission and Chairman of the Technical Committee of IOSCO announced his resignation because of retirement. Mr. Andrew Sheng, Chairman of the Securities and Futures Commission of Hong-Kong was appointed Chairman of the Technical Committee of IOSCO until the

next annual conference that will be held in May 2004. During its annual conference, IOSCO admitted fifteen new ordinary members:
Brunei International Financial Center,
National Banks and Securities Commission of Honduras,
Stocks and Commodities Authority of the United Arab Emirates,
Reserve Bank of Malawi,
Securities and Exchange Commission of Mongolia.
IOSCO also admitted one new connected member: Labuan Offshore Financial Services Authority.
Finally, IOSCO admitted seventeen new affiliated members: Cayman Islands Stock Exchange, Channel Islands Stock Exchange, Bahamas International Securities Exchange, Association of Capital Market Intermediary Institutions of Turkey, Amman Stock Exchange, Malta Stock Exchange, and Securities Depository Centre of Jordan.
Today, IOSCO comprises 181 members, and its next annual conferences will be held in Amman, Jordan, in May 2004, in Colombo, Sri Lanka, in 2005 and in Hong-Kong in 2006.

The meeting of the European Regional Committee of IOSCO

The European Regional Committee of IOSCO comprises 42 supervisory authorities, including the 15 supervisory authorities of European Union member-states. This Committee deals with the in-depth study of: the evolution of capital markets in its member states; the progress of the implementation of IOSCO's principles by member-states; the activities of off-shore financial centres; the harmonisation of the regulatory standards in accordance with European Directives, particularly in the countries of South-eastern Europe; and the progress of the national and international efforts for the implementation of the International Accounting Standards by listed companies. The Regional Committee verifies that all its members make serious efforts to adopt high common regulatory standards, acknowledging the need for further action in this field.
During the latest annual conference of IOSCO that was held in Istanbul in May 2002, the Hellenic Capital Market Commission was unanimously re-elected to the chair of the European Regional Committee. Professor Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission is the chairman of the European Regional Committee. The European Regional Committee of IOSCO held two meetings during 2003. Its first extraordinary conference was held in Athens, on March 28th, 2003 and was hosted by the Hellenic Capital Market Commission.
The main issues that were discussed during the extraordinary conference of the European Regional Committee were the following: (i) the draft consultation paper prepared by IOSCO's Implementation Committee regarding the "Methodology for evaluating the rate of compliance with IOSCO's principles." A large number of issues were discussed and a considerable amount of comments was

received. The members of the European Regional Committee that are also members of the Implementation Committee made presentations and clarifications. It was agreed that the Chairman of the European Regional Committee would send a letter containing the comments of the European Regional Committee to Ms. Andrea Corcoran, chairperson of the Implementation Committee; (ii) the development of IOSCO's multilateral memorandum of understanding and the statistics concerning the number of existing applications and approved signatories. To this end, the General Secretariat of IOSCO presented members with a note on issues pertaining to the multilateral memorandum; (iii) developments in the working group on corporate governance. The Hellenic Capital Market Commission, a member of the working group on corporate governance, prepared a draft paper that was distributed to the members. Initially, the chairman of the European Regional Committee invited the other members of the working group on corporate governance and then all the members of the European Regional Committee to consider the paper as a first basis for discussion. Moreover, the chairman of the European Regional Committee requested from the members of the working group to submit any comments till April 4th. At the same time, the chairman of the European Regional Committee urged all members to submit comments. The purpose of this group is to present its final paper at the next Committee meeting that will be held during the IOSCO's annual conference.

The second meeting of the European Regional Committee was held in Seoul, South Korea, during the annual conference of IOSCO in October 2003. The following issues were discussed: (i) Initially there was a presentation of important developments in the regulatory framework of the members of the Committee, where a general trend for major changes and adjustments of the institutional frameworks of most members of the European Regional Committee was observed, either through the adoption of common regulatory principles by a great number of countries, or through the enhancement of the foundations for co-operation in other states non-members of the Committee. Moreover, a great number of countries show a tendency to reinforce the regulatory responsibilities of supervisory authorities. It is obvious that, for the time being, the necessary balance has not been achieved, what it important, though, is that the authorities are moving to the correct direction. Most of the participants reported a tendency to adopt International Accounting Standards in their regulatory framework, as provided for by EU legislation, as well as to enhance the laws for the prevention of market abuse; (ii) there was also a presentation of the work of CESR by Mr. Kaarlo Jannari, Vice-chairman of the CESR. Furthermore, the members were presented with a report on statistics about the number of replies submitted up to date during the second round of Questionnaires concerning the Self-Evaluation of IOSCO members (Undertakings of Collective Management, Capital Market Intermediaries, and Organizes Markets). 75% of IOSCO's members have replied.8 of the members of the European Regional Committee are obliged to submit the replies to the specific questionnaires of the Organisation.

The members were updated on the Multilateral MOU of IOSCO; more specifically, they were given information about statistics concerning the existing applications and signatories: 40 applications are in the evaluation stages and 24 countries have already signed the multilateral MOU. 12 of the existing signatories of the multilateral memorandum of understanding are members of IOSCO's European Regional Committee.

Finally, there was a presentation of the work of the Working Group on Corporate Governance. As am member of this group, the Hellenic Capital Market Commission had prepared a first draft on "Corporate Governance and the Role of Securities Commissions," which had been distributed to the members during the previous meeting of IOSCO's European Regional Committee. Prompted by the chairman of the European Regional Committee during its extraordinary conference in March 2003, the members of the Working Group on Corporate Governance sent their comments. More specifically, comments were received from the Czech Securities Commission, the Financial Supervision Authority/Capital Markets Department of Finland), the Hungarian Financial Supervisory Authority and the UK Financial Services Authority. A new draft report, which has incorporated the comments received from the member of the Working Group on Corporate Governance is being prepared and will be submitted to the members for final adoption.

The Conferences of IOSCO's Executive and Technical Committees, as well as of the Emerging Markets Committee in Athens

In September 2003, the Hellenic Capital Market Commission hosted in Athens the conferences of the Executive and Technical Committees of IOSCO, as well as IOCSO's Emerging Markets Committee. During the meeting of IOSCO's Technical Committee in Athens, a series of important announcements were made.

More specifically, the Technical Committee issued a Declaration of Principles, in order to guide securities regulators in dealing with conflicts of interest that may be faced by securities analysts. This Statement contains important objectives that, according to the Technical Committee, are the basis for a strong and healthy regulatory framework for dealing with conflicts of interest.

These Principles are combined with a series of "Fundamental Measures"; the members of the Technical Committee agree that these measures are important and necessary in order to deal effectively with conflicts of interest that may be faced by analysts.

The Technical Committee believes that the elementary measures required for the effective implementation of the Principles are the following: (i) analysts are prohibited from performing transactions on securities or derivatives prior to the publication of reports about listed companies whose securities are the subject of the said reports; (ii) firms that employ analysts are prohibited from knowing in advance the contents of any analyst report under publication, about listed companies whose securities are the subject of the said reports; (iii) firms that employ analysts are prohibited from promising to listed companies favorable reports, specific evaluations or specific target-prices, in return for future or existing business relations, services, or investments; (iv) analysts are prohibited from participating in investment bank sales and road shows; (v) analysts are prohibited from submitting any report to the investment banking department of their firm; (vi) it is prohibited to connect analyst remunerations with certain investment banking deals; (vii) investment banking departments are prohibited from approving in advance any analyst reports or recommendations (apart from the cases in which the investment banking staff reviews reports to detect any errors prior to publication, under the supervision of the legal or audit department); and (viii) analysts or firms that employ analysts must disclose any compensation or other benefit given from the company or any other third party for the preparation of the specific report.

Along with the Declaration of Principles, the Technical Committee also published its Report on Analyst Conflicts of Interest. The Report is a detailed, cross-border paper, prepared by a group of IOSCO's Technical Committee on securities analysts, and describes cases of conflict of interests faced by analysts in various member-states of the Technical Committee, as well as the methods used by governments, self-regulated organizations, industry unions and investment firms in order to deal with conflicts of interest. The appendices of the report include detailed descriptions of the various initiatives that have been or will be taken in 13 different countries (members of the Technical Committee).

The Technical Committee believes that the Principles will be useful, not only for securities regulators and governments, but also for self-regulated organizations, industry unions possessing Codes of Conduct, as well as investment firms themselves, which are encouraged to adopt their own secure internal regulations for protection against conflicts of interest that may affect analyst reports.

In order to deal with issues related to the role of credit rating agencies in capital markets, the Technical Committee issue, also during its meeting in Athens, a Declaration of Principles regarding the activities of rating agencies. Given the influence that the opinions of rating agencies may have on securities markets, the actions of these entities are a matter of interest for investors, creditors, and securities issuers alike.

The Declaration of Principles contains important objectives that, according to the Technical Committee, will enhance the integrity of the credit rating practices and will assist these agencies in providing investors with thorough and independent analyses. The principles provide for the following: (i) credit rating agencies should issue opinions that assist in containing the phenomenon of asymmetric information provided to debtors, creditors and other market participants; (ii) their decisions should be independent and free from any political or financial pressure, as well as from any conflict of interest that may occur from the ownership status of these agencies, either from their business or financial activities or from financial interests of their staff. To the greatest extent possible these agencies should avoid activities, procedures or relations that could compromise or seem to compromise the independence and objectivity of the rating process; (iii) credit rating agencies should aim at transparency during the rating process; and (iv) credit rating agencies should keep the confidentiality of any information that is not available to the public and is announced to them by listed companies or their representatives, under the terms of a confidential agreement or other the terms of a memorandum of understanding concerning the confidential use of such information.

Along with IOSCO's Declaration of Principles, the Technical Committee issued its Report on the Activities of Credit Rating Agencies. This Report is a cross-border study, prepared by the Group of IOSCO's Technical Committee on credit rating agency issues, and describes the operation of these agencies in various member-states of the Technical Committee, issues of interest to regulators, the agencies themselves, investors, and listed companies related to credit rating agencies, as well as how the Declaration of Principles has been designed to deal with such issues.

THE DEVELOPMENT OF HELLENIC CAPITAL MARKET COMMISSION'S STAFF.

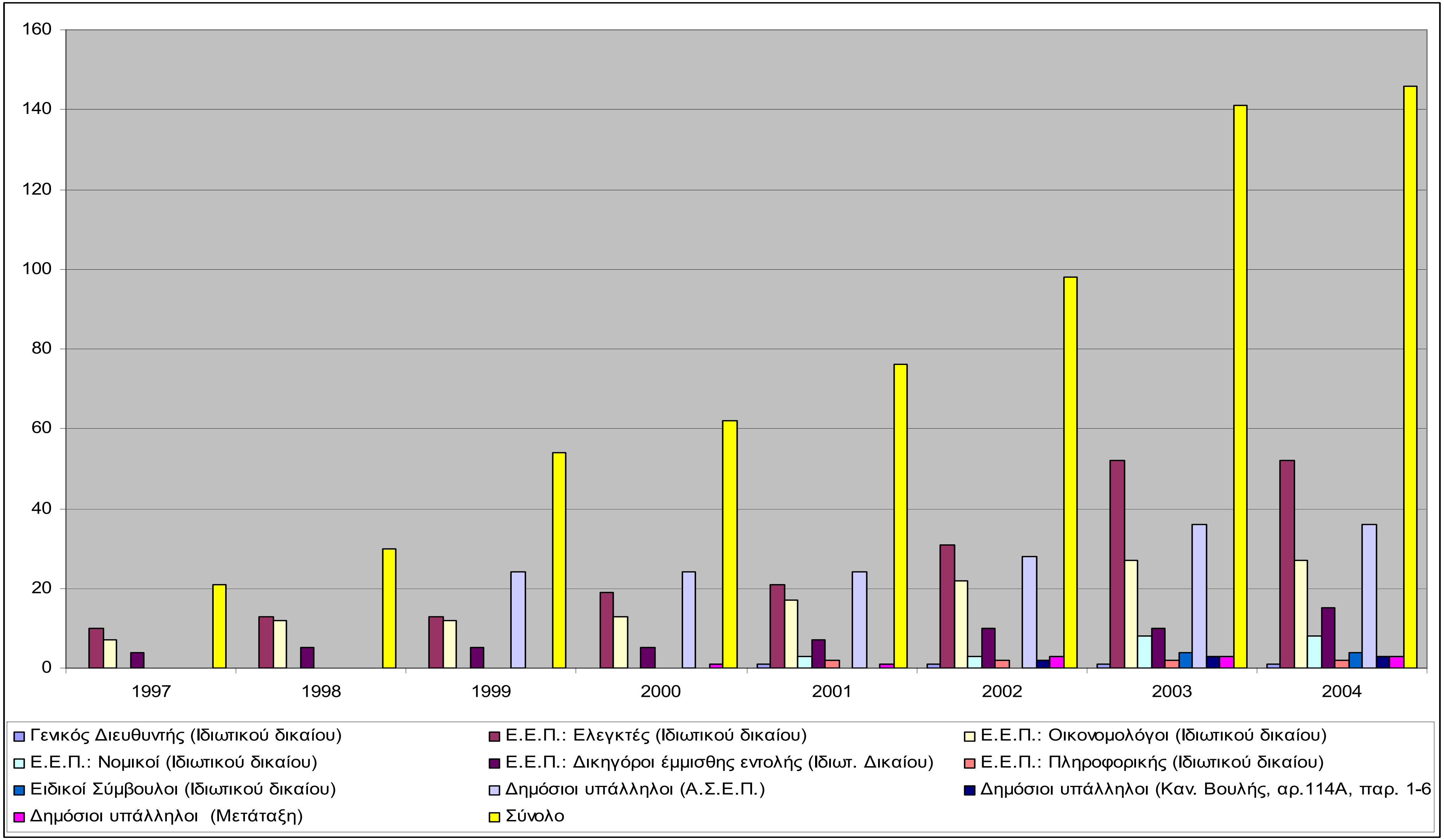
The staff of the Hellenic Capital Market Commission includes the position of the Director General, specialized staff employed under private law contracts, special consultants employed under private law contracts, and civil servants. The total number of personnel in each position, and for the Hellenic Capital Market Commission as a whole, is specified by presidential decree 25/2003. The first specialized members of staff were hired in 1997. Since then, there was further recruitment of new specialized and administrative personnel (see Table 50 and Figure 21). All planned positions in the HCMC are expected to be filled during 2004. The new internal organization, has assisted the HCMC in defining more clearly the responsibility limits, as well as the perspectives for the development of its highly qualified staff, and has enabled the HCMC to assume all the responsibilities resulting from the privatization of the Athens Stock Exchange.

TABLE 50.
Employment per position in the Hellenic Capital Market Commission, 1997-2004

Position (Specialists/ Employees)[1]	Lab or contract.[2]	1997		1998		1999		2000		2001		2002		2003		2004	
		No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.	No. of new hiring.	Total personnel.
Director General (1 position)	PrL	0	0	0	0	0	0	0	0	1	1	0	1	0	1	0	1
Auditors	PrL	10	10	3	13	0	13	6	19	2	21	10	31	21	52	0	52
Economists	PrL	7	7	5	12	0	12	1	13	4	17	5	22	5	27	0	27
Lawyers	PrL	0	0	0	0	0	0	0	0	3	3	0	3	5	8	0	8
Legal Staff	PrL	4	4	1	5	0	5	0	5	2	7	3	10	0	10	5	15
IT personnel	PrL	0	0	0	0	0	0	0	0	2	2	0	2	0	2	0	2
Consultants	PrL	0	0	0	0	0	0	0	0	0	0	0	0	4	4	0	4
Civil Servants (ASEP)	PL	0	0	0	0	24	24	1	25	0	25	0	25	7	32	0	32
Civil Servants (Parl)	PL	0	0	0	0	0	0	0	0	0	0	2	2	1	3	0	3
Civil Servants (trans.)	PL	0	0	0	0	0	0	0	0	0	1	2	2	0	2	0	2
Grand Total[3]		**21**	**21**	**9**	**30**	**24**	**54**	**8**	**62**	**14**	**76**	**22**	**98**	**43**	**141**	**5**	**146**

Notes:
[1]: Specialists = specialized scientific personnel, Employees = civil servants hired through the Supreme Council for Personnel Selection (ASEP), transferred on the basis of Regulation 114 of the Parliament and through transfers by other agencies.
[2]: Labor Contract PrL = private law, PL = Public law
[3]: During the period 1997-2004 1 auditor, 2 economists, 2 lawyers with labor contracts, 1 IT specialists and 5 civil servants resigned from their positions

FIGURE 22.
Employment per position in the Hellenic Capital Market Commission, 1997-2004



APPENDICES.

APPENDIX 1. Rules and Regulations Issued by the Hellenic Capital Market Commission in 2003.

No	Title	Summary
16/262/6.2.2003 (Gazette 297 13.3.2003)	REGULATIONS REGARDING THE PROVISION OF CLIENT INVESTMENT PORTFOLIO MANAGEMENT SERVICES BY INVESTMENT FIRMS-NON-MEMBERS OF THE ATHENS STOCK EXCHANGE.	Specifies the administrative and accounting organization and the audit and security mechanisms for investment firms-non-members of the Athens Stock Exchange that provide client portfolio management services.
2/262/6.2.2003 (Gazette 206 24.2.2003)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM.	This rule amends parts of HCMC Rule 9820/154/16.3.1999 "Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System."
10/265/27.2.2003 (Gazette 410 9.4.2003)	APPROVAL OF THE TRAINING PROGRAM FOR INDIVIDUALS INVOLVED IN THE DISTRIBUTION OF MUTUAL FUND UNITS.	This rule approves the proposals submitted by the Union of Institutional Investors regarding the training of involved in the distribution of mutual fund units and specifies the syllabus.
3/269/22.4.2003 (Gazette 693/3.6.2003)	CONTENTS OF THE RECORDS ISSUED BY INVESTMENT FIRMS-NON-MEMBERS OF THE ATHENS STOCK EXCHANGE AND MEMBERS OF THE ATHENS STOCK EXCHANGE, REGARDING THE PREPARATION SECURITY TRANSACTIONS IN THE ATHENS STOCK EXCHANGE ON BEHALF OF INVESTOR GROUPS (BASKET ORDERS).	This rule specifies in detail the contents of the records that must be issued by investment firms-non-members of the Athens Stock Exchange and members of the Athens Stock Exchange, regarding the preparation of basket orders in the ASE.
5/272/22.5.2003 (Gazette 781/18.6.2003)	SIZE OF THE COMMON GUARANTEE FUND FOR THE YEAR 2003.	This rule sets the total amount of the Common Guarantee Fund for the year 2003 to 187 million euros.
15/272/22.5.2003 (Gazette 942/9.7.2003)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM.	This rule amends parts of HCMC Rule 9820/154/16.3.1999 "Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System."
2/273/10.6.2003 (Gazette 852/27.6.2003)	SPECIFICATION OF SPECIAL QUALIFICATIONS AND PROCEDURES FOR THE PROFESSIONAL QUALIFICATIONS OF STOCK EXCHANGE REPRESENTATIVES AND INVESTMENT ADVISORS.	This rule specifies the syllabus of the professional qualification examinations for the position of investment advisor, which can be attended by any person that during the five-year period from 5.12.1996 to 5.12.2001 acted as Stock Exchange Representatives without any interruption.
24/273/10.6.2003 (Gazette 852/27.6.2003)	AMENDMENT OF HCMC RULE 8/71/2.4.1996 (GAZETTE B 296) 'SPECIFICATION OF THE MAXIMUM DAILY FLUCTUATION LIMITS OF	This rule amends HCMC Rule 8/71/2.4.1996 (Gazette B 296) "Specification of the maximum daily fluctuation limits of share prices, block trades and clearing entries."

	SHARE PRICES, BLOCK TRADES AND CLEARING ENTRIES', AS IS CURRENTLY IN FORCE.	
4/275/27.6.2003 (Gazette B 1084/5.8.2003)	AMENDMENT OF HCMC RULE 3/269/22.4.2003 (GAZETTE B 693) 'CONTENTS OF THE RECORDS ISSUED BY INVESTMENT FIRMS-NON-MEMBERS OF THE ATHENS STOCK EXCHANGE AND MEMBERS OF THE ATHENS STOCK EXCHANGE, REGARDING THE PREPARATION SECURITY TRANSACTIONS IN THE ATHENS STOCK EXCHANGE ON BEHALF OF INVESTOR GROUPS (BASKET ORDERS).'	This rule replaces article 2 of HCMC Rule 3/269/22.4.2003 as follows: "Athens Stock Exchange members that execute orders for the preparation of transactions in securities in the Athens Stock Exchange on behalf of investor groups must issue a separate official contract note for each end-investor. The official contract note slip that is delivered to the end-investor must state at least the following: the account number of the investor group, the account number of the specific end-investor, the full name of the end-investor, the type of the transaction, the date the transaction was executed, as well as the securities' type, quantity and unit price."
10/277/31.7.2003 (Gazette B 1541/17.10.2003)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM.	This rule amends parts of HCMC Rule 9820/154/16.3.1999 "Regulation for the clearing and settlement process and the operation of the Dematerialized Securities System."
4/278/12.8.2003	PUBLICATION AND ANNOUNCEMENT OF DATA REGARDING PORTFOLIO INVESTMENT COMPANIES, IN ACCORDANCE TO THE PROVISIONS OF ARTICLE 12, LAW 1969/1991 (GAZETTE A 167).	This rule specifies the data that must be published and announced by Portfolio Investment Companies, in accordance to the provisions of article 12, Law 1969/1991 (Gazette A 167).
38/279/29.8.2003 (Gazette 1394/30.9.2003)	OPERATION OF THE PARALLEL MARKET OF THE STOCK EXCHANGE, AS PROVIDED FOR BY ARTICLE 32 LAW 1806/1988 (GAZETTE A 207).	This rule sets the criteria for the introduction of shares and bonds in the parallel market, specifies the financial obligations of the issuing companies against the Athens Stock Exchange, sets the place and time of the public sessions of the parallel market, and the reasons for suspension of trading in, and delisting of, company shares from the parallel market.
1/283/7.10.2003 (Gazette 1541/17.10.2003)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM.	This rule adds the following verse to paragraph 2, article 63 of the Regulation: "Similarly, in the case of over-the-counter transfers of shares or other securities in accordance with article 15 paragraph 11 case vii of Law 3632/28, as is currently in force, the transfer from the special account of the Greek State or the Public Company for Transferable Securities, to the account off the acquirer must be completed the latest on the working day following the submission of the transfer application."
19/284/9.10.2003 (Gazette B 1620/3.11.2003)	ASSIGNMENT OF THE RESPONSIBILITIES OF THE GENERAL DIRECTOR OF THE HELLENIC CAPITAL MARKET COMMISSION.	This rule specifies the general and specific duties of the General Director of the Hellenic Capital Market Commission.

APPENDIX 2. Participation in International Conferences, Fora and Meetings in 2003

- January 8th to 9th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- January 14th, 2003, Paris, Meeting of the Consultative Panel of CESR
- January 14th, 2003, Paris, Meeting of the joint CESR-ECB group on Clearing and Settlement
- January 21st to 22nd, 2003, Madrid, Meeting of the Implementation Committee of IOSCO
- January 24th, 2003, Paris, Meeting of the CESR Working Group on Prospectuses
- January 27th to 28th, 2003, Madrid, Meeting of the CESR Working Group on Prospectuses
- January 28th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- January 28th to 29th, 2003, Paris , CESRPOL Meeting
- January 29th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- February 3rd to 5th, 2003, Rio de Janeiro, Meeting of the Standing Committee IV of IOSCO
- February 3rd, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- February 10th, 2003, Paris , Meeting of the CESR Working Group on Prospectuses
- February 10th, 2003, London, Meeting of the CESR Working Group on Market Abuse
- February 11th, 2003, Brussels, Meeting of the European Commission for the Directive on Market Abuse
- February 11th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- February 12th to 13th, 2003, Meeting for the Revision of the Investment Services Directive
- February 14th, 2003, Brussels, Meeting for the translation of the Directive on Prospectuses
- February 18th, 2003, Paris, Meeting of the joint CESR-ECB group on Clearing and Settlement
- February 19th to 20th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- February 21st, 2003, Nicosia, Meeting with the securities commission of Cyprus
- February 21st, 2003, Paris , Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- February 23rd to 25th, 2003, Rome, Meeting of CESRFin sub-committee for Enforcement
- February 25th, 2003, Brussels, Meeting of the UCITS Contact Committee
- February 26th to 27th, 2003, Oslo, Meeting of the CESR Working Group on Prospectuses
- March 3rd to 4th, 2003, Paris, Meeting of the CESR Working Group on Market Abuse
- March 3rd, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- March 4th, 2003, Copenhagen, CESRFIN Meeting
- March 6th, 2003, Brussels, Meeting of the European Commission for the Directive on Market Abuse
- March 6th to 8th, 2003, Sarajevo, OECD Meeting on Corporate Governance
- March 7th, 2003, Paris, Meeting of the CESR Working Group on Prospectuses
- March 10th to 11th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- March 12th to 13th, 2003, Brussels - Paris, Meeting for the Revision of the Directive on Takeover bids
- March 13th, 2003, Frankfurt, Meeting of the joint CESR-ECB group on Clearing and Settlement
- March 13th to 14th, 2003, Nicosia, Peer Review of the Cypriot Financial Sector
- March 17th, 2003, European Parliament, EMAC Hearing.
- March 20th to 21st, 2003, Brussels, Meeting of the Financial and Monetary Committee of the European Parliament
- March 20th to 21st, 2003, Paris, CESR Summit
- March 20th to 21st, 2003, Paris, OECD Meeting on Corporate Governance
- March 27th to April 2nd, 2003, Brussels – Zurich – Verne, Meetings for the Revision of the Investment Services Directive – EGMONT Group
- March 31st to April 1st, 2003, Paris, Meeting of the CESR Working Group on Market Abuse
- April 8th to 9th, 2003, Lisbon, Meeting of the CESR Working Group on Prospectuses
- April 9th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- April 10th, 2003, Paris , Meeting of the Implementation Committee of IOSCO
- April 8th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- April 11th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency

- April 15th to 16th, 2003, New York–Washington, Meeting with the US Securities and Exchange Commission on Market Abuse and the Sarbanes-Oxley Act
- April 16th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- April 30th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- April 30th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- April 30th, 2003, Dublin, Meeting of the CESR Working Group on Prospectuses
- April 30th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- May 5th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- May 5th to 7th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- May 12th, 2003, Paris , Meeting of the CESR Working Group on Market Abuse
- May 13th, 2003, Madrid, Meeting of the CESR Working Group on Prospectuses
- May 14th to 15th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- May 16th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- May 20th, 2003, Paris , Meeting of the joint CESR-ECB group on Clearing and Settlement
- May 20th, 2003, Rome, Meeting of CESRFin sub-committee for Enforcement
- May 21st, 2003, Brussels, Meeting of the Permanent Representatives regarding the common position on the Directive on Prospectuses
- May 22nd, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- May 23rd, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on issues of co-operation
- May 27th, 2003, Paris , Meeting of the CESR Working Group on Prospectuses
- May 29th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- May 29th, 2003, Brussels, Meeting for the translation of the Directive on Prospectuses
- June 2nd, 2003, Athens 2, 3 and 4 June 2003 Euromed Market Programme / Financial Services – European Institute of Public Administrator.
- June 4th to 5th, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on market issues
- June 10th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- June 11th, 2003, Helsinki, CESRPol Meeting
- June 11th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- June 12th, 2003, Brussels, Meeting of the ESC of the European Commission
- June 12th to 13th, 2003, London, Annual Conference of the FESE (Federation of European Stock Exchanges)
- June 18th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- June 19th, 2003, Brussels, Meeting for the translation of the Directive on Prospectuses
- June 20th, 2003, Brussels, Meeting for the Revision of the Directive on Takeover bids
- June 23rd, 2003, Brussels, Meeting of the UCITS Contact Committee
- June 23rd to 24th, 2003, Rome, CESR Summit
- June 25th, 2003, Brussels, Meeting for the translation of the Directive on Prospectuses
- June 25th, 2003, Rome, Meeting of the CESR Working Group on Market Abuse
- June 27th, 2003, Nicosia, Meeting for the Corporate Governance Code of Cyprus
- July 1st, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- July 3rd, 2003, Paris, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- July 7th to 8th, 2003, Paris , Meeting of the CESR Working Group on Market Abuse
- July 9th, 2003, London, Meeting of the CESR Working Group for the Revision of Investment Services Directive on intermediary issues
- July 10th, 2003, Brussels, Meeting of the CESR Working Group for the Revision of Investment Services Directive on market issues
- July 11th, 2003, Paris , Meeting of the CESR Working Group on Prospectuses
- July 14th to 17th, 2003, Madrid, CESR investor training seminar

- July 14th, 2003, Brussels, Meeting of the Working Group for the EU accession countries
- July 17th, 2003, Brussels, Meeting for the Revision of the Investment Services Directive
- July 17th, 2003, Madrid, Meeting of CESRFin sub-committee for Enforcement
- July 18th, 2003, Brussels, Meeting of the UCITS Contact Committee
- July 21st, 2003, Paris , Meeting for the preparation of the Directive on Transparency
- July 20th, 2003, Paris, CESR meeting on EFC issues
- July 22nd, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- July 22nd, 2003, Nicosia, Meeting for the Corporate Governance Code of Cyprus
- July 25th, 2003, Rome, Meeting of the CESR Working Group on Market Abuse
- July 25th to 26th, 2003, Helsinki, CESR Summit
- August 28th, 2003, Madrid, IOSCO meeting on Communication Strategies
- September 2nd, 2003, Brussels, Meeting of the European Commission and the CESR for the Directive on Market Abuse
- September 2nd, 2003, Amsterdam, Meeting of the CESR Working Group for the Revision of Investment Services Directive on market issues
- September 3rd, 2003, Frankfurt, Meeting of the CESR Working Group on Prospectuses
- September 3rd, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on co-operation issues
- September 3rd to 4th, 2003, Lisbon, CESRF Meeting for the Endorsement of International Accounting Standards
- September 5th, 2003, Brussels, Meeting for the Revision of Investment Services Directive
- September 5th, 2003, Paris , CESR meeting on Communication Strategies
- September 8th, 2003, Paris , Conference of the Review Panel of CESR
- September 8th, 2003, London, Meeting of CESRFin sub-committee for Enforcement
- September 8th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- September 10th, 2003, Paris , Meeting of the CESR Working Group on Market Abuse
- September 12th, 2003, Paris , CESR Meeting on the Regulation of UCITS and Asset Management Activities
- September 16th, 2003, Paris , Meeting of the CESR Working Group on Prospectuses
- September 16th, 2003, Amsterdam, FESCOPOL Meeting
- September 17th, 2003, Copenhagen, CESRFin Meeting
- September 18th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- September 19th, 2003, Brussels, Meeting of the European Commission for the Directive on Market Abuse
- September 29th to 30th, 2003, Paris , CESR Summit
- October 10th, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- October 14th to 17th, 2003, Seoul, IOSCO Annual Conference
- October 20th to 24th, 2003, Chicago, US CFTC Seminar on the Regulation of Derivative Products, Markets and Financial Intermediaries for International Market Authorities
- October 21st, 2003, Brussels, Meeting for the preparation of the Directive on Transparency
- October 22nd, 2003, Brussels, Meeting of the UCITS Contact Committee
- October 27th to 31st, 2003, Washington, US SEC Seminar on Securities Enforcement and Market Oversight
- October 28th, 2003, London, Meeting of the CESR Working Group on Market Abuse
- October 29th to 31st, 2003, Mexico, Meeting of the Enlarged Contact Group on the Supervision of Collective Investment Funds
- October 30th, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on co-operation issues
- November 3rd, 2003, London, Meeting of the IOSCO Task-Force on Client Identification and Beneficial Ownership
- November 3rd, 2003, Amsterdam, Meeting of CESRFin sub-committee for Enforcement

- November 5th to 6th, 2003, Paris, Meeting for the preparation of the Directive on Transparency
- November 5th to 6th, 2003, Amsterdam, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- November 6th to 7th, 2003, London, Meeting of the CESR Working Group on Prospectuses
- November 10th, 2003, Nicosia, Meeting for the Corporate Governance Code of Cyprus
- November 10th to 11th, 2003, Paris, Meeting of the CESR Consultative Panel
- November 12th, 2003, Paris, Meeting of the CESR Working Group on Market Abuse
- November 17th, 2003, Madrid, Annual Training program of IOSCO
- November 18th, 2003, Brussels, Meeting of the European Securities Commission
- November 19th, 2003, Paris, Conference of the CESR Review Panel
- November 20th, 2003, Lisbon, Meeting of the CESR Working Group on Prospectuses.
- November 20th to 21st, 2003, Athens, Third Workshop of the ECB – CFS Research Network on “Capital Markets and Financial Integration in Europe”.
- November 24th, 2003, Brussels, Meeting of the Financial and Monetary Committee of the European Parliament
- November 26th, 2003, Frankfurt, Meeting of the CESR Working Group for the Revision of Investment Services Directive on market issues
- November 28th, 2003, Paris, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- December 1st to 5th, 2003, London, FSA Meeting, International Enforcement Conference
- December 3rd, 2003, Brussels, EC Meeting on Competition in Securities Transactions
- December 5th, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on co-operation issues
- December 9th, 2003, Madrid, Meeting of the Implementation Committee of IOSCO
- December 11th, 2003, Madrid, Meeting of the Screening Group of IOSCO and of the Standing Committee IV
- December 12th to 13th, 2003, Dublin, CESR Summit
- December 16th, 2003, Paris, Meeting of the CESR Working Group for the Revision of Investment Services Directive on intermediary issues
- March 6th-7th, 2003, Sarajevo, Bosnia-Herzegovina. Participation in round table meeting on Corporate Governance in southeastern Europe countries
- March 20th-21st, 2003, Paris, France. Participation in a meeting of the OECD steering group on the revision of Corporate Governance Principles.
- November 6th-7th, 2003, Paris, France. Participation in a meeting of the OECD steering group on the revision of Corporate Governance Principles.
- July 8th, 2003, Paris, France. Participation in a meeting of the CESR Working Group for the preparation of views on macroeconomic tendencies in European capital markets, in order to be submitted for discussion to the EFC Financial Stability Table.

APPENDIX 3. International developments and the ASE General Index, 2003.

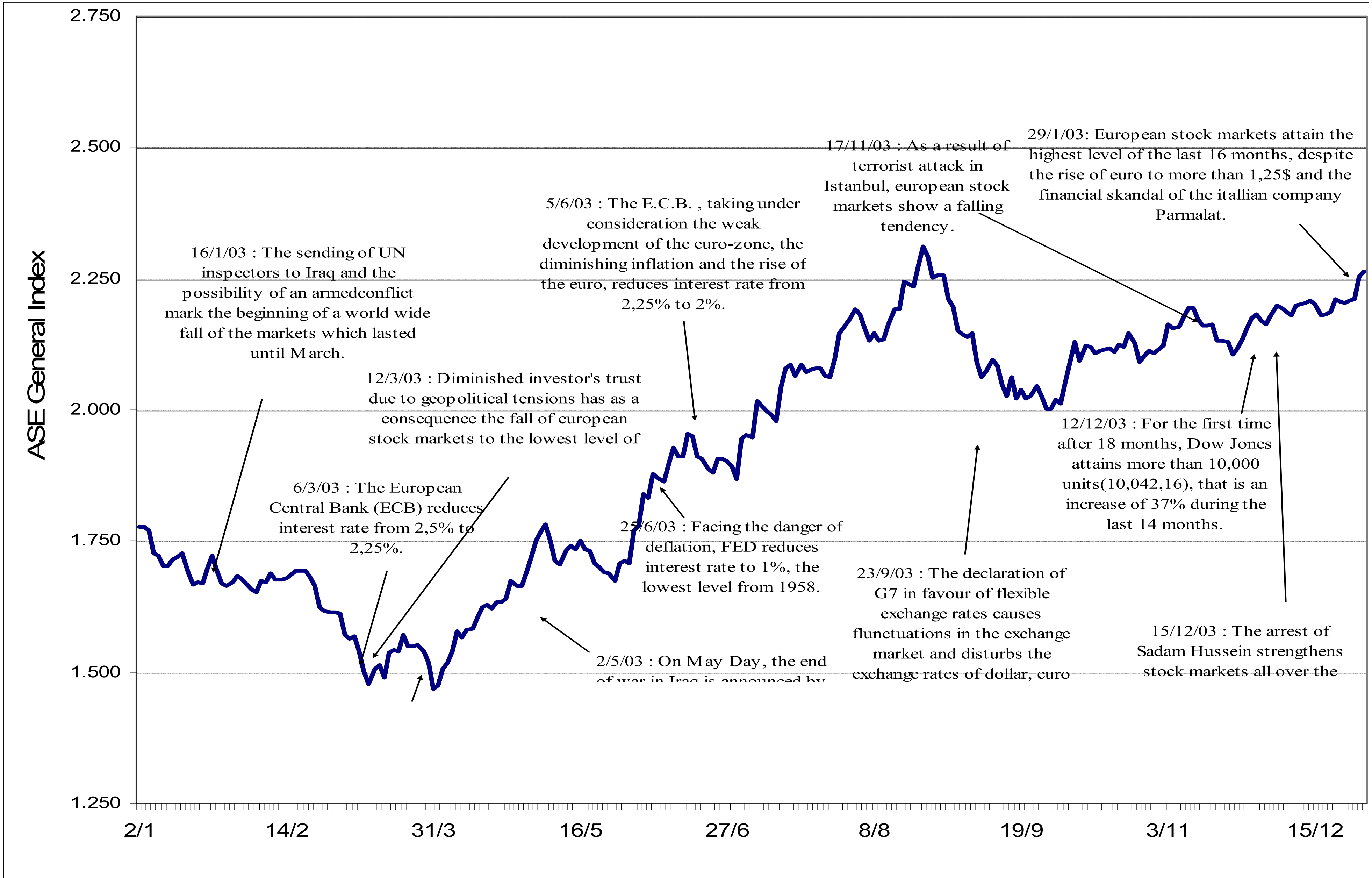


TABLE I. Market Share, Number and Total Assets of Mutual Funds by Mutual Fund Management Firm, 2001-2003

Rank	Management Firms	31.12.2003				31.12.2002				31.12.2001			
		Number of M/F	Assets (mil. €)	Market Share	Assets % change, 2003-2002	Number of M/F	Assets (mil. €)	Market Share	Assets % change. 2002-2001	Number of M/F	Assets (mil. €)	Market Share	Assets % change. 2001-2000
1	ABN AMRO	4	92.44	0.30%	-31.27%	4	134.5	0.53%	-28.42%	4	64	0.70%	-16.25%
2	ALICO AIG	14	563.25	1.85%	-8.99%	15	618.9	2.44%	-36.19%	13	191.1	2.09%	-78.89%
3	ALLIANZ DRESDNER	14	337.78	1.11%	10.58%	14	305.5	1.20%	-16.23%	13	124.3	1.36%	-10.28%
4	ALPHA	27	4,573.79	15.05%	47.30%	23	3,105.00	12.23%	-18.21%	28	1,293.70	14.17%	-41.38%
5	ALPHA TRUST	11	242.13	0.80%	-5.53%	11	256.3	1.01%	-38.11%	14	141.1	1.55%	-26.90%
6	CITI	-	-	-	-	-	-	-	-	4	178.9	1.96%	-11.44%
7	EFG	18	7,797.64	25.65%	-2.13%	16	7,967.20	31.39%	12.75%	18	2,368.40	25.94%	137.54%
8	HSBC (HELLAS)	10	402.14	1.32%	12.80%	10	356.5	1.40%	-27.71%	10	168.1	1.84%	-20.78%
9	IBG (1)	-	-	-	-	4	4.9	0.02%	3.55%	4	1.6	0.02%	-
10	ING Piraeus (2)	10	717.13	2.36%	-5.24%	9	300.5	1.18%	-30.44%	9	147.2	1.61%	-23.41%
11	INTERNATIONAL	8	131.90	0.43%	12.45%	10	117.3	0.46%	-20.18%	10	50.1	0.55%	-25.54%
12	INTERTRUST	23	2,233.48	7.35%	1.72%	25	2,195.70	8.65%	-4.33%	25	782.1	8.57%	-8.27%
13	MARFIN	11	27.51	0.09%	56.41%	11	17.6	0.07%	-28.97%	11	8.4	0.09%	12.71%
14	PROFUND	3	19.93	0.07%	41.13%	3	14.1	0.06%	431.23%	1	0.9	0.01%	-
15	PROTON (3)	3	14.52	0.05%	303.36%	-	-	-	-	-	-	-	-
16	ASPIS	6	220.51	0.73%	-2.89%	6	227.1	0.89%	-20.10%	6	96.8	1.06%	-0.48%
17	SOCIAL SECURITY FUNDS	2	655.22	2.16%	102.70%	1	323.2	1.27%	-	-	-	-	-
18	ATE	9	945.60	3.11%	-5.93%	9	1,005.30	3.96%	-11.91%	9	388.8	4.26%	-5.94%
19	ATTIKI	4	23.75	0.08%	-2.48%	4	24.4	0.10%	-19.19%	-	-	-	-
20	GENIKI	8	171.04	0.56%	-15.90%	8	203.4	0.80%	-51.63%	8	143.3	1.57%	-17.13%
21	DIETHNIKI	20	7,678.89	25.26%	81.46%	16	4,231.80	16.67%	-0.19%	15	1,444.80	15.82%	-18.22%
22	EGNATIA	7	141.21	0.46%	-7.38%	6	152.5	0.60%	-38.62%	9	84.6	0.93%	-42.25%
23	ELLINIKI TRUST	6	79.34	0.26%	1188.62%	2	6.2	0.02%	-	-	-	-	-

24	ERMIS	10	2,053.47	6.76%	10.29%	10	1,861.90	7.33%	-6.44%	13	688.3	7.54%	-24.97%
25	EVROPAIKI PISTI	11	71.51	0.24%	2.02%	11	70.1	0.28%	-16.38%	11	28.6	0.31%	-18.26%
26	CYPRUS	5	473.21	1.56%	-14.92%	5	556.2	2.19%	-8.15%	5	206.3	2.26%	209.99%
27	LAIKI	4	48.18	0.16%	-3.20%	4	49.8	0.20%	-40.27%	4	28.4	0.31%	-24.45%
28	P & K (4)	4	19.84	0.07%	33.13%	6	38.2	0.15%	-42.25%	7	22.6	0.25%	-40.98%
29	PIRAEUS	3	582.35	1.92%	-24.16%	10	1,200.90	4.73%	-10.05%	10	454.9	4.98%	-39.42%
30	PSB GREEK POST (5)	3	25.64	0.08%		-	-	-	-	-	-	-	-
31	OMEGA (6)	7	55.42	0.18%	37.13%	7	40.4	0.16%	-40.47%	8	23.1	0.25%	-25.83%
	TOTAL	265	30,398.81	100%	19.76%	260	25,385.10	100%	-5.26%	269	9,130.40	100%	-13.25%

Source: Union of Greek Institutional Investors

Notes:

1. Dissolved on 1.8.2003,
2. Change of name from NATIONALE NEDERLANDEN and transfer of the management of 8 m/f to PIRAEUS management firm since 27.10.2003,
3. Started operating on 2.1.2003,
4. Change of name from ETVA P&K on 1.8.2003,
5. Started operating on 25.7.2003,
6. Change of name from SG ASSET MANAGEMENT GREECE on 20.11.2003.

TABLE II. Total Assets of Mutual Funds, 31.12.2003

Rank	Management Firms	No of M/F	Bond Funds Domestic	Bond Funds Foreign	Bond Funds Int'l	Money Market Funds Domestic	Money Market Funds Foreign	Money Market Funds Int'l	Mixed Funds Domestic	Mixed Funds Foreign	Mixed Funds Int'l	Equity Funds Domestic	Equity Funds Foreign	Equity Funds Int'l
1	ABN AMRO	4	22.71%			54.26%						23.03%		
2	ALICO AIG	14	22.81%	11.88%		24.72%			1.56%		9.51%	25.29%	3.83%	0.40%
3	ALLIANZ DRESDNER	14	44.72%		3.10%	8.33%			22.62%			17.31%	0.57%	3.35%
4	ALPHA	27	10.06%	4.12%	4.48%	56.18%			1.62%	0.05%		21.65%	1.84%	
5	ALPHA TRUST	11	8.18%	4.39%	0.95%	8.04%			4.25%			66.16%	8.03%	
6	EFG	18	16.24%	1.84%	4.65%	41.24%			26.83%		0.53%	4.24%	4.43%	
7	HSBC (HELLAS)	10	11.29%		1.83%	42.97%						37.37%	6.53%	
8	ING PIRAEUS	10	28.38%	2.66%		9.74%			13.21%			36.68%	9.32%	
9	INTERNATIONAL	8	47.39%			3.31%			19.38%		3.93%	25.99%		
10	INTERTRUST	23	41.58%		1.20%	22.29%		2.52%	1.44%			29.55%	1.35%	0.06%
11	MARFIN	11			9.69%	18.17%			18.95%		6.79%	24.95%		21.46%
12	PROFUND	3			54.57%	24.89%						20.53%		
13	PROTON	3			13.51%				17.07%					69.42%
14	ASPIS	6	47.90%		1.58%	32.88%						17.63%		
15	SOCIAL SECURITY FUNDS	2	43.18%						56.82%					
16	ATE	9	39.77%		2.89%	36.85%			0.19%		3.78%	15.66%		0.86%
17	ATTIKI	4	23.24%			13.85%			55.24%			7.67%		
18	GENIKI	8	39.86%		4.24%	19.42%			4.49%			29.81%	2.19%	
19	DIETHNIKI	20	7.07%	4.12%	0.10%	78.15%		1.24%	1.97%		0.18%	7.03%	0.14%	
20	EGNATIA	7	4.78%			16.04%			1.56%			73.71%		3.92%
21	ELLINIKI TRUST	6				79.53%				9.75%	1.28%	2.63%	6.81%	
22	ERMIS	10	16.50%			63.10%			2.91%			17.23%	0.26%	
23	EVROPAIKI PISTI	11	23.98%	4.79%		28.01%			7.20%		0.73%	33.77%		1.52%
24	CYPRUS	5	10.50%			79.16%			1.47%			8.88%		
25	LAIKI	4	15.11%			12.51%						72.38%		
26	P & K	4			31.33%	14.33%						49.93%		4.41%

27	PIRAEUS	3				100.00%								
28	PSB GREEK POST (5)	3	43.87%			7.83%			48.31%					
29	OMEGA	7	18.51%			56.86%				1.42%		23.22%		
	TOTAL	265	32	16	17	36		4	27	4	10	69	37	13

Source: Union of Greek Institutional Investors

TABLE III. Mutual Funds Returns, 1999-2003

M/F Classification	End of year return					Average Annual Return*				
	2003	2002	2001	2000	1999	2003	2002	2001	2000	1999
BOND										
Domestic	2.27%	4.89%	4.11%	7.83%	15.07%	2.41%	4.89%	4.11%	7.98%	5.63%
Foreign	-1.42%	0.45%	4.52%	12.25%	13.88%	-1.87%	0.45%	4.85%	12.25%	15.38%
International	-1.61%	1.07%	4.37%	10.48%	14.57%	-2.21%	0.75%	5.48%	11.19%	-5.37%
MONEY MARKET										
Domestic	2.12%	2.26%	3.44%	6.37%	14.62%	2.18%	2.40%	3.70%	7.15%	12.96%
Foreign		3.28%	0.26%	6.94%	6.63%		3.28%	2.87%	6.94%	9.11%
International	-2.26%	-2.05%	5.67%	7.43%	9.77%	-3.34%	-2.84%	5.67%	9.97%	12.80%
EQUITY										
Domestic	23.09%	-26.35%	-22.63%	-38.42%	116.56%	23.40%	-27.24%	-23.97%	-45.66%	98.32%
Foreign	9.26%	-27.84%	-12.79%	-7.43%	50.68%	11.03%	-29.39%	-17.66%	-10.91%	44.71%
International	14.70%	-30.41%	-15.66%	-13.21%	57.52%	13.92%	-30.41%	-18.47%	-19.24%	68.66%
MIXED										
Domestic	12.19%	-12.80%	-10.56%	-20.19%	80.68%	12.67%	-13.40%	-11.78%	-23.23%	64.75%
Foreign	2.40%	-20.27%	-10.87%	4.04%	22.48%	3.98%	-20.27%	-10.87%	5.52%	19.15%
International	2.46%	-11.95%	-4.64%	-10.04%	41.58%	2.25%	-11.95%	-6.46%	-11.50%	35.98%

Source: Union of Greek Institutional Investors.
Note. *: Excluding mutual funds that started operating during 2003

TABLE IV. Mutual Fund Assets, 1999.2003

Month / Year	Total Assets	Bond Funds		Domestic Equity Funds		Domestic Mixed Funds		Domestic Money Market Funds	
		Assets	% diff	Assets	% diff	Assets	% diff	Assets	% diff
Dec-03	30,398.81	6,540.32	0.21%	4,184.59	3.76%	3,054.55	1.13%	15,635.78	1.25%
Nov-03	29,978.61	6,526.80	-1.72%	4,032.78	3.29%	3,020.50	0.53%	15,443.08	-0.79%
Oct-03	30,071.40	6,640.80	-1.36%	3,904.30	4.72%	3,004.48	-3.98%	15,565.46	-0.16%
Sep-03	29,969.60	6,732.30	0.40%	3,728.20	-8.68%	3,129.03	-6.49%	15,590.30	-0.50%
Aug-03	30,617.30	6,705.40	3.42%	4,082.50	4.11%	3,346.31	2.67%	15,667.87	-0.85%
Jul-03	30,236.70	6,483.70	0.29%	3,921.50	13.16%	3,259.16	6.79%	15,802.02	1.07%
Jun-03	29,232.10	6,464.70	4.70%	3,465.30	8.34%	3,052.05	-1.75%	15,634.95	6.07%
May-03	27,779.50	6,174.60	3.71%	3,198.40	1.39%	3,106.51	-3.48%	14,739.83	2.32%
Apr-03	27,269.90	5,953.80	1.35%	3,154.60	11.78%	3,218.39	3.19%	14,405.03	2.00%
Mar-03	26,431.80	5,874.60	2.34%	2,822.10	-8.15%	3,118.95	-3.03%	14,122.10	9.22%
Feb-03	25,456.20	5,740.50	5.20%	3,072.60	-4.33%	3,216.48	-11.24%	12,930.01	7.91%
Jan-03	24,771.50	5,456.70	6.54%	3,211.80	-5.20%	3,623.90	-35.84%	11,982.00	11.84%
Dec-02	25,385.10	5,121.90	3.51%	3,388.00	-7.74%	5,648.00	-2.47%	10,713.82	17.91%
Nov-02	24,052.40	4,948.10	0.30%	3,672.10	4.13%	5,791.20	33.25%	9,086.17	1.34%
Oct-02	22,306.70	4,933.30	-0.84%	3,526.30	-2.43%	4,346.20	7.02%	8,965.79	-1.31%
Sep-02	22,246.30	4,974.90	-0.21%	3,614.00	-13.12%	4,060.94	-3.43%	9,084.83	1.93%
Aug-02	22,824.10	4,985.60	0.09%	4,159.80	-0.40%	4,205.21	-1.56%	8,913.13	0.51%
Jul-02	22,864.00	4,981.10	-1.47%	4,176.30	-5.44%	4,271.92	-1.09%	8,867.53	2.47%
Jun-02	23,040.60	5,055.30	-1.60%	4,416.60	-2.19%	4,319.15	1.88%	8,653.53	-2.99%
May-02	23,458.60	5,137.60	-2.99%	4,515.60	3.64%	4,239.51	3.67%	8,919.99	0.70%
Apr-02	23,249.40	5,295.90	-1.99%	4,356.80	-2.74%	4,089.48	0.64%	8,858.25	-4.34%
Mar-02	23,863.60	5,403.20	-3.82%	4,479.70	-2.94%	4,063.30	-3.36%	9,260.31	-1.10%
Feb-02	24,424.70	5,617.70	-0.84%	4,615.50	-9.21%	4,204.57	-6.06%	9,363.54	-4.11%
Jan-02	25,627.40	5,665.50	1.41%	5,083.60	0.34%	4,475.82	-23.63%	9,764.53	1.27%
Dec-01	26,795.01	5,586.50	0.57%	5,066.47	-3.69%	5,860.95	60.71%	9,642.44	3.06%
Nov-01	24,444.61	5,554.81	0.10%	5,260.45	11.58%	3,646.93	7.80%	9,355.72	-2.91%
Oct-01	23,861.19	5,549.23	1.77%	4,714.31	8.58%	3,383.15	5.64%	9,636.39	-7.95%
Sep-01	24,008.51	5,452.97	-0.41%	4,341.89	-23.95%	3,202.52	3.14%	10,468.47	-3.92%
Aug-01	25,814.82	5,475.28	3.37%	5,709.17	5.94%	3,105.12	11.54%	10,895.50	5.68%
Jul-01	24,311.37	5,296.85	11.26%	5,388.99	8.90%	2,783.83	19.14%	10,309.99	25.19%
Jun-01	20,974.91	4,760.67	-16.71%	4,948.79	-22.44%	2,336.70	-8.97%	8,235.72	-30.28%
May-01	27,204.40	5,715.63	-1.63%	6,380.63	-6.79%	2,566.87	4.14%	11,812.94	-4.56%
Apr-01	28,221.86	5,810.42	3.35%	6,845.49	4.67%	2,464.86	1.13%	12,377.26	-4.55%
Mar-01	28,259.13	5,622.01	5.38%	6,540.28	-0.60%	2,437.36	-2.68%	12,966.87	-5.61%

Feb-01	28,892.15	5,335.00	4.89%	6,579.90	-1.17%	2,504.50	-3.34%	13,737.05	-6.89%
Jan-01	29,900.22	5,086.43	14.48%	6,657.96	-9.39%	2,591.05	-3.48%	14,753.54	-3.63%
Dec-00	30,887.75	4,443.14	7.00%	7,347.62	2.75%	2,684.55	1.87%	15,308.94	-1.99%
Nov-00	30,681.44	4,152.31	0.63%	7,151.28	-13.80%	2,635.36	-6.24%	15,620.28	-1.41%
Oct-00	32,250.62	4,126.19	-0.14%	8,296.40	-12.82%	2,810.77	-5.53%	15,844.08	2.27%
Sep-00	33,329.71	4,132.06	-0.61%	9,516.07	9.86%	2,975.44	0.23%	15,491.89	2.13%
Aug-00	32,193.40	4,157.30	-0.30%	8,662.36	-12.12%	2,968.54	-0.50%	15,168.75	-3.83%
Jul-00	33,959.50	4,169.92	-1.31%	9,856.49	-2.66%	2,983.36	1.57%	15,772.68	3.51%
Jun-00	33,694.20	4,225.09	-0.25%	10,126.19	-12.78%	2,937.20	-0.17%	15,237.92	-1.05%
May-00	35,370.21	4,235.66	-3.02%	11,609.68	13.89%	2,942.33	4.17%	15,399.09	1.11%
Apr-00	33,829.20	4,367.42	7.02%	10,193.40	-17.41%	2,824.50	1.36%	15,229.96	5.50%
Mar-00	34,906.24	4,081.00	4.91%	12,342.77	-10.57%	2,786.50	-1.58%	14,436.21	4.64%
Feb-00	35,313.57	3,889.95	4.31%	13,802.20	-1.78%	2,831.11	4.39%	13,796.33	1.23%
Jan-00	35,013.35	3,729.13	-0.52%	14,052.53	-1.89%	2,711.96	1.47%	13,629.29	1.66%
Dec-99	35,021.28	3,748.50	-2.63%	14,323.70	-5.00%	2,672.72	-0.01%	13,407.16	1.31%
Nov-99	35,637.86	3,849.74	-4.35%	15,077.33	8.42%	2,673.10	0.64%	13,234.13	-6.89%
Oct-99	35,539.55	4,024.94	-7.58%	13,905.80	18.67%	2,656.14	0.87%	14,213.94	-3.15%
Sep-99	34,121.50	4,355.10	-9.85%	11,718.27	32.06%	2,633.13	-4.00%	14,676.07	-8.92%
Aug-99	33,283.05	4,830.81	-6.63%	8,873.37	54.98%	2,742.92	12.23%	16,113.98	-1.95%
Jul-99	30,471.31	5,173.88	-3.38%	5,725.61	28.69%	2,444.11	3.02%	16,434.45	-2.21%
Jun-99	29,672.19	5,354.66	1.47%	4,449.30	17.54%	2,372.50	2.48%	16,805.22	-0.32%
May-99	28,911.52	5,276.89	4.04%	3,785.47	31.76%	2,315.16	3.47%	16,859.31	-0.32%
Apr-99	27,786.94	5,071.75	2.78%	2873.0741	16.51%	2,237.42	1.60%	16,912.69	-1.11%
Mar-99	27,371.68	4,934.70	4.92%	2466.0308	15.74%	2,202.23	-1.35%	17,101.89	-3.69%
Feb-99	27,491.12	4,703.15	4.25%	2130.5943	16.51%	2,232.40	-5.04%	17,757.12	-0.06%

Source: Union of Greek Institutional Investors.

TABLE V. Mutual Fund Assets, ASE Capitalization and the ASE General Index, 2000-2003

Month / Year	Total M/F Assets	% change	ASE Capitalization.	ASE General Index	Return (%)
Dec-03	30,398.81	1.40%	219,766.60	2,263.58	4.31%
Nov-03	29,978.61	-0.31%	218,154.18	2,170.05	2.31%
Oct-03	30,071.40	0.34%	217,358.80	2,121.06	5.02%
Sep-03	29,969.60	-2.12%	210,257.70	2,019.76	-8.63%
Aug-03	30,617.30	1.26%	219,462.90	2,210.57	2.41%
Jul-03	30,236.70	3.44%	217,518.30	2,158.64	14.09%
Jun-03	29,232.10	5.23%	196,888.40	1,892.04	10.81%
May-03	27,779.50	1.87%	191,222.95	1,707.54	0.95%
Apr-03	27,269.90	3.17%	181,302.20	1,691.52	15.28%
Mar-03	26,431.80	3.83%	173,986.40	1,467.30	-9.09%
Feb-03	25,456.20	2.76%	184,365.90	1,614.06	-4.13%
Jan-03	24,771.50	-2.42%	186,736.80	1,683.59	-3.71%
Dec-02	25,385.10	5.54%	180,329.50	1,748.42	-6.64%
Nov-02	24,052.40	7.83%	187,284.10	1,872.83	4.90%
Oct-02	22,306.70	0.27%	183,842.90	1,785.28	-2.84%
Sep-02	22,246.30	-2.53%	180,857.50	1,837.52	-13.69%
Aug-02	22,824.10	-0.17%	80,745.00	2,129.06	0.65%
Jul-02	22,864.00	-0.77%	197,862.90	2,115.39	-5.47%
Jun-02	23,040.60	-1.78%	198,659.90	2,237.86	-2.60%
May-02	23,458.60	0.90%	202,448.00	2,297.56	3.57%
Apr-02	23,249.40	-2.57%	198,084.40	2,218.35	-2.73%
Mar-02	23,863.60	-2.30%	166,127.80	2,280.72	-2.24%
Feb-02	24,424.70	-4.69%	164,469.90	2,332.89	-10.16%
Jan-02	25,627.40	-4.36%	177,428.80	2,596.75	0.20%
Dec-01	26,795.01	9.62%	178,129.71	2,591.56	-3.80%
Nov-01	24,444.61	2.45%	179,584.74	2,694.02	9.15%
Oct-01	23,861.19	-0.61%	168,741.89	2,468.26	10.88%
Sep-01	24,008.51	-7.00%	171,219.66	2,226.05	-19.41%
Aug-01	25,814.82	6.18%	192,855.47	2,762.12	1.28%
Jul-01	24,311.37	15.91%	189,074.98	2,727.21	-0.51%
Jun-01	20,974.91	-22.90%	190,937.93	2,741.18	-11.25%
May-01	27,204.40	-3.61%	201,900.81	3,088.66	-6.02%
Apr-01	28,221.86	-0.13%	211,644.02	3,286.67	7.95%
Mar-01	28,259.13	-2.19%	203,991.20	3,044.55	-2.70%
Feb-01	28,892.15	-3.37%	205,763.46	3,129.06	-4.16%
Jan-01	29,900.22	-3.20%	206,648.28	3,264.76	-3.66%
Dec-00	30,887.75	0.67%	194,898.02	3,388.86	4.41%
Nov-00	30,681.44	-4.87%	191,466.18	3,245.77	-14.54%
Oct-00	32,250.62	-3.24%	207,689.21	3,797.84	-7.16%
Sep-00	33,329.71	3.53%	222,280.56	4,090.89	15.00%
Aug-00	32,193.40	-5.20%	215,292.15	3,557.15	-10.81%
Jul-00	33,959.50	0.79%	231,159.50	3,988.28	-1.63%
Jun-00	33,694.20	-4.74%	234,432.87	4,054.41	-12.02%
May-00	35,370.21	4.56%	267,585.91	4,608.24	8.44%
Apr-00	33,829.20	-3.09%	219,238.44	4,249.45	-11.35%
Mar-00	34,906.24	-1.15%	243,119.30	4,793.47	-4.17%
Feb-00	35,313.57	0.86%	261,543.07	5,002.23	0.24%
Jan-00	35,013.35	-0.02%	262,157.30	4,990.02	-9.85%

Source: ASE, Union of Greek Institutional Investors.

TABLE VI. The performance of Portfolio Investment Companies, 31.12.2003

Rank	Portfolio Investment Companies	Date of Listing in the ASE	Share Price (€)	Market Capitalization (000' €)	Net Asset Value (000' €)	Premium / Discount (%)
1	Active Invest.	01.09.1999	1,3	8.818.637,10	10.313.472,54	-14,47%
2	Alpha Investment (1)	-	-	-	-	-
3	Alpha Trust Asset Manager	02.08.1993	1,95	10.237.500,00	-	-
4	Alpha Trust Andromeda	19.12.2001	2,56	64.347.289,60	-	-
5	Altius	16.08.2002	1,5	7.200.000,00	9.465.486,44	-23,86%
6	Arrow	11.01.2002	2,12	69.112.000,00	-	-
7	Domus (2)	04.12.2001	2,59	29.526.000,00	6.353.719,60	362,50%
8	Euroline Investment	11.12.2002	1,66	15.886.200,00	19.861.042,42	-20,19%
9	Interinvest	15.01.1992	0,82	14.063.000,00	-	-
10	Marfin Classic	18.08.1993	1,38	127.357.250,94	133.138.632,08	-4,17%
11	New Millennium Invest.	18.12.2002	1,67	30.577.700,00	31.960.310,92	-4,57%
12	Nexus	23.01.2002	1,03	772.500,00	10.515.849,42	-26,43%
13	Optima	27.2.2003	2,24	7.224.000,00	7.111.539,04	1,36%
14	Aeolian Invest. Fund	09.08.1993	2,66	29.733.480,00	32.425.812,02	-8,28%
15	Astra	31.7.2003	1,25	11.250.000,00	13.365.001,50	-16,11%
16	Dias Closed & Inv. Fund	27.07.1992	0,99	24.858.900,00	30.010.762,49	-17,50%
17	National Invest. Co	19.06.1981	1,93	191.139.480,00	201.293.127,32	-4,93%
18	Hellenic Invest. Co	19.01.1973	2,36	364.925.830,04	398.225.266,96	-8,53%
19	Commercial Invest.	17.08.1993	2,47	89.006.450,00	100.253.853,21	-11,15%
20	Exelixi	06.05.1992	0,81	68.890.500,00	-	-
21	Investment Dev. Fund (3)					
22	Ergo Invest (4)					
23	Eurodynamic Closed End Fund	05.10.2001	2,29	17.323.850,00	18.013.895,50	-3,78%
24	P & K	19.04.2002	1,09	27.250.000,00	29.449.146,04	-7,63%
25	Piraeus Investment (5)					
26	The Greek Progress Fund	30.07.1990	2,98	96.075.200,00	111.742.313,81	-14,12%

Sources: Union of Greek Institutional Investors, HCMC.
Notes:
1. Absorbed by Alpha Bank on 28.11.2003,
2. The par value of the share was reduced from €2.94 to €0.98 through the issuance of new shares on 31.10.2003
3. Absorbed by EFG Eurobank Ergasias SA. on 11.11.2003,
4. Absorbed by EFG Eurobank Ergasias SA. on 10.4.2003,
5. Absorbed by Hellenic Inv. on 1.10.2003.

TABLE VII. FEFSI Statistics on EU member-states Mutual Funds Sector (I), 30.09.2003

Member States	Total Assets (000' €)		UCITS members Assets. (000' €)		UCITS non-members assets (000' €)	
	30.9.2003	31.12.2002	30.9.2003	31.12.2002	30.9.2003	31.12.2002
Austria	91,417	85,821	69,297	63,771	22,120	22.050
Belgium	79,516	77,181	74,225	71,501	5,291	5.680
Czech Republic	3,406	3,304	3,314	3,144	92	160
Denmark	45,545	38,288	36,656	30,702	8,889	7.586
Finland	20,968	15,749	20,968	15,749	0	0
France	981,820	891,000	886,400	805,900	95,420	85.100
Germany	811,635	750,964	212,538	199,455	599,097	551.509
Greece	31,811	27,096	29,970	25,385	1,841	1.711
Hungary	4,224	3,974	3,886	3,808	338	166
Ireland	337,306	303,881	265,601	238,501	71,705	65.380
Italy	394,736	372,316	381,826	360,693	12,910	11.623
Lichtenstein	6,980	3,675	6,932	3,668	48	7
Luxembourg	916,417	844,508	837,891	766,539	78,526	77.969
Netherlands (1)	93,200	93,200	80,300	80,300	12,900	12.900
Norway	15,680	14,753	15,680	14,753	0	0
Poland	7,638	5,528	7,175	5,214	463	314
Portugal	26,757	24,509	20,598	19,042	6,159	5.467
Spain	199,672	172,913	196,925	170,814	2,747	2.099
Sweden	66,644	56,065	65,336	55,299	1,308	766
Switzerland	80,106	86,462	72,233	78,785	7,873	7.677
UK	393,199	370,235	293,520	275,471	99,679	94.764

Source: FEFSI

Note: 1. End -2002 data

TABLE VIII. Structure of the Assets of mutual funds of UCITS members in FEFSI European member-states, 2003.

Type of M/F	30.09.2003			30.06.2003			31.03.2003			31.12.2002	
	Total Assets (€ Bn)	% of Total	% quarterly change	Total Assets (€ Bn)	% of Total	% quarterly change	Total Assets (€ Bn)	% of Total	% quarterly change	Total Assets (billion Euros)	% of Total
Equity	1,063	32.1%	5.7%	1,006	31.2%	13.8%	884	29.3%	-9.0%	971	31.8%
Mixed	448	13.5%	2.5%	437	13.5%	5.8%	413	13.7%	-4.6%	433	14.2%
Bond	1,045	31.5%	1.3%	1,032	32.0%	5.0%	983	32.5%	2.9%	955	31.3%
Money market	678	20.5%	0.6%	674	20.9%	1.0%	667	22.1%	8.5%	615	20.2%
Other	81	2.4%	3.8%	78	2.4%	5.4%	74	2.4%	-3.9%	77	2.5%
Total (1)	3,315	100%	2.7%	3,227	100%	6.8%	3,021	100%	-1.0%	3,051	100%
Incl. Ireland	3,581		2.7%	3,486		7.1%	3,256		-1.0%	3,289	

Source: FEFSI

Note: 1. Excluding Ireland for which no detailed data exists

TABLE IX. The Trading Status of ASE listed Companies, 31.12.2003.

A. Total

	Under regular trading	Under Probation	Total Companies under trading	Under Suspension	Under listing	Total companies listed in the ASE
Main market	207	12	219	10	0	229
Parallel Market	111	4	115	4	1	120
New Market.	7	0	7	0	0	7
Total	325	16	341	14	1	356

B. Delisting of companies

C. Companies Under Suspension

Main market	Date	Parallel market	Date
ALCAR Trans	9.8.1989	ELVIEMEK.	26.6.1997
Greek Powder Co	2.4.1992	Connection SA.	3.2.2003
Philippou De Sa	20.1.1995	Sea Farm Ionian SA	7.8.2003
Cosmos Sa	11.6.1996	Efkleidis SA.	9.12.2003
Globe SA	11.6.1996		
Dane Sea Line	7.10.1998		
Thessaliki Spirits Co	1.7.1999		
Nimatemporiki Sa	23.7.1999		
Energos Holding SA	9.8.1999		
Stabilton SA	4.6.2003		
Datamedia SA.	7.8.2003		

D. Companies Under Probation

Main market	Date	Parallel market	Date
Technodomi M Travlos	25.11.1998	Mouriadis SA	23.3.2001
Emporikos Desmos Sa	23.9.1999	Xifias SA	6.12.2002
Viosol Sa.	23.9.1999	Space Hellas SA.	7.3.2003
Intersat Sa	8.11.1999	Corinth Pipeworks SA.	7.3.2003
Keranis Holding Sa	23.3.2001		
Ideal Group SA	7.3.2003		
Multirama SA.	28.2.2003		
Alisida SA	7.3.2003		
Sp. Tassoglou SA.-Delonghi	7.3.2003		
Keramia-Allatini SA.	7.3.2003		
Plias SA.	7.3.2003		
O. Daring SA.	26.6.2003		

Source HCMC,

TABLE X. Initial Public Offerings in the ASE, 2003.

No	Company	IPO period	Date of listing	Type of market	Type of share	Initial Share Price (€)	Number of New Shares		Number of Existing shares	
							Private Placement	Public Offering	Private Placement	Public Offering
1	Optima Portfolio Investment S.A.	23-27.1.2003	27.2.03	Parallel	CU	2.28	0	650,000	0	0
2	Gr Sarantis S.A.	4-6.2003	13.3.03	Parallel	CR	1.05	62,200	1,259,300	0	0
3	Logismos Michanologistiki S.A	10-12.2.2003	14.3.03	Parallel	CR	1.82	40,207	950,000	0	0
4	Neochimiki L.V. Lavrentiadis S.A..	14-17.4.2003	20.5.03	Parallel	CR	5.50	85,000	1,765,000	0	330,000
5	Ballis Chemicals SA	5-7.5.2003	30.5.03	New Mrtk	CR	6.70	26,730	534,790	0	0
6	Emphasis Systems SA.	4-6.6.2003	7.7.03	Parallel	CR	5.16	0	1,336,800	0	0
7	Ipirotiki Software	17-19.6.2003	10.7.03	Parallel	CU	5.82	68,750	1,392,200	0	0
8	OPAP SA.[1]	9-11.7.2003	17.7.03	Main	CR	9.44	0	0	78,000,000	77,701,580
9	Interfish Aquaculture S.A.	4-8.7.2003	30.7.03	Parallel	CU	4.70	35,000	715,000	0	0
10	Astra Portfolio Investment SA	2-4.7.2003	31.7.03	Parallel	CU	1.54	0	1,000,000	0	0
11	Kri-Kri Milk Industry SA.	16-18.7.2003	6.8.03	Parallel	CR	6.30	44,880	897,700	0	0
12	Piraeus Port Authority[2]	23-25.7.2003	8.8.03	Main	CR	8.80	0	0	303,000	6,072,000
13	Marac Electronics SA	10-12.9.2003	14.10.03	Parallel	CR	1.82	81,600	1,634,510	0	0
14	Profile SA	8-10.10.2003	29.10.03	New Mrtk	CR	3.20	74,670	1,493,570	0	0
15	PPC[3]	22-24.10.2003	31.10.03	Main	CR	17.72	0	0	1,309,500	35,190,500
16	Revoil SA	10-12.12.2003	7.1.04	Parallel	CR	6.70	55,500	1,114,500	0	200,000
	Total									
	Grand Total									

Source HCMC

Notes:

1. The amount of capital raised includes the value of "prometoxa". The combined offering amounted to 78,000,000 shares (including 9,700,000 shares of pre-emptive rights), of which 28,363,010 were distributed in the domestic market through public offering and 298,420 through private placement and 49,338,570 in the international market. Institutional, holders of "prometoxa" were offered the shares at a 5% discount on the initial price, i.e. 8.97€, while the shares distributed to employees enjoyed a discount of 10% i.e. 8.5€.

2. The amount of capital raised includes the value of "prometoxa". The public offering amounted to 6,072,000 shares: 3,047,440 were distributed to holders of "prometoxa" (including 618,640 shares to holders of euro-converted prometoxa) and 3,024,560 shares were distributed against cash. Institutional, holders of "prometoxa" were offered the shares at a 5% discount on the initial price, i.e. 8,36 €. The shares distributed to employees enjoyed a discount of 20% on the initial price, i.e. 7.04 €.

3. Includes the distribution of shares in the international market. Over-subscription concerns the public offering in the domestic and international market. The amount of capital raised includes the value of converted "prometoxa".The combined offering amounted to 36,500,000 existing shares (including 5,400,000 shares of pre-emptive rights), of which 16,218,370 were distributed in the domestic market through public offering and 1,.309,500 through private placement and 18,972,130 in the international market. Institutional, holders of "prometoxa" were offered the shares at a 5% discount on the initial price, i.e. 16,62 €, while the shares distributed to employees and management enjoyed a discount of 10% i.e. 15.75€.

4. Distribution of shares to the existing shareholders of Hellenic Exchanges Holding SA: In 2003 authorization was granted for the domestic distribution of up to 18,781,020 common registered shares of Hellenic Exchanges Holding SA to the existing on June 20th, 2003 shareholders of the company and the bearers of "prometoxa" 2001-2004 issued by the Greek state. The distribution took place from 10.10.03 to 12.10.03 at the price of: 3.75 €.

(Previous table continued)

Funds Raised					Oversubscription			
New Issues	Shares outstanding.	Main Underwriter	Advisor	End of Sensitive Period	Institutional Investors	Private Investors	Total	Weighted Oversubscription €
€	€							
1.482.000	0	National Bank	National Bank	27.5.2003	2.56	1.37	1,73	2,559,145
1.387.575	0	Investment Bank	EFG Telesis Finance	13.6.2003	15.84	0.90	5,38	7,470,080
1.802.177	0	Omega Bank	Omega Sec SA	14.6.2003	1.72	0.98	1,20	2,167,560
1.815.000	10.175.000	Investment Bank	Marfin Bank	20.8.2003	2.00	0.96	1,27	15,248,922
3.762.184	0	Mega Trust Sec. SA.	Mega Trust Sec. SA.	30.8.2003	2.98	3.36	3,17	11,926,797
6.897.888	0	Mega Trust Sec. SA.	Mega Trust Sec. SA.	7.10.2003	5.64	1.91	3,03	20,892,154
8.502.729	0	Mega Trust Sec. SA.	Mega Trust Sec. SA.	10.10.2003	4.80	2.00	2,84	24,132,842
0	722.740.942	Alpha Finance, EFG Telesis Finance., National Bank	Alpha Finance, EFG Telesis Finance., National Bank	17.10.2003	-	-	4,81	3,476,383,931
3.525.000	0	Omega Bank	Omega Sec SA	30.10.03	2.88	6.65	5,52	19,464,212
1.540.000	0	Omega Bank	Omega Sec SA.	31.10.2003	1.46	0.84	1,03	1,578,731
5.938.254	0	Alpha Finance	Alpha Finance.	6.11.2003	33.64	9.90	17,02	101,071,385
0	54.225.846	EFG Eurobank Ergasias, Agricultural Bank	Bank of America	7.11.2003	-	-	16,5	894,726,459
3.123.320	0	Piraeus Bank	Piraeus Bank	14.1.2004	28.39	11.47	16,54	51,673,426
5.018.368	0	Alfa Finance	Alfa Finance.	29.1.2004	19.87	22.83	21,94	110,117,399
0	626.776.553	Alpha Finance, EFG Telesis Finance., National Bank	Alpha Finance, EFG Telesis Finance., National Bank	30.1.2004	-	-	5	3,133,882,763
7.839.000	1.340.000	General Bank	N. Devletoglou Sec. SA.		13.6	6.1	8,4	77,103,600
53.973.495	1.413.918.341							
1.467.891.836								7,950,399,406

TABLE XI. Share Capital Increases in the ASE, 2003*

Company	market	Approval Date.	Ex-right Date.	SCI Period	Total Funds Raised (€)	Issuing Price	Number of shares/ bonds	Beneficiaries	Advisor	Company
A.	**SHARE ISSUES**									
1	Aspis Bank SA.	Main	23.1.02	3.1.03	15-30.1.03	30,174,375,0	3.50	8,621,250	Existing Shareholders 1(CR)>3e(CR)	-
						9,000,000,0	4.50	2,000,000	Strategic Investor (CR)	
2	Bank of Attica SA.	Main	28.1.03	24.2.03	3-17.3.03	62,395,957,5	1.50	41,597,305	1n(CR).>1e(CR)	-
						350,000,0	0.35	1,000,000	Private Placement to employees	
3	Multirama SA[1]	Main	27.2.03	18.3.03	26.3-9.4.03	11,098,970,6	2.05	2,641,040	Existing Shareholders 7n(CR).>10e(CR)	Egnatia Sec SA.
4	Ethniki Greek General Insurance Company [2]	Main	27.2.03	18.3.03	31.3-29.4.03	60,249,840,0	2.80	21,517,800	Existing Shareholders 6n(CR)>10e(CR)	National Bank
5	Sex Form SA	Par.	25.6.03	7.7.03	14-28.7.03	8,786,400,0	0.70	12,552,000	4n(CR)>10e(CR)	EFG Telesis Finance
6	Radio Korassidis SA [3]	Main	7.8.03	26.8.03	4.8-18.9.03	20,785,857,3	1.30	15,969,121	Existing Shareholders 4n(CR)>5e(CR)	Piraeus Bank
7	Forthnet SA	Main	7.8.03	-	29.10.03	7,043,289,7	5.51	1,278,274	Strategic Investor	Egnatia Sec SA.
8	Informatics SA. [4]	Par	30.7.03	28.6.03	4-23.9.03	9,448,860	2.30	4,108,200	Existing Shareholders 2n(CR)>10e(CR)	Kyklos Sec. SA.
9	Phoenix Metrolife Commercial Ins [5]	Main	4.9.03	11.9.03	19.9-8.10.03	34,718,179,0	2.82	12,311,411	Existing Shareholders 4n(CR)>10e(CR)	Investment Bank
10	Persefs SA.	Par	4.9.03	30.9.03	6-21.10.03	7,183657,5	2.50	2,873,463	Existing Shareholders 2n(CR)>10e(CR)	Kyklos Sec. SA.
11	E. Pairis SA [6]	Par	29.9.03	8.10.03	21.10-4.11.03	1,600,811,7	1.61	994,293	Existing Shareholders 1n(CR)>4e(CR)	-
12	Plias SA.	Main	16.10.03	24.10.03	4.10-18.11.03	18,238,997,1	0.30	60,796,657	Existing Shareholders 15n(CR)>1e(CR)	EFG Telesis Finance.
	Total (1)					275,350,356,9				
B.	**BOND ISSUES**									
1	Egnatia Bank SA.	Main	21.11.02	29.11.03	10.12-20.1.03	26,801,440 3,198,528	3.20 3.20	8,375,450 999,540	Existing Shareholders [8]	Egnatia Bank Egnatia Sec SA.
2	Elbisco Holding SA	Main	13.12.02	.	27-31.1.03	23,600,000	10.000.0	2,360	Elimination of preemptive right Private Placement[9]	Alpha Bank Alpha Finance.
3	Ridenco SA.	Main	13.1.03	31.1.03	7-21.2.03	5,764,922	2.00	2,882,461	Existing Shareholders [10]	Piraeus Bank
4	Comm Group SA	Par.	10.4.03	7.5.03	14.5-2.6.03	9,000,000	90.0	100,000	Existing Shareholders [11]	Marfin Bank
	Total (2)					68,364,890				
	Grand Total (1 + 2)					343,715,246,9				

Notes:

*. Share capital increases in favor of existing shareholders, cash-financed, or share capital increases by private placement completed within the year 2003. At the end of 2003 the period of the registration of existing shareholders to the share capital increase of Mouriadis SA (4.93 € mn) expired; the share capital increase will be completed within the year 2004.

1. The approved share capital increase of 5,414,132 € was initially subscribed by 77.34%.
2. The approved share capital increase of 60,249,840 € was initially subscribed by 93.34%.
3. The approved share capital increase of 20,785,857 € was initially subscribed by 91.2%.
4. The approved share capital increase of 9,448,860 € was initially subscribed by 95.10%.
5. The approved share capital increase of 34,718,179 € was initially subscribed by 97.07%.
6. The approved share capital increase of 1,600,812 € was initially subscribed by 76.68%.
7. The approved share capital increase of 29,137,185 € was initially subscribed by 60.67% and finally subscribed by 62.6%.
8. Proportion: 1 bond convertible to 1 common share for every 10.1705567 N or P shares and 1 bond convertible to 1 preferred share for every 10.1706425 N or P shares.
9. Proportion: 1 bond convertible to 1.250 common unregistered shares.
10. Pre-emptive right: 1 bond for every 8 unregistered shares. Conversion rate: 3 bonds convertible to 2 shares.
11. Pre-emptive right: 1 bond for every 135 unregistered shares. Conversion rate: 1 bond convertible to 45 common registered shares
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