HELLENIC CAPITAL MARKET COMMISSION

ANNUAL REPORT 2011

ATHENS 2012

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A NOTE FROM THE CHAIRMAN

The year 2011 was hard for Greece's economy and society. Apart from a major fiscal adjustment effort, aimed at stabilizing and, in due time, restoring the economy, it also saw the effects from the persistent recession and the alternate European and international action plans for dealing with the –not only– Greek crisis.

These developments had an impact on the course of European and, of course, Hellenic capital markets. In 2011, the Composite Index of the Athens Stock Exchange fell by 51.9%, while issuance and trading activity in the market was also substantially reduced. By the end of the year, the total market capitalization of ATHEX-listed companies accounted for almost a mere 15% of the country's GDP, as compared to 22% in 2010 and 50% in 2004. The investment services sector saw its income shrink to unprecedented levels. Moreover, the outlook is uncertain and is directly dependent on overall economic and political developments.

Fiscal and financial uncertainty has increased worldwide. International markets have become cautious in regard to the ability of many countries –Greece holding a prominent place among them– to stabilize their public debt. The banking system is undergoing a period of turmoil and restructuring. Even on the micro-level, the effort of many households to harness their high leverage ratios becomes increasingly difficult. These concerns are now affecting the developed economies' ability to meet their obligations, and are accompanied by major systemic problems and challenges. Funding flows in the economy have been drastically reduced, with negative repercussions on investment activity. Owing to reduced investment, the real economy does not receive the financing it needs. Breaking this vicious spiral has de facto become a top priority, especially in countries that find it increasingly difficult to manage their public debt.

Greece's effort to exit the crisis has to be made amidst international developments that give rise to concern, but also leave room for hope. The global economy is being hit by the sluggish recovery of advance economies, combined with soaring fiscal and economic uncertainty. On the other hand, it has become clear that swift, bold and coordinated international action is required, and this action has already started being realized: a case in point is the agreement that aims at alleviating Greece's sovereign debt burden with the involvement of the private sector, as well as boosting growth (an agreement that was reached in 2011, but was finalized and will start being implemented in 2012). Especially in Greece, it is obvious that a bold shift has to be made from fiscal incentives and state borrowing to endogenous, as well as extrovert, demand and growth, with the aim of reducing the current account deficit and producing surpluses that will enable the reversal of the business cycle.

The course of the Hellenic capital market is expected to be affected by the effectiveness of the fiscal adjustment program, as well as by developments in Europe. Three main trends are believed to shape the behavior of European markets during the next year: the enactment and adoption of many new regulations, the effectiveness of investor protection, and financial stability. A large number of qualitative and quantitative regulations and supervisory interventions are expected. The European Union has already opted to legislate mainly by means of Regulations (directly applicable by all member-states) instead of Directives (which have to be transposed into national law), in order to ensure the as uniform as possible application throughout the European Union. Moreover, the new European regulators, especially ESMA, the newly-formed capital market supervisor, have been vested with extended regulation-making and supervisory powers, with the aim of establishing a single framework in the European Union. The Hellenic Capital Market Commission is actively involved in the formation of this framework, seeking to safeguard the interests of the Hellenic market as an integral part of the European whole.

It is estimated that the crisis will cause a shift in the behavior of investors and financial intermediaries. Firms with a profound knowledge and a good understanding of investor demands are going to benefit from this. Corporate restructuring is expected, aimed at both the rationalization of operations and the control of increasing regulatory requirements, leading to evolutionary changes in the financial systems and the capital markets, which the HCMC has both the intention and the will to facilitate. As a further effect of the crisis, consensus has been reached on the need for the macro-prudential supervision of the entire financial system. However, almost nothing has been done, given that effective macro-prudential supervision has not yet been designed and implemented.

In all these fields, and in regard to all these challenges, the HCMC tries to fulfill its institutional role as best as possible, focusing on the improvement of transparency and on active supervision, with the aim of upholding the orderly functioning of the market and protecting investor interests.

I assumed the Presidency of the Commission in November 2011. The 2011 report rightfully belongs to my predecessor. The continuity of the State, as well as public interest, mean that we must step up the effort and remain alert during an equally tough, but maybe also hopeful, 2012.

Konstantinos Botopoulos
Chairman of the Hellenic Capital Market Commission

PART ONE
THE HELLENIC CAPITAL MARKET COMMISSION

OBJECTIVES AND TASKS

The Hellenic Capital Market Commission (HCMC hereafter) is responsible for monitoring compliance with capital market law. The HCMC is a public entity, whose exclusive task is to protect the public interest, enjoying operational and administrative independence. The Commission's operations do not burden the state budget, and its resources originate from 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 Finance. The members of the Board of the HCMC exercise their duties under conditions of total personal and operational independence, are only bound by the law and their conscience, and do not represent the bodies that nominated them. The HCMC submits its annual report to the Speaker of the Hellenic Parliament and the Minister of Finance. The Chairman of the HCMC is summoned at least twice a year by the competent Commission of the Parliament, to provide information on capital market issues. The objectives of the HCMC are to ensure the integrity of the market, to mitigate systemic risks, and to protect investors by increasing transparency.

The capital market entities supervised by the HCMC include brokerage firms, investment firms, mutual fund management firms, portfolio investment companies, real estate investment trusts, and financial intermediation firms. Moreover, the HCMC oversees the compliance of ASE-listed companies with capital market legislation, concerning legitimacy issues related to investor protection. The members of the Boards of Directors and the executive managers of the aforementioned entities must comply with the rules and regulations set by the Commission. Entities and organizations subject to supervision by the HCMC also include regulated markets, clearing houses, and the investor indemnity scheme (the Athens Stock Exchange Members' Guarantee Fund). The HCMC is responsible for approving the content of prospectuses, as far as the need of investors to obtain complete information during public offerings and the listing of securities in organized markets is concerned.

The Commission is endowed with the authority to impose administrative sanctions (suspension and revocation of license, trading halts, imposition of fines) on any supervised legal and physical entities that violate capital market law.

Being a national regulator, the Commission concludes bilateral and multilateral agreements and memoranda of understanding with other countries' regulatory authorities for the exchange of confidential information, and co-operation on issues that fall under its competence. It is an active member of the European Securities and Markets Authority (ESMA), and the International Organization of Securities Commissions (IOSCO).

BOARD OF DIRECTORS

The Board of Directors of the HCMC consists of seven members: the Chairman, two Vice-Chairpersons (A and B) and four members, who are appointed by decision of the Minister of Finance. The appointment of the Chairman is subject to the approval of the competent commission of the Hellenic Parliament. Two members of the Board are selected from lists containing three candidates, which are prepared by the Bank of Greece and the Athens Stock Exchange respectively.

At the end of 2011, the Board of the HCMC comprised the following members (Ministerial Decision 24282/B 1348, Gazette 231/2009).

Chairman: Mr. Konstantinos Botopoulos

First Vice-Chairwoman: Mrs. Marina Souyioultzi

Second Vice-Chairman: Mr. Xenophon Avlonitis

Members: Messrs. Socrates Lazaridis, Ioannis Gousios, Panagiotis Kavouropoulos, Dimitrios Avgitidis

During 2011, Mr. Anastassios Gabrielides served as Chairman of the Commission until 31/10/2011, while Mr. Konstantinos Botopoulos was appointed Chairman as per 1/11/2011 (Ministerial Decision 46650/B/2191/1.11.2011, Gazette PSP/369/1.11.2011).

The Board of Directors of the HCMC is this entity's supreme body, and is mainly entrusted with general policy-making, the introduction of rules and regulations, the granting and revoking of licenses, the imposition of sanctions, drafting the annual budget, the management of the Commission's operations and making decisions on personnel matters. The Board of Directors is convened by its Chairman and meets at least twice a month, provided that at least four of its members are present.

EXECUTIVE COMMITTEE

The Executive Committee consists of the Chairman and the two Vice-Chairpersons and is entrusted with the execution of the decisions made by the Board of Directors. It is responsible for the Commission's daily management and the supervision of its operations. It is also responsible for the judicial representation of the HCMC in front of Greek and foreign courts.

ORGANIZATIONAL STRUCTURE

The organization chart and the responsibilities of the departments of the HCMC are specified by Presidential Decree 65/2009 (Government Gazette 88/9.6.2009), as illustrated below:

FIGURE 1. The Organization Chart of the HCMC (PD 95/2009)

BOARD OF DIRECTORS			
FIRST VICE-CHAIRWOMAN	**CHAIRMAN**		**SECOND VICE-CHAIRMAN**
MEMBERS			
PRESS OFFICE		*INTERNAL AUDIT OFFICE*	
GENERAL DIRECTOR			
SPECIAL ANTI-MONEY LAUNDERING UNIT		**THESALLONIKI REGIONAL OFFICE**	
DIRECTORATE OF CAPITAL MARKET INTERMEDIARIES		**DIRECTORATE OF LISTED COMPANIES**	
Department of Licensing of Investment Firms	Department of Licensing of Collective Investment Schemes	Public Offerings Department	Department of Continuous Information
Department of Supervision of Investment Firms	Department of Supervision of Collective Investment Schemes	Department of Periodic Information	Department of Supervision of Listed Companies
Department of Markets and Information Systems			
DIRECTORATE OF MARKETS SUPERVISION		**DIRECTORATE OF INTERNATIONAL RELATIONS**	
Department of Monitoring	Department of Transactions Auditing	Department of International Relations	Department of European Affairs
Department of Citizen Information			
DIRECTORATE OF RESEARCH, CERTIFICATION AND TRAINING		**DIRECTORATE OF ADMINISTRATION**	
Department of Research	Training Department	Department of Protocol	Department of IT
		Human Resources Department	
DIRECTORATE OF ACCOUNTING		**DIRECTORATE OF LEGAL SERVICES**	
Accounting Department	Procurement Department		

PART TWO
MARKET DEVELOPMENTS

MACROECONOMIC DEVELOPMENTS

The Hellenic Economy

Greece is an advanced economy, whose public sector accounts for 40% of GDP and per capita GDP is equivalent to almost two thirds of average GDP in the richest member-states of the Euro zone. Tourism's contribution to GDP stands at almost 15%. Immigrants represent approximately one fifth of the labor force, mainly employed as unskilled laborers in agriculture. Greece is a major beneficiary of EU assistance, which represents almost 3.3% of its annual GDP.

From 2003 to 2007, the Hellenic economy had been growing by an annual rate of almost 4.0%, partly as a result of spending on infrastructure for the Athens 2004 Olympics, and partly owing to the increased availability of credit, which fueled high levels of consumer spending. But the economy has entered a recession since 2009 as a result of the global financial crisis, the tightening of credit and, finally, the failure to deal effectively with the ballooning government budget deficit, which brought the accumulated public debt to levels deemed unsustainable by international markets.

In 2011, the Hellenic economy continued to shrink for a fourth year in a row. Real GDP contraction during this year is expected to exceed that of 2010, almost reaching -5.5%. This is mainly due to the weakening of real domestic demand, which is characterized by income loss, tough labor market adjustments and rather restrictive lending policies.

Economic growth is expected to remain negative in 2012, while some recovery is expected by the end of the year. Overall, the contraction of the Hellenic economy is expected to reach almost 15% since the outbreak of the crisis. In contrast, headline inflation, wage regulations and unit labor costs were contained, helping improve competitiveness. It is estimated that the gradual stabilization of the economy, combined with growth-oriented reforms and the improvement of medium-term prospects abroad, are expected to rekindle the economy on a more permanent basis from 2013 onwards, provided that there is some improvement in today's unfavorable climate.

The labor market is undergoing major adjustments. The deep contraction of economic activity, reflected in the further weakening of labor demand, is having a major impact on employment, which is expected to have decreased by almost 6% in 2011. Reduced employment opportunities in the private sector, along with the changes in the hiring patterns of the public sector, are expected to further increase unemployment rates in 2012. In turn, the weak labor market, combined with salary cuts, is expected to cause disposable income losses above the medium-term trend, reducing effective demand. Moreover, as a result of persistent uncertainty, private consumption is expected to decrease in the foreseeable future. The available data indicate strong downward pressures on labor costs, especially in regard to non-base salaries, since public sector salary cuts tend to spillover to the entire private sector, and as enterprises try to regain their competitiveness.

That said, this process is not likely to lead to a drop in unemployment in the near future. Nonetheless, employment may recover faster during the economic recovery phase, although it is estimated that this will depend on the labor market reforms implemented in accordance with the adjustment program and the swift reallocation of productive resources from non-tradable to tradable sectors. Labor costs are falling, mainly *owing to the deterioration of the labor market, as well as to wage-setting reforms. Moreover, wage cost containment is driven by the enterprises' shift to more flexible work arrangements, such as part-time employment or short work. A further reduction of unit labor costs is expected in forthcoming years.*

Scarce liquidity and the increasing proportion of non-performing loans are putting the banking system under strain. The annual rate of credit expansion to the private sector remains negative, in line with the slowdown in economic activity and the incessant outflow of bank deposits. The private sector's access to credit remains limited, owing to the increase in borrowing costs, which results from market pressures and increased spreads.

Investment in housing and equipment continues to decrease dramatically. According to estimates, fixed capital formation decreased by 16% in 2011. Government investment activity was rather weak in 2011, as a result of the sustained fiscal consolidation effort. Various public sector initiatives –including the increase in EU structural fund absorption rates and the new investment incentives law– can contribute to the improvement of market sentiment and, therefore, to the recovery of public investment from 2012 onwards.

It is estimated that inflationary pressures, which stood at an average of 4.7% in 2011, receded in 2011. The latest available data show that prices (HICP) rose by 2.9% year-on-year in September, as compared to 4.9% in January 2011. The overall inflation rate for the entire 2011 is estimated at 3%, reflecting the impact of the recent tax measures, while tax-push inflation is estimated at 1%.

Nonetheless, a series of structural reforms, aimed at remedying existing domestic market rigidities, will push down both inflation and inflationary expectations. Both headline and core inflation are expected to decrease as base tax effects peter out, causing the further erosion of economic activity and wages.

The contraction of domestic demand, which is expected to continue during the next year, is reflected in a decrease in total imports, which is estimated at more than 6% in 2011. Total exports are expected to record further gains in 2011-12, owing to labor cost developments. However, these positive prospects may be weakened by less-favorable-than-expected external conditions, including a slowdown in global economic growth. The exports of goods are expected to increase by an average of 7% in 2011 and 2012, while the exports of services –especially merchant shipping and tourist revenues– are expected to recover much slower in the wake of the global economic slowdown. Overall, the contribution of net exports to GDP growth is expected to be positive in both 2011 and 2012, as a result of the accelerating growth of exports and the persistent contraction of imports. The current account deficit is estimated to fall to 10% of GDP in 2011, further falling below 8% of GDP in 2012. The expected competitiveness gains and the benefits from the ongoing structural reform effort are expected to lead to an even faster adjustment of the current account balance.

The risks to this base scenario are, by and large, balanced. On the positive side, the contribution of net exports to GDP growth may prove to be stronger than anticipated, in case the impact of overall developments and planned structural reforms is felt sooner than later and external demand recovers faster. More specifically, the swift implementation of measures aimed at improving investment opportunities and attracting foreign direct investment may accelerate recovery. On the negative side, given the uncertainty regarding the turning point of the business cycle, we cannot rule out the possibility that the economy may take longer than expected to get back on the track of growth. This risk is also aggravated by the projected slowdown in the global economy.

TABLE 1. Macroeconomic indicators of Greece, 2006-2011

INDICATOR/YEAR	*2006*	*2007*	*2008*	*2009*	*2010*	*2011**
Domestic Economy						
Nominal Gross Domestic Product (€ bn.)	*209*	*223*	*233*	*232*	*227*	*222*	*217*
Nominal Gross Domestic Product (% change)	*8.2*	*6.6*	*4.6*	*-0.5*	*-1.9*	*-3.5*	*-5.5*
Real Gross Domestic Product (% change)	*4.6*	*3*	*-0.1*	*-3.3*	*-3.5*	*-4.5*	*-6.0*
Output gap (% of potential output) (% change)	*6.3*	*8.5*	*7.9*	*4.4*	*2.1*	*-3.3*	*-2.7*
Total Domestic Demand (% change)	*6.1*	*5.9*	*0.4*	*-5.7*	*-6*	*-6.3*	*-8.4*
Private consumption (% change)	*4.2*	*3.8*	*4*	*-1.3*	*-3.6*	*-5.4*	*-7.0*
Public consumption (% change)	*2.3*	*7.6*	*-2.1*	*4.8*	*-7.1*	*-6.3*	*-8.5*
Gross fixed capital formation (% change)	*20.6*	*5*	*-7.9*	*-18.4*	*-14.5*	*-11*	*-16*
Change in Stocks (contribution) (% change)	*0.4*	*0.8*	*1.1*	*-2.2*	*0.1*	*0.1*	*0.3*
Foreign balance (contribution) (% change)	*-1.8*	*-1.2*	*0.9*	*3.4*	*3.3*	*2.4*	*3.2*
Exports of goods & services (% change)	*3.1*	*6.9*	*3*	*-19.5*	*4.2*	*5.8*	*5.0*
Imports of goods & services (% change)	*8.3*	*14.6*	*3.3*	*-20.2*	*-7.2*	*-3.8*	*-6.5*
Unemployment rate (%)[1]/ (% change)	*8.9*	*8.3*	*7.7*	*9.4*	*12.5*	*16.5*	*17*
Employment[1] (% change)	*1.9*	*1.2*	*1.1*	*-1*	*-2.7*	*-5.3*	*-6.0*
Unit labor costs (% change)	*2.5*	*1.3*	*0.4*	*4.2*	*-0.4*	*-2.9*	*-2.5*
Consumer prices (HICP), end of period (% change)	*3*	*4*	*2*	*2.6*	*5.1*	*2.1*	*2.1*
Consumer prices (HICP), period average (% change)	*3.2*	*2.9*	*4.1*	*1.2*	*4.7*	*2.9*	*3.1*
Core inflation, period average[1] (% change)	*2.4*	*3.1*	*3.1*	*2.3*	*2.2*	*…*	*…*
GDP deflator (% change)	*3.4*	*3.5*	*4.7*	*2.8*	*1.7*	*1*	*1.6*
Balance of Payments							
Current Account (% of GDP)	*-11.4*	*-14.6*	*-14.9*	*-11.1*	*-10.1*	*-8.1*	*-8.4*
Trade Balance (% of GDP)	*-9.5*	*-11.2*	*-11.6*	*-7.8*	*-6.6*	*-4.1*	*-4.8*
Exports of goods & services (% of GDP)	*21.3*	*21.9*	*23.1*	*18.3*	*20*	*22.7*	*22.6*
Imports of goods & services (% of GDP)	*30.9*	*33.1*	*34.7*	*26.1*	*26.7*	*26.7*	*27.4*
Total transfers (% of GDP)	*1.6*	*0.7*	*1.2*	*0.6*	*0.1*	*0.4*	*0.4*
Net income receipts (% of GDP)	*-3.5*	*-4.2*	*-4.6*	*-3.9*	*-3.6*	*-4.5*	*-4.0*
Net international investment position (% of GDP)	*-85.3*	*-96.3*	*-76.9*	*-87.9*	*-99*	*-110*	*-112*
Public finances (general government)							
Total revenues (% of GDP)	*39.5*	*40.7*	*40.5*	*37.9*	*39.5*	*40.9*	*40.5*
Total expenditures (% of GDP)	*45.7*	*47.5*	*50.5*	*56.6*	*50.1*	*49.2*	*49.5*
Primary expenditures (% of GDP)	*41*	*42.8*	*45.5*	*48.3*	*44.6*	*42.3*	*42.7*
Overall balance (per cent GDP)	*-6.2*	*-6.8*	*-10*	*-15.7*	*-10.6*	*-8.3*	*-9.0*
Primary balance (per cent GDP)	*-1.5*	*-2*	*-4.9*	*-10.4*	*-5*	*-1.4*	*-2.3*
Gross financing needs (% of GDP)	*107*	*107*	*113*	*129*	*145*	*167*	*162*
Interest rates & Credit							
Long-term lending interest rate[2]	*6.3*	*7*	*7.4*	*5.7*	*8.2*	*…*	*…*
Private credit growth[2,3]	*21.1*	*21.5*	*15.9*	*4.2*	*-0.2*	*…*	*…*
Exchange rates							
Nominal effective exchange rate[2]	*1.8*	*1.9*	*2.1*	*0.4*	*-3.7*	*…*	*…*
Real effective exchange rate (CPI-based)[2]	*2.5*	*2.3*	*2*	*1.6*	*-1.2*	*…*	*…*
Real effective exchange rate (ULC-based)[2]	*5*	*-0.7*	*-1.7*	*4.2*	*-1.1*	*…*	*…*

Source: Hellenic Statistical Authority, Ministry of Finance, Bank of Greece, International Monetary Fund.

*Note. * Estimate*

1. Core prices, excluding energy, food, beverages and tobacco, 2010 data referring to August.

2. November 2010

3. Domestic credit growth of households and enterprises.

Fiscal consolidation has shown progress since the launching of the structural adjustment program, as the public deficit in 2011 is slightly higher than half of its 2009 level. This improvement is even more spectacular if inelastic interest payments on the accumulated public debt are excluded. Nonetheless, achieving the fiscal target for 2011 is once again very hard. This is mainly the result of a drop in revenues, which is associated with the deepening of the recession, the instability of the tax regime and the substantial loss of income. On the other hand, primary current government expenditure has once again shown its irresponsiveness to policy *intentions, making structural and institutional reform even more necessary for further consolidation. It is estimated that, under the given policies, the 2012 budget target for a fiscal deficit of 7% of GDP is feasible.*

Despite any shortcomings in the implementation of the tax measures, the government has shown significant progress in its consolidation efforts. In June, Greece adopted the medium-term fiscal strategy, which includes a set of fiscal consolidation and tax and structural reform measures for the period up to 2015. This strategy provides for the implementation of fiscal consolidation measures accounting to 3% of GDP in 2011, and more than 10% of GDP for the period up to 2014. Most measures provided for by the strategy for 2011 have been dully legislated and being implemented. However, in certain cases the quantification of these measures had to be revised downwards, because of delays in their implementation or changes in their design, which water down their impact. In a few cases, the agreed measures were not implemented at all. However, the deeper than expected contraction of economic activity, the taxpayers' liquidity constraints, as well as other instances of fiscal divergence (e.g. the failure to properly crack down on tax evasion), also contributed to the emergence of deviations from the agreed annual fiscal targets. The government has prepared an additional package of measures aimed at minimizing fiscal slackening in 2011 and achieving the fiscal targets for the period 2012-14. Closing the fiscal deficit for 2011 is no longer feasible.

In 2011, the budget deficit will more likely exceed the 7.75%-of-GDP ceiling. So far, Greece's fiscal consolidation effort has been much greater than those of other European countries. According to available estimates, in 2010 and 2011 Greece implemented consolidation measures accounting for more than 16% of GDP, in order to reduce the deficit from 15.5% of GDP in 2009 to 8.5-9% in 2011. Although Greece's fiscal consolidation effort has been huge, further measures are necessary. Without these measures, the public deficit will continue to grow.

The International Economy

In 2011, the international economy suffered from recession and increasing unemployment. International trade slowed down, especially during the second quarter of the year, while consumer and investor confidence were severely hit, especially in August, as a result of the sovereign debt crisis, political discord in Europe and disputes in the US regarding government borrowing limits. One of the key developments of 2011 was the debt crisis in the Euro zone, which had become apparent since May 2010 and triggered major changes in the management of national fiscal deficits, financial markets and contingencies both on the European and international levels. The sovereign debt crisis was a major policy issue for the competent bodies of the European Union (European Central Bank, European Commission), and the International Monetary Fund, owing to its emerging cross-border impact on the real economy and on monetary policy.

As a result of the international spillover of the impact of the fiscal crisis, most international stock market indicators registered losses in 2011, which, in certain instances, were dramatic (Table I, Appendix). The market capitalization of listed companies and the value of transactions in most stock exchanges worldwide took a dive.

In 2011, economic growth in the European Union (EU) showed a slight decrease and, according to European Commission data, GDP growth in the EU-27 stood at 1.6 in 2011, as compared to 2.0% in 2010 and -4,2% in 2009. Growth rates were sustained as a result of the European governments' effort to boost household consumption and keep real interest rates low. In the 17-member Euro zone, growth stood at a low 1.5%, as compared to 1.9% in 2010 and -4.2% in 2009. According to the European Commission, the deep recession "wiped out on average four years of growth". For example, according to updated forecast revisions, GDP in Britain and France stood at 0.7% and 1.6% respectively in 2011, as compared to 1.8% and 1.5% respectively in

2010 and -4.4% and 2.7% respectively in 2009. GDP growth was stronger in Germany, rising from -5.1% in 2009 to 3.7% in 2010 and 2.9% in 2011. Unemployment in the European Union was more than 9% in 2011 and almost 10% in 2010. In September, unemployment was estimated at 22.9% in Spain and 18.8% in Greece, according to published Eurostat data.

TABLE 2. Macroeconomic indicators of Europe, 2009-2011

Countries	Gross Domestic Product (annual change %)			Exchange Rate			Inflation (Annual change %)			Gross Domestic Debt (% of GDP)		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
Austria	2.9	2.0	-3.7	-	-	-	3.4	1.7	0.5	72.2	70.4	69.1
Belgium	2.2	2.0	-2.9	-	-	-	3.5	2.1	0.0	97.2	98.6	97.2
Denmark	1.2	2.3	-4.5	7.45	7.45	7.45	2.6	2.7	1.3	44.1	44.9	33.7
Finland	3.1	2.9	-6.9	-	-	-	2.8	1.4	1.2	49.1	49.0	41.3
France	1.6	1.6	-2.2	-	-	-	1.9	1.2	0.1	85.4	83.0	76.1
Germany	2.9	3.7	-5.0	-	-	-	2.2	1.9	-0.2	81.7	75.7	73.1
Greece	-5.5	-4.2	-1.1	-	-	-	3.0	4.6	1.2	162.8	140.2	112.6
Ireland	1.1	-0.2	-7.5	-	-	-	1.3	-1.5	-1.8	108.1	97.4	65.8
Italy	0.5	1.1	-4.7	-	-	-	2.7	1.6	0.3	120.5	118.9	114.6
Luxembourg	1.6	3.2	-3.6	-	-	-	3.3	2.3	0.4	19.5	18.2	15.0
Netherlands	1.8	1.7	-4.5	-	-	-	2.3	1.4	1.1	64.2	64.8	59.8
Portugal	-1.9	1.3	-2.9	-	-	-	3.4	1.3	-1.1	101.6	82.8	77.4
Spain	0.7	-0.2	-3.7	-	-	-	3.6	1.8	-0.4	69.6	64.4	54.3
Sweden	4.0	4.8	-4.6	9.04	9.56	10.61	1.2	1.9	1.9	36.3	39.9	42.1
Britain	0.7	1.8	-4.6	0.87	0.86	0.90	4.4	3.7	1.4	84.0	77.8	68.6
Estonia	8.0	2.4	-13.7	-	15.65	15.65	4.8	2.4	0.2	5.8	8.0	7.4
Cyprus	0.3	0.5	-0.7	-	-	-	3.4	3.0	1.0	64.9	62.2	53.2
Latvia	4.5	-0.4	-18	0.71	0.71	0.71	4.3	-1.3	3.0	44.8	45.7	33.2
Lithuania	6.1	0.4	-18.1	3.45	3.45	3.45	4.2	1.0	3.5	37.7	37.4	29.9
Malta	2.1	3.1	-2.2	-	-	-	2.6	1.8	1.8	69.6	70.4	68.5
Hungary	1.4	1.1	-6.5	277.03	274.8	279.7	4.0	4.7	4.2	75.9	78.5	79.1
Poland	4.0	3.5	1.2	4.10	3.99	4.34	3.7	2.6	3.8	56.7	55.5	51.7
Slovakia	2.9	4.1	-5.8	-	-	-	4.0	0.6	1.6	44.5	42.1	34.6
Slovenia	1.1	1.1	-7.4	-	-	-	1.9	2.1	0.6	45.5	40.7	35.1
Czech Republic	1.8	2.4	-4.8	24.48	25.23	26.40	1.5	0.9	0.4	39.9	40.0	36.5
EU 27	1.6	1.8	-4.1	-	-	-	2.9	2.1	1.0	82.5	79.1	73.0
Bulgaria	2.2	-0.1	-5.9	1.96	1.96	1.96	6.0	1.2	1.4	17.5	18.2	15.1
Romania	1.7	-1.9	-8	4.24	4.21	4.24	6.0	6.1	5.8	34.0	30.4	21.8
USA	1.6	2.7	-2.5	1.40	1.33	1.39	2.4	1.7	-0.2	N/A	N/A	N/A
Japan	-0.4	3.5	-5.9	111.18	116.5	130.	-0.5	-1.3	-1.6	N/A	N/A	N/A

Source: European Economy, No 10, 2009.

In 2011, growth in the US is estimated at almost 1.6%, as compared to 3.0% in 2010 and -3.5% in 2009. According to OECD estimates, unemployment reached 9% in 2011, and is expected to remain more or less unchanged over the next two years. In 2011, growth in Japan is estimated at almost -0.4%, as compared to 4.0% in 2010 and -6.3% in 2009. This slowdown is due to the impact of the disaster that hit the country as a result of the earthquake in Fukushima. Unemployment in Japan stood at 4.6% in 2011, and is expected to remain unchanged or show a slight reduction during the next two years. In 2011, growth in China is estimated at almost 9.3%, as compared to 10.4 % in 2010. China's slowdown is also the result of the global economic situation.

According to Eurostat data, consumer-price inflation in the EU-27 is estimated at 2.9% in December 2011, as compared to 2.1% in 2010. In the 17-member Euro zone, annual inflation stood at 2.7% in 2011 as compared *to 2.2% in 2010. According to Eurostat data, at the end of 2011, the lowest inflation rates were registered in Sweden (1.2%), Slovenia (1.8%) and the Czech Republic (1.5%) and the highest in Romania (6.0%), Estonia (4.8%), Latvia (4.3%) and Bulgaria (6.0%). In Greece, year-end inflation is estimated at almost 3%, as compared to 4.5% in 2010. At the end of 2011, inflation in the US rose by 2.4% year-on-year as compared to 1.8% in 2010, in Japan fell to -0.5% from 1.5% in 2010 and in China rose to 5.6% from 3.2% in 2010.*

International uncertainty over the sovereign debt crisis along with pressures for boosting domestic competitiveness amidst increasing international competition in manufacturing led to a rush of national currency devaluations since June 2010, with major repercussions on exchange rate fluctuations among the world's stronger currencies. The euro: dollar exchange rate stood at 1.4207 in the 1st quarter of 2011, closing at 1.2939 dollars/euro at the end of 2011, with the euro losing 3% year-on-year against the US dollar. At the end of 2011, the euro: yen exchange rate stood at €1=JPY100.20, the euro: yuan exchange rate stood at €1=8.1588 yuan, the euro: Swiss franc exchange rate stood at €1=SFr1.2183 and, finally, the euro: sterling rate stood at 0.8353.

The Global Economy's Exit from the Crisis

As far as Greece's exit from the crisis is concerned, policy-making must take international developments into account. In 2011, economic recovery became much more uncertain than expected. The international economy is being simultaneously hit by two adverse developments. The first is the much slower recovery of advanced economies since the beginning of the year, which international think tanks failed to foresee. The second is the huge increase in fiscal and economic uncertainty worldwide during the past few months. Each of these developments is disturbing, and their combination and interaction is even more disturbing. Strong policies are urgently needed to improve the outlook and reduce risks, taking into account the following parameters

Global economic growth slowed-down in 2011, owing to the stagnation of two macroeconomic stabilization trends, one internal and one external. In regard to internal stabilization, what is needed is a shift from fiscal stimulus to private demand. Fiscal consolidation must indeed be continued. But global private demand is not responding. The reasons vary according to country. However, the tightening of lending by the banking system, the legacy of the housing market crisis and the high leverage of many households have demonstrably dampened growth more than expected. In regard to external stabilization, advanced current-account-deficit economies, most notably the US, must offset weak domestic demand by boosting external demand for domestic goods. This implies a corresponding shift from external to domestic demand in current-account-surplus emerging economies, most notably China. This balancing, however, is not taking place. Actually, imbalances decreased during the crisis, but this was mainly due to the larger contraction of output in advanced, as compared to emerging market, economies, and less to the structural adjustment of these economies. Looking ahead, imbalances are expected to increase instead of decreasing.

International fiscal and financial uncertainty increased in 2011. Markets have clearly become more cautious about the ability of many countries to stabilize their public debt. For quite some time, their concerns were mostly limited to certain small countries, such as Greece. Given that too much time has elapsed and global growth prospects have weakened, the markets' worries have now spread to the more advanced economies of Europe, as well as to Japan and the US. Concern over sovereign debt has been translated into concern over the banks that hold this debt. These concerns led to a partial freeze of financing flows, with the banks maintaining high liquidity levels and tightening their lending. Fear of the unknown is high. Stock prices have fallen. This will have an adverse effect on future purchasing power.

Lower underlying growth, and fiscal and financial links might well fuel each other, and this is where the risks lie. Low growth makes it harder to make public debt sustainable, also aggravating the markets' worries regarding fiscal stability. Low growth also leads to an increase in non-performing loans, weakening banks. Focusing policies solely on fiscal consolidation may lead to even weaker growth. Weak banks and tight credit may have the same results. Weak banks and a potential need for more capital lead to increased concerns regarding fiscal stability.

The risks are high. Emerging market economies were, until recently, largely immune to these adverse developments. They had to deal with volatile financial flows, but, overall, sustained high growth rates. In fact, some are close to overheating, although the outlook for others is even more uncertain. According to the risk scenarios, they may suffer adverse exporting conditions and even more volatile financial flows. Lower exports and potentially lower commodity prices may also pose challenges for low-income countries.

Given these risks, strong global policy action is needed, based on three pillars. The first pillar is fiscal policy. Fiscal consolidation cannot be too rapid, because it will weaken growth. Neither can it be too slow, because it will undermine credibility. Its speed should depend on the specific conditions prevailing in each country; that said, reliable consolidation over the medium-term remains the key. Some countries need adequate external assistance in order to achieve this aim. Of equal importance are the measures taken for boosting domestic demand, including low interest rates, increased banking credit and programs aimed at resolving housing problems.

The second pillar comprises financial measures. Fiscal uncertainty will not be wiped out overnight. Even under the most sanguine assumptions, the advanced economies' growth rates will remain low for some time. During this period, banks must become stronger, not only in order to boost lending and consequently growth, but also –and this is maybe more important– to reduce the risks from a vicious feedback loop. A large number of banks may need additional recapitalization, through either private or public resources.

The third pillar is external stabilization. It is hard to see how, even under the aforementioned policies, can domestic demand in the US and other crisis-hit economies generate adequate growth. Thus, exports from the US and other economies that are hit by the crisis must increase, while net exports from the rest of the world must decrease. A number of Asian economies with large current account surpluses, most notably China, had declared their intention to stabilize, by boosting domestic demand. These plans cannot be implemented overnight. Nonetheless, they have to be implemented as soon as possible. Only through this overall adjustment can advanced economies, and consequently the rest of the world, resume stronger growth rates. These parameters should also be taken into account by policy-makers, in order to plan Greece's gradual exit from the crisis.

GENERAL OVERVIEW OF THE CAPITAL MARKET

International Capital Markets

In 2011, international capital and financial services markets returned to growth, following three years of recession, fueled by expansion to developing economies and the increase of government borrowing. The total value of global financial investments, which includes the capitalized value of stocks and the market value of bonds and outstanding loans, is estimated to have increased to 220 trillion dollars from 212 trillion dollars in 2010, while the value of cross-border capital transactions rose from 4.4 trillion dollars in 2010 to 4.5 trillion dollars in 2011. Despite the gradual increase of activity in capital markets, recovery still varies across different *geographic regions of the world and across different asset categories, while major risks persist. Emerging markets account for a disproportionate share of funds raised worldwide, as mature economies struggle to exit the crisis. Debt markets remain fragile in many parts of the world, as China's soaring sovereign debt and borrowing account for the largest part of credit expansion worldwide.*

The year 2011 saw mixed trends and differing returns in regard to international stock market indices, as well as international market volatility. Europe's major markets suffered a mild loss, with many exceptions mainly in countries facing more pronounced fiscal problems, while the American market showed positive returns, and emerging markets showed both positive and negative returns. The course of international stock markets was primarily affected by the persistent financial crisis and the sovereign debt crisis, mainly in countries of the European periphery. European markets were apprehensive towards the measures taken by governments with the aim of containing the crises.

In 2011, as a result of increasing liquidity needs worldwide, interest rates in the main money markets were further reduced: at the end of the year, the annual US dollar lending rate decreased to 0.25% from 0.78% at the end of 2010, 0.98% at the end of 2009, 2.02% at the end of 2008 and 4.18% at the end of 2007, while the annual euro lending rate fell to 1% from 1.47% at the end of 2010, 1.22% at the end of 2009, 3.03% at the end of 2008 and 4.73% at the end of 2007.

The nominal yield of the 10-year US Treasury bond decreased to 2.03% from 3.37% at the end of 2010, 3.26% at the end of 2009, 3.66% at the end of 2008 and 4.63% at the end of 2007, while the yield of the 10-year German Bund fell to 2.14% from 2.95% at the end of 2010, 3.40% at the end of 2009, 3.32% at the end of 2008 and 4.50% at the end of 2007. At the end of 2011 the nominal yield of the 10-year Greek Government Bond stood at 25.68%. At the end of the year, the euro: dollar exchange rate stood at 1.298 as compared to 1.328 in 2010, and the euro: sterling rate stood at 0.835 as compared to 0.863 in 2010.

According to data from the Financial Times (January 3rd, 2011), the MSCI World ($) index registered an annual loss of 7.6% in 2011, as compared to a 9.3% gain in 2010 and a 27.65% gain in 2009. Moreover, the MSCI Europe (€) index fell by 12.2%, the MSCI Pacific ($) index by 16.2%, the DJ Euro Stoxx 50 (€) index by 17.1%, and the FTSE Eurotop 300 (€) index, which includes the largest listed European companies, fell by 44.05% year-on-year. More specifically, the FTSE 100 (£) index of the London Stock Exchange fell by 5.6% year-on year, the CAC-40 (€) of the Paris Stock Exchange fell by 17.0% and the Dax Xetra (€) index of the Frankfurt Stock Exchange fell by 15.6%, while the Dow Jones Industrial Average fell by 5.5%, the NASDAQ Comp ($) fell by 1.8% and the Nikkei 225 Average (¥) fell by 17.3% year-on-year. Stock market indices in emerging markets showed greater fluctuations than developed market indices, mostly sustaining losses compared to the previous years, as a result of the continued, albeit irregular, inflow of funds from developed countries. Chinese company share prices registered substantial year-on-year decreases, while the value of transactions in the Shanghai Stock Exchange increased. The Shanghai Avrg index suffered an annual loss of 21.6% in 2011, while the Shenzhen Avrg index fell by 32.9% year-on-year, reversing the substantial growth rates of the previous years.

The drop in stock market indices during 2011 occurred amidst an environment of increasing stock market volatility. The price volatility indices of options on the S&P 500 (VIX), DJIA (VXD) and the DAX Xetra (VDAX) stock market indices stood at 23.4, 21.4 and 28.6 respectively, increased by 35.2%, 41.7% and 50.8% year-on-year respectively. Given that the turmoil in the global financial system was contained, international markets seemed to be moving abruptly towards new lower levels, especially in countries related to the sovereign debt crisis. Sustained monitoring and intervention by both central banks and governments with the aim of enhancing liquidity in the economy prevented further upheaval in major markets.

In 2011, total activity in international stock markets registered a slight increase, as a result of the international efforts to overcome the crisis, increased cross-border portfolio restructuring activity, the sustained momentum of efforts to privatize state-owned enterprises and the activity of large private equity investor and hedge fund, as well as the recuperation of corporate issuing activity. According to data from the World Federation of Exchanges (WFE), in 2011 the total value of equity transactions in the regulated markets of its member-countries increased by 1.8% year-on-year, while the total volume of transactions decreased by 9.8%. Transaction value growth was concentrated in Asia (5.1%).

In 2011, listed company capitalization decreased across all markets. According to data from the World Federation of Exchanges (WFE), at the end of 2011 total market capitalization, in local currency, decreased by 10.7 y-o-y in the BM & FBOVESPA exchange, by 1.1% in the NASDAQ OMX, by 11.9% in the NYSE Euronext (US), by 9.7% in the TMX, by 17.6 in the Australian Securities Exchange, by 26.7% in the Bombay Stock Exchange, by 16.8% in the Hong-Kong Stock Exchange, by 7.4% in the Korea Exchange, by 17.1 in the Shanghai Stock Exchange, by 23.2% in the Shenzhen Stock Exchange, by 6.4% in the Singapore Exchange, by 19.4% in the Taiwan Stock Exchange and by 17.6% in the Tokyo Stock Exchange. In Europe and the Middle East, total market capitalization, in local currency, decreased by 11.8% in the Amman Stock Exchange, by 48.4 in the Athens Stock Exchange, by 9.1% in Spain's BME exchange, by 20.8% in the Budapest Stock Exchange, by 14.4% in the Deutsche Börse, by 40.0% in the Egyptian Exchange, by 85.6% in the Irish Stock Exchange, by 20.0% in the Istanbul Stock Exchange, by 4.1% in the Johannesburg Stock Exchange, by 6.6% in the London Stock Exchange, by 16.5% in the European branch of the NASDAQ OMX Nord market, by 13.7% in the European branch of the NYSE Euronext market, by 23.2% in the Oslo Børs, by 4.1% in the Saudi Stock Exchange, by 11.1% in the SIX Swiss Exchange, by 25.6% in the Tel Aviv Stock Exchange, by 15.5% in the Warsaw Stock Exchange, and by 30.1% in Austria's Wiener Börse.

In 2011, trading activity in global stock markets showed major fluctuations. The value of stock transactions was significantly reduced in some countries and increased in others, while the total value of transactions to GDP ratio increased significantly almost everywhere. According to data from the World Federation of Exchanges (WFE), the value of stock transactions, in local currency, and the ratio of the total value of transactions to GDP (as % in brackets) increased by 1.4% (65.1%) in the BM & FBOVESPA exchange, by 0.5% (293.6%) in the NASDAQ OMX, by 1.3% (127.0%) in the NYSE Euronext (US), by 7.4% (71.2%) in the TMX, decreased by 1.2% (+83.6%) in the Australian Securities Exchange, decreased by 41.8% (+10.8%) in the Bombay Stock Exchange, decreased by 3.3% (+65.2%) in the Hong-Kong Stock Exchange, decreased by 20.1% (+182.3) in the Korea Exchange, by 22.0% (+134.0%) in the Shanghai Stock Exchange, by 23.9% (+224.6%) in the Shenzhen Stock Exchange, by 9.1% (+45.4%) in the Singapore Exchange, by 7.6% (+115.2%) in the Taiwan Stock Exchange and by 4.2% (+110.1%) in the Tokyo Stock Exchange. In Europe and the Middle East, the value of stock transactions, in local currency, and the ratio of the total value of transactions to GDP (as % in brackets) decreased by 54.6% (+13.7%) in the Amman Stock Exchange, by 39.7% (+41.8%) in the Athens Stock Exchange, by 15.4% (+99.9%) in Spain's BME exchange, by 31.0% (70.5%) in the Budapest Stock Exchange, increased by 1.2% (+119.6%) in the Deutsche Börse, decreased by 55.6% (+25.4%) in the Egyptian Exchange, by 5.0% (+11.3%) in the Irish Stock Exchange, increased by 9.9% (+156.2%) in the Istanbul Stock Exchange, increased by 8.1% (+29.5%) in the Johannesburg Stock Exchange, decreased by 3.0% (+67.3%) in the London Stock Exchange, increased by 3.9% (+79.6%) in Europe's NASDAQ OMX Nord market, decreased by 0.8% (+72.6%) in Europe's NYSE Euronext market, decreased by 14.5% (+72.7%) in the Oslo Børs, increased by 44.8% (+85.9%) in the Saudi Stock Exchange, decreased by 5.2% (+72.0%) in the SIX Swiss Exchange, by 23.6% (+41.6%) in the Tel Aviv Stock Exchange, increased by 21.3% (+46.3%) in the Warsaw Stock Exchange, and decreased by 18.1% (+36.4%) in Austria's Wiener Börse.

In 2011, the number of new company listings in the world's stock exchanges increased in Asia and decreased in Europe. In America and Asia, new company listings were as follows (the corresponding number of IPOs is shown in brackets): 12 (11) in the markets of the BM & FBOVESPA exchange; 73 (73) in NASDAQ OMX; 124 (69) in the NYSE Euronext (USA); 379 (287) in the TMX exchange; 121 (107) in the Australian Securities Exchange; 107 (107) in the Bombay Stock Exchange; 101 (81) in the Hong-Kong Stock Exchange; 73 (73) in the Korea Exchange; 38 (38) in the Shanghai Stock Exchange; 243 (243) in the Shenzhen Stock Exchange; 22 (22) in the Singapore Exchange; 48 (48) in the Taiwan Stock Exchange and 38 (12) in the Tokyo Stock Exchange. In Europe and the Middle East, new company listings were as follows (the corresponding number of IPOs is shown in brackets): 2 (2) in the markets of the Amman Stock Exchange; 0 (0) in the Athens Stock Exchange; 83 (1) in Spain's BME exchange; 6 (0) in the Budapest Stock Exchange; 216 (29) in the Deutsche Börse; 8 (0) in the Egyptian Exchange; 2 (2) in the Irish Stock Exchange; 6 (6) in the Istanbul Stock Exchange; 16 (0) in the Johannesburg Stock Exchange; 163 (85) in the London Stock Exchange; 26 (23) in Europe's NASDAQ OMX Nord market; 45 (21) in Europe's NYSE Euronext market; 13 (7) in the Oslo Børs; 0 (0) in the Saudi Stock Exchange; 0 (0) in the SIX Swiss Exchange; 10 (8) in the Tel Aviv Stock Exchange; 204 (204) in the Warsaw Stock Exchange and 4 (1) in Austria's Wiener Börse.

In 2011, issuing activity in international stock markets stood at USD$617.7 billion, reduced by 28% year-on-year. Stock market activity in the fourth quarter of 2011 stood at US$94.6 billion, reduced by 10% as compared to the previous quarter; this is the weakest quarterly trading activity in international stock markets since the first quarter of 2009, when the value of transactions stood at US$71.8. In 2011, the value of securities offered stood at US$388 billion, reduced by 22% year-on-year. US securities issuers accounted for 32% of total issuing activity during 2011, as compared to 26% in 2010. Security offerings from China represent 9% of international activity during 2011, followed by Germany (8%) and Canada (8%), and Australia (5%).

In 2011, the total value of initial public offerings (IPOs) in international stock markets stood at USD$163.8 billion, reduced by 40% year-on-year. Private equity-backed IPOs stood at US$28.4 billion in 2011, representing 17% of total activity. Emerging market issuers accounted for 46% of IPO volumes during 2011. In 2011, US issuers raised US$182 billion through international stock markets, registering a 23% decrease, while Chinese and German issuers accounted for 15% and 6%, respectively, of the total funds raised. According to Thomson Reuters/Freeman Consulting estimates, fees from the initial public offering of securities in international markets stood at US$16.4 billion in 2011, reduced by 23%. Led by the financial sector (24%), the total volume of new stock issues remained largely concentrated among the key sectors of energy (14%), materials (14%), manufacturing (11%) and real estate (11%).

The value of new stock issues in the US stood at approximately US$182 billion and included 653 deals in 2011, while total funds raised and the number of deal decreased by 10.6% and 13% respectively. According to Thomson Reuters estimates, fees and commissions from stock offerings in 2011 stood at US$5.9 billion, reduced by 10.7% year-on-year. New stock issues through IPOs stood at US$33.5 billion and included 115 offerings in 2011, reduced by 9.8% in terms of funds raised, and by 7.3% in terms of the number of deals.

The value of new stock issues in Europe and the Middle East stood at US$155.5 billion in 2011, reduced by 11.4% y-o-y. IPO activity shrank during the fourth quarter of the year to US$1.6 billion, reduced by 83.1% as compared to the funds raised during the third quarter. In 2011, the financial sector remained the leader in new stock issuance, raising fresh funds of US$56.4 billion through 103 offerings. The United Kingdom was the most popular IPO location for stock issuers. According to Thomson Reuters/Freeman Consulting estimates, the fees and revenues of financial intermediation firms stood at US$2.7 billion, reduced by 23.5% year-on-year.

The value of new stock issues in Asia stood at US$179.5 billion in 2011, reduced by 42.4% y-o-y and including 1,471 deals, as compared to the all-time record of US$311.7 billion raised in 2010. Funds raised in China stood at US$26.2 billion, and included 142 offerings, increased by 6% year-on-year. China absorbed 42.5% and 90.7% of the international and Asian private equity markets respectively in order to cover its IPOs. Funds raised in Asia stood at US$81 billion, through 641 offerings, reduced by 49% as compared to the US$ 158.8 billion record of the year 2010. Issuers from the materials and advanced technology sectors accounted for 46.6% of the funds raised in the entire Asian IPO market. According to Thomson Reuters/Freeman Consulting estimates, the total fees and revenues of financial intermediation firms stood at US$4.4 billion.

In 2011, issuing activity in international corporate and sovereign debt markets stood at USD$5 trillion, reduced by 7% year-on-year. Issuing activity in the financial sector securities market stood at US$2.6 trillion in 2011, accounting for 53% of all new issues. Debt issues in the advanced technology and healthcare sectors were the most important, since they increased by 15% year-on-year, while new debt issues in the consumer products and Media and entertainment sectors were reduced by 28% and 19% respectively. The average value of transactions in the health sector was the highest among all business sectors, and stood at US$820 million.

In 2011, the value of high-yield debt issues stood at USD$278.1 billion worldwide, reduced by 14% year-on-year. The energy sector was the leading issuer, accounting for 17% of total activity, increased by 1% year-on-year. US issuers represented 70% of the total volume of new corporate debt issues, as compared to 74% in 2010. European issuers, lead by the UK, Germany and Italy, represented 22% of the total volume of new issues, as compared to 20% in 2010. At a value of US$64.9 billion, the second half of 2011 saw the lowest semi-annual performance since the first half of 2009, reduced by 70% as compared to the first half of 2011.

In 2011, high-yield corporate debt issues by emerging market issuers stood at USD$314 billion worldwide, reduced by 6% year-on-year. The majority of new issues was carried out by Indian, Brazilian, Mexican and Russian issuers, and represented almost 50% of total emerging market corporate debt issues in 2011.

Reinforced by its involvement in the provision of corporate and sovereign debt underwriting services, Barclays Capital remained the worldwide leader in 2011, having underwritten a total of US$344.4 billion, followed by Deutsche Bank, which executed the largest number of transactions with almost 1,300 debt security underwriting deals in 2011. According to Thomson Reuters/Freeman Consulting, it is estimated that total income from debt market transactions stood at US$16 billion in 2011, reduced by 16% year-on-year, of which 43% came from the provision of investment grade debt security underwriting services, 28% came from the provision of high-yield debt security underwriting services, and 29% came from other debt securities. The income of each of the world's top-three debt underwriters represented 7% of total income worldwide, with JP Morgan leading the others with an estimated US$ 1.4 billion in underwriting fees.

In the first half of 2011, US$164.2 billion were raised through high-yield debt securities, which is a new world record and represents 5.4% increase as compared to the first half of 2010. However, after hitting three annual records in a row, the funds raised through debt security issues in the second half of 2011 were reduced by 15.9%.

In 2011, the funds raised through high-yield debt securities worldwide stood at US$278.1 billion, and represented the second largest amount ever recorded, following the US$321.9 billion raised in 2010. The funds raised through these issues during the first half of 2011 represented the largest semi-annual issues ever recorder; however, international uncertainty and market volatility contributed to the containment of issues during the second half of the year, when the value of issues decreased by 69.6% and included 313 fewer issues worldwide as compared to the first half. Nonetheless, despite high market volatility, the second half of 2011 *saw the two largest high-yield debt security deals ever recorded. According to Thomson Reuters/Freeman Consulting, it is estimated that underwriting income from the issue of high-yield debt fell to US$4.5 billion, reduced by 20.2% year-on-year, and including 103 fewer deals as compared with 2010. In 2011, the average yield spread reached 476.2 basis points, representing a year-on-year increase of 142.0 basis points. The average spread increased significantly during the third quarter of the year, reaching 630.8 basis points in August, only to fall again during the next four months.*

In 2011, the value of syndicated loans worldwide amounted to US$3.9 trillion, registering an annual increase of 42%. Annual lending activity in 2011 marked the best year in terms of syndicated loan issuance since 2007, when it stood at US$4.8 trillion. Just over 8,700 loan transactions were completed during 2011, increased by 21% year-on-year. Lending activity in North America accounted for 54% of the total volume of loans extended during 2011, as lending in the region increased by 73% y-o-y. The value of syndicated loans in the US stood at US$1.9, increased by 75% year-on-year and accounting for 49% of the value of loans worldwide. The value of syndicated loans in Europe and Asia accounted for 26% and 11% of total loans worldwide, increased by 22% and 15% respectively. In 2011, the value of syndicated loans in Japan stood at US$308.7 billion, registering an annual increase of 22%.

In 2011, lending to energy companies amounted to US$781.2 billion worldwide, accounting for 20% of international lending activity and increased by 38% year-on-year. All industry sectors saw positive annual growth, while syndicated loans in the retail trade sector increased by 78% year-on-year. The energy, manufacturing, financial services and materials sectors accounted for 56% of the total value of syndicated loans worldwide.

In 2011, syndicated loan value in the Americas stood at US$ 2.1 trillion, increased by 72.7% y-o-y and including 4,149 deals. Leveraged financing in the US reached its highest level since 2007, at US$727.9 billion, including 1,920 deals. Leveraged financing increased by 52.8% y-o-y, but was still 10% lower than the annual 63.6% growth of the overall lending market. Refinancing and special purpose corporate lending exceeded US$800 billion each in 2011, each representing a market share of almost 40%. In Latin America, syndicated loans rose to a spectacular US$39.9 billion, increased by 72% on an annual basis. According to Thomson Reuters/Freeman Consulting estimates, investment bank income from financing operations in the Americas stood at US$9.3 billion, representing the highest level of the past ten-years.

In 2011, total syndicated loans in Europe and the Middle East stood at US$1.08 trillion, including 1,579 deals and representing an annual increase of 18% in the value of loans and an annual increase of 23.4% in the number of deals. Investment bank income from financing operations in the whole of Europe and the Middle East stood at US$4.3 billion, increased by 22.3% y-o-y and representing the highest annual level since 2008. Refinancing was the main driver of lending activity, with a value of US$400.5 billion and representing 39% of total loans, while special purpose corporate loans stood at US$357.6 billion, representing 35% of the total for the year. Leveraged financing in Western Europe reached its highest level since 2008, at US$140.6 billion, while investment bank income from financing operations stood at US$ 1,5 billion.

In 2011, there was a slight increase in corporate restructuring worldwide. The total value of company merger and acquisition deals of up to US$500 million stood at US$740.7 billion, increased by 3.9% year-on-year. In America, company M&A value stood at US$279.1 billion, accounting for 37.7% of the worldwide total, as compared to 37.5% in 2010. M&As in Europe and the Middle East included the largest number of deals (15,000), representing 37.4% of total deals worldwide. The value of company M&As in the real estate sector represents 14.5% of the total, followed by energy and materials, which represent 12.3% of the total market.

In 2011, outstanding debt restructuring and insolvency reorganization activity amounted to US$179.3 billion worldwide, registering an annual increase of 43.7%. The number of completed restructuring and reorganization deals fell by 24.9% to 416 deals. The largest deal of the year was the 16.9 billion restructuring of Schaeffler KG. Outstanding debt restructuring and insolvency reorganization activity in the US stood at US$57.3 billion, reduced by 60.1% year-on-year, and including 233 restructurings representing an annual increase of 24.6% in the number of deals. The real estate sector accounted for 50% of the US debt restructuring market. The largest deal was the US$8.8 billion restructuring of Capmark Financial Group Inc. The value of outstanding debt restructuring and insolvency reorganization deals in Europe and the Middle East stood at US$101.4 billion, reduced by 40.4% y-o-y. The real estate sector accounted for 29% of the debt restructuring market in Europe and the Middle East. The value of outstanding debt restructuring and insolvency reorganization deals in Asia (including Japan) stood at US$13.5 billion, reduced by 3.5% y-o-y. The real estate sector accounted for 41.4% of the debt restructuring market, followed by the energy sector, with a market share of 26.3%.

In 2011, there were further major developments in stock exchanges, and international market infrastructures. The technological upgrade of the electronic execution and clearing of transactions was further enhanced as a result of intense global competitive pressures, derivative product trades increased with the aim of more efficiently managing risks, while new debates and consultations were launched regarding the improvement of the international and European regulatory framework, aiming at the further enhancement of international market efficiency.

The prospects of international capital markets for 2012 are heavily dependent on the outcome of the ongoing debt crisis and its consequences for the global economy. Increased price volatility in many categories of financial instruments and government vigilance during the year have contained cautiousness among investors in all financial markets.

The Hellenic Fiscal Crisis and the Fiscal Adjustment Program

The discussions concerning the review of the Hellenic economy's fiscal adjustment program by the international financing agencies (IMF-ECB-EU) were continued as part of the procedure for providing Greece with a new and appropriate bailout package for the next years, and amidst the Hellenic political system's effort to obtain political support for implementing the new plan. In Europe, discussions are centered on the conditions for Private Sector Involvement (PSI) in the restructuring of Hellenic Government Bonds, and the corresponding amount of public sector support. The European Summits of July and October 2011 reached certain decisions regarding the way forward. Meanwhile, the Hellenic government faced difficulties in implementing the adjustment program during the summer. In November 2011, a new coalition government was formed, with the specific task of advancing and completing the plan concerning the private sector's involvement (PSI) in the restructuring of Greece's sovereign debt, which is expected to lead the Hellenic economy to a stabilization phase.

Europe was probably late in approving a new bailout package for Greece, which would include additional state support and a substantial private sector involvement. First, European leaders agreed in late July to continue supporting all countries that implement adjustment programs for as long as is required for restoring their access to the markets, provided that the programs are properly implemented. Support will be provided by the European Financial Stability Facility (EFSF), at an interest rate similar to the Facility's financing cost (almost 4%-4.5% over the duration of the program, a rate that it is close to historic lows) and with maturities of 15 to 30 years, with a grace period of 10 years. Second, discussions concerning the extent and design of private *sector involvement began in June. The initial proposal made by the Institute of International Finance (IIF) in July was considered to be inordinately generous and failed to enjoy lasting official support by the Hellenic government and the Troika. Finally it was replaced by a new revised proposal in late October 2011, agreed upon by European leaders and focused on the following main parameters: a 50% write-off of the nominal value of privately held Hellenic government debt, the provision of Hellenic government guarantees of up to €30 billion and a plan to bring Greece's debt to less than 120% of GDP by 2020.*

The international financing organizations (IMF-ECB-EU) have acknowledged that market sentiment has steadily deteriorated since the last revision of the Hellenic economy's fundamentals. With an increased public sector involvement looming ahead, in mid-November Greek CDS swaps against CDSs on the German reference bond (bund) soared, approaching levels above 11,350 basis points in the case of two-year bonds and above 2600 basis points in the case of 10-year bonds respectively. The spreads were only temporarily reduced in the wake of the latest PSI announcement, and remained highly volatile, hitting new record highs.

In 2011, the Hellenic economy went into even steeper recession. First, the revised estimates regarding GDP changes show that cumulative recession has been deeper since late 2010, while growth was weaker during the first quarter of 2011 than expected in a previous review. Economic activity indicators (e.g. retail sales, construction and manufacturing activity) show that the contraction of domestic demand continued unabated during 2011. Labor market conditions have rapidly deteriorated, with unemployment reaching 16.5% in July and reducing any hopes for a seasonal recovery of employment during the high tourist season. Although the growth of tourist arrivals and product exports was encouraging, recent Euro zone indicators show that external demand has faded. Second, headline inflation (HICP-based) fell to 1.4% in August, much lower than the Euro zone average. Led by the slowdown in the economy, core inflation fell to almost 0%. Inflation climbed again to 2.9% in September/October as a result of indirect tax hikes, albeit remained slightly lower than the Euro zone average. Third, any competitiveness gains were achieved through wage cuts, and not through an increase in productivity. Productivity (the ratio of real GDP to employment) continued to deteriorate during the first half of the year, albeit more slowly, as employment fell at a faster pace. in 2011, overall unit labor costs decreased by almost 2.5% year-on-year in the economy as a whole, and by more than 3% in the private sector, owing to a reduction of salary costs per employee by almost 2.25%, and a 6% drop in employment. The real trade-weighted exchange rate remained almost unchanged year-on-year in August, as a result of the euro's revaluation in early 2011. Fourth, the current account deficit is still being gradually adjusted. The nominal decrease of the deficit by 8.25% on a y-o-y basis for the first eight-months of 2011, led to a reduction of the trade deficit to almost 10% of GDP year-on-year; that said, the trade deficit remains rather high, given the duration and the depth of the recession. Any improvement is mainly due to the deep recession and the consequent severe contraction of non-oil merchandise imports, and to a lesser extent to the increase of income from tourist services and merchandise exports. The ballooning oil trade deficit, combined with reduced income from transportation services and an increase in net interest payments, have impeded faster external adjustment.

Pressures on the banking system intensified, as discussions on the PSI highlighted an unwelcome fact regarding the solvency of Hellenic banks: First, deposit flight accelerated in the beginning of Q4 2011. Withdrawals increased in September-November, approaching an estimated €15 billion and bringing total outflows since the beginning of the year to €32 billion, or 16.5% of total deposits at the end of 2010. Whole auction financing markets remain closed, while the banks' access to the Eurosystem's financing operations has been hit by the impairment of collateral. As a result, banks increasingly resort to the emergency liquidity assistance provided by the Bank of Greece, with the government authorizing guarantees of almost €60 billion for this facility. The Central Bank's total exposure has reached almost €120 billion or 55% of GDP. Second, the *banks' private lending portfolios have further deteriorated. All bank-asset quality indicators are now much worse than the European average. Loan impairments have accelerated, while non-performing loans are estimated to have increased by 20% in the first half of 2011, representing 12.8% of total loans. The stock of loans under restructuring rose at a similar rate, approaching 4% of total loans. In the same period, provision coverage decreased by one percentage point, to 45.3%, significantly lower than the 57% average of a representative sample of major European banks. In order to assess credit risk, Blackrock, the financial firm, has audited the bank's loan portfolios, and it is expected to release its findings in early 2012. Third, the Hellenic banks' large exposure to Hellenic Government Bonds has a major impact on their efficiency, capital and market capitalization. In response to the PSI agreement of July 21st, the book value of government debt held by banks was reduced by an average of 16%, lower than the 21% reference ratio. This impairment led to accounting losses of almost €5 billion. So far, the write-offs have reduced the banks' Core Tier I capital by almost two percentage points, with the banking system's total Core Tier ratio reduced to 8.6%. In the case of two banks (ATE Bank and T-Bank) the total capital adequacy ratio fell below the 8% limit. Overall, the total market capitalization of the banking system stood at almost €4 billion, much lower than the Core Tier I capital of €22 billion, as markets have further discounted the value of the banks' remaining sovereign debt exposure. Fourth, the worries raised in February following the detection of fraudulent lending at Proton Bank, a small Hellenic bank, were intensified in October. In July, the investigation pointed to possible embezzlement and fraudulent activity, causing the Bank of Greece to intervene. The regulators' worry over fragile confidence and the unwillingness to risk the bank's liquidation, led to its bailout through extraordinary liquidity injections by the state, and through interbank loans from Greece's four largest banks. In October, after the enactment of a new insolvency law, the authorities liquidated the bank through the creation of a "bad bank", with the aim of protecting depositors, albeit dealing a serious blow to the financial interests of the bank's former shareholders.*

Private sector company balance sheets deteriorated in 2011. Financial asset prices continued to fall, while house prices decreased by more than 5% during 2011. In August, total lending to the private sector decreased by 1.3% year-on-year, led by a 6.6% drop in consumer loans. Mortgage loans decreased by 2.1%, while corporate credit growth remained marginally positive at 0.5%. New lending spreads continued to increase, especially for enterprises. Although weak economic activity is restraining demand for loans, both lenders and borrowers indicate that the current de-leveraging is mainly the result of credit supply constraints. In fact, scarce liquidity and financing was the main obstacle to doing business, according to a survey conducted by the Athens Chamber of Commerce and Industry in October 2011.

Since late September, the primary surplus of the general government missed the program's target by €0.28 billion or 0.1% of GDP. According to the state budget, the cash deficit of the state budget's total and primary balance has remained slightly above its 2010 level, although closer to 5% of GDP, higher than at the start of the fiscal crisis in Greece – nonetheless, a major achievement in this recessionary environment. The state budget's revenues were reduced by almost €1.7 billion or 0.75% of GDP, while the drop in VAT payments indicated that compliance problems still persist. The great shortcomings in social security –apart from developments in regard to salary levels throughout the economy– point to a deterioration of company compliance, possible owing to liquidity constraints. The slower execution of military and investment expenditure helped put a temporary check on the deterioration of the country's fiscal position.

The government had to deal with a situation of severe credit constraints, aggravating the problem of payments in arrears. As a result of the delay of the fifth disbursement of funds from the Troika, cash management has become stricter and has taken the form of delays in the payment of the Treasury Bills that mature in late June, leading to a slight increase in interest rates, a reduction of transfers to non-government organizations that maintain their own deposits, the use of the deposits of the intermediary account of the

Financial Stability Fund for financing transfers to the funds escrow account, which has not yet been touched, and delays in certain discretionary payments; as a result, overdue payments stood at €6.5 billion in late September, representing a €300 million increase since the end of March.

Tax reforms are slow: First, a strategic plan of medium-term fiscal reform has been launched in the field of tax administration, with the aim of achieving certain set structural goals. Among others, this plan is expected to lead to the creation of a central overdue tax division and an operational unit for large taxpayers. However, despite having overachieved the targets concerning the collection of overdue debt and despite having started to implement new risk-based audits, in late September large taxpayer and high-end individual audits fell short of the plan's targets by 38%. Reforms aimed at lifting barriers to effective tax administration (e.g. organization of arbitration procedures) have also been delayed. Second, as far as the management of public finances is concerned, the establishment of fund commitment registers has been very slow, with only 40% of Ministries having given information as per September. The formation of new financial services units and the appointment of permanent accountants at the responsible ministries were belated due to major administrative delays. Reports concerning shortfalls in revenues and overruns in expenditure have now become a usual feature of the Hellenic reporting system, although there is still room for improvement in regard to the timeliness of the disclosed data, their quality (especially in regard to delinquencies) and their completeness (especially in regard to the lack of detailed information about the availability of revenues and expenditures for all general government units).

The plans for the privatization of state-owned enterprises are being implemented, albeit slowly. Since the auction of OTE SA shares in June, two concession agreements –concerning the betting operations of OPAP and the granting of mobile telephony licenses– have been signed, and the payments were expected by the end of 2011. Revenues amounted to €390 million since late September, much lower than the €1.7 billion target. The Privatization Fund has to deal with tough market conditions, as the price of many listed state-owned enterprises has dropped by at least 50% since the beginning of the second quarter of the year. At the same time, the appointment of advisors for the privatization projects of 2011-12 has been much slower than expected. However, the formation of the Privatization Fund has been completed on an operational basis, including the appointments of the Board of Directors and the Advisory Board, the transfer of personnel, the approval of operational plans and the compilation of the first list of assets for divestment. The interim stages provided for by the privatization plan (gaming and tourism sectors, expropriation laws, and gold mine licenses) have also been completed within schedule.

Structural reforms have not yet been completed. Two major reforms –collective wage bargaining and the opening of closed professions– have not yielded any non-dematerialized results: only 10 company-level collective agreements have been signed, while the opening of regulated professions has been delayed. A third reform, the fast-track investment procedure, recently led to the approval of three investment projects, which also need the necessary permits in order to get started. This slow progress is summarized by Greece's low ranking in the "Doing Business Report", as the country moved only one place up in 2011 (from 101th to 100th among 183 countries). New laws have been passed during the past 4 months (e.g. enhancement of the labor inspectorate, liberalization of the energy market and simplification of environmental permit procedures), while others are in the pipeline (e.g. simplification of merchandise export procedures, streamlining of the legislation).

The Hellenic Capital Market

International developments had the same effect on the course of the Hellenic capital market, which in 2011 was marked by a substantial decline of stock market prices, even more reduced trading activity in the markets of the Athens Stock Exchange (ATHEX), and lackluster issuing activity by new entrants.

More specifically, the ATHEX Composite Share Price Index closed at the year's end at 680.42 units, sustaining a total annual loss of 51.9%. Prices showed limited volatility. The average monthly volatility of the daily returns of the Composite Index stood at 2.26% as compared to 2.1% in 2010, 2.05% in 2009 and 2.22% in 2008. The total annual value of transactions fell to €20.7 billion from €35.1 billion in 2010, reduced by 41.8% year-on-year, as compared to a 1% decrease in 2010, a 35% decrease in 2009 and a 35.5% decrease in 2008. At the end of 2011, the total market capitalization of ATHEX-listed companies fell to €26.64 billion from €54.3 billion in 2010, reduced by 50.6% year-on-year, as compared to a 35.4% decrease in 2010, a 22.3% increase in 2009 and a 65.1% decrease in 2008. The market capitalization of ATHEX-listed companies fell to 12.5% of Greece's GDP for 2011, as compared to 25.8% in 2010, 28.5% in 2009, 34.7% in 2008 and 85.2% in 2007.

More specifically, according to ATHEX data, the development of major market indices during 2011 was the following: In January 2011, the Composite Index of the ATHEX closed at 1593.3 units, increased by 12.69% as compared to the closing of December 31, 2010. The value of transactions stood at €2.,245.7 million in January, increased by 35% as compared to December 2010, i.e. €1,659.6 million, and decreased by 49% year-on-year. Similarly, the average daily value of transactions stood at €112.3 million, increased in comparison to December 2010 (€75.4 million), but reduced in comparison to January 2010 (€230.4 million). In January, the number of Active Shares stood at 71,601, as compared to 34,994 in the previous month and 63.340 in January 2010. In January, 3,497 new investor accounts were created. ATHEX-listed company capitalization stood at €59.5 billion on 31/1/2011, as compared to €54.3 billion in December 2010 and €78.2 billion in January 2010. The market capitalization of the FTSE/ATHEX 20 index rose to €44.1 bn, registering a monthly gain of 11%, that of the FTSE/ATHEX Liquid Mid rose to €6.3 bn (a monthly gain of 21.4%) and that of the FTSE/ATHEX SmallCap 80 rose to €1.9 bn (a monthly gain of 10.5%). In January 2011, foreign investors generated inflows of €103.3 million. The inflows originated from foreign legal entities (€25.76 million), institutional investors (€102.65 million) and offshore companies (€1.39 million), while foreign natural persons generated outflows of €26.46 million. Greek investors were net sellers, with capital outflows of €90.33 million, which originated from Greek retail investors (€79.79 million), private financial companies (€11.6 million) and the Greek State (€14.47 million), while private non-financial companies generated inflows of €14.99 million. The remaining €13.02 million, which appear as outflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a tax residence. In January 2011, foreign investors performed 48% of transactions, as compared to 46.5% in December 2010 and 55% in January 2010. Greek retail investors performed 28.4% of transactions, as compared to 29.1% in December 2010 and 26.9% in January 2010. Greek institutional investors (private financial firms) performed 20.2% of transactions (in December 2010 they had performed 20.9% of transactions, while in January 2010 they had performed 16.6% of transactions). The foreign investors' participation in the market capitalization of the ATHEX as per 31/1/2011 rose to 51.6% from 48.9% in January 2010. On 31.5.2011, Greek investors held 47.2% of total share capitalization in the ATHEX.

In February 2011, the ATHEX Composite Index closed at 1,576.86 units, sustaining a monthly loss of 1.03%. In February, the value of transactions stood at €2,957.58 million, increased by 32% as compared to the previous month, and decreased by 25% year-on-year. Similarly, the average value of transactions stood at €147.9 million in February, increased by €112.3 on a monthly basis and reduced by €207.1 million year-on-year. The number of Active Shares in February stood at 55,244 as compared to 66.040 in February 2010. In February, *3,071 new investor accounts were created. The market capitalization of ATHEX-listed companies as per 28/2/2011 stood at €60.9 billion, increased by 2.5% on a monthly basis and reduced by 17.0% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index rose to €45.3 bn, registering a monthly gain of 2.8%, that of the FTSE/ATHEX Liquid Mid rose to €6.4 bn (a monthly gain of 1.3%) and that of the FTSE/ATHEX SmallCap fell to €1.86 bn (a monthly loss of 1.9%). In February, foreign investors generated marginal net outflows of €3.1 million, which originated from foreign natural persons (€25.27 million) and offshore companies (€3.21 million), while inflows originated from foreign legal entities (€5.37 million) and institutional investors (€20.01 million). Greek investors were net buyers, with inflows of €8.54 million, which originated from private financial companies (€21.63 million), private non-financial companies (€11.83 million) and the Greek State (€9.36 million), while outflows originated from Greek retail investors (€34.28 million). The remaining €5.44 million, which appear as outflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In February 2011, foreign investors performed 44.8% of transactions, as compared to 48% in January 2011 and 54.3% in February 2010. Greek retail investors performed 32.3% of transactions (in January 2011 they had performed 28.4% of transactions, while in February 2010 they had performed 27.4% of transactions). In February 2011, Greek institutional investors (private financial firms) performed 20.8% of transactions (in January 2011 they had performed 20.2% of transactions, while in February 2010 they had performed 16.8% of transactions). The foreign investors' participation in the market capitalization of the ATHEX as per 28/2/2011 decreased slightly to 51.24% from 49.0% in February 2010. On 31.5.2011, Greek investors held 47.5% of total share capitalization in the ATHEX.*

In March 2011, the ATHEX Composite Index closed at 1,535.19 units, sustaining a monthly loss of 2.64%. In March, the value of transactions stood at €2,622.54 million, reduced by 11% as compared to the previous month, and by 32% year-on-year. The average value of transactions stood at €124.9 million in March, reduced by €147.9 on a monthly basis and by €175.9 million year-on-year. The number of Active Shares in March stood at 40,894 as compared to 52.839 in March 2010. In March 2011, 2,415 new investor accounts were created. The market capitalization of ATHEX-listed companies as per 31/3/2011 stood at €59.0 billion, reduced by 3.2% on a monthly basis and by 25.6% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €44.0 bn, registering a monthly loss of 3%, that of the FTSE/ATHEX Liquid Mid fell to €6.1 bn (a loss of 4.8%) and that of the FTSE/ATHEX SmallCap fell to €1.8 bn (a loss of 2.6%). In March, foreign investors generated outflows of €302.5 million, which originated from foreign legal entities (€222.15 million), institutional investors (€97.62 million) and offshore companies (€0.42 million), while inflows originated from foreign natural persons (€17.64 million). Greek investors were net buyers, with inflows of €302.30 million, which originated from Greek retail investors (€23.35million), private financial companies (€16.42 million), private non-financial companies (€262.10 million) and the Greek State (€0.42 million). The remaining €0.25 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In March, foreign investors performed 49% of transactions, while Greek retail investors performed 24.3% of transactions, as compared to 28% in March 2010. Greek institutional investors (private financial firms) performed 20.5% of transactions as compared to 17.5% in March 2010. The foreign investors' participation in the market capitalization of the ATHEX as per 31/3/2011 decreased marginally to 50.24% from 50.3% in March 2010. On 31.5.2011, Greek investors held 48.5% of total share capitalization in the ATHEX.

In April 2011, the ATHEX Composite Index closed at 1,434.65 units, sustaining a monthly loss of 6.55%. The value of transactions stood at €1.639.3 million, reduced by 37% as compared to the previous month, and by 65% year-on-year. The average value of transactions stood at €86.3 million, reduced by €124.9 on a monthly basis and by €235.1 million year-on-year. The number of Active Shares in April 2011 stood at 39,589 as *compared to 76.753 in April 2010. In April, 1,881 new investor accounts were created. The market capitalization of ATHEX-listed companies as per 29/4/2011 stood at €54.7 billion, reduced by 7.2% on a monthly basis and by 23.9% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €40.8 bn, registering a monthly loss of 7.3%, that of the FTSE/ATHEX Liquid Mid fell to €5.8 bn (a loss of 6%) and that of the FTSE/ATHEX SmallCap fell to €1.6 bn (a loss of 11.6%). In April, foreign investors generated outflows of €96.3 million, which originated from foreign institutional investors (€95.86 million) and offshore companies (€19.44 million), while inflows originated from foreign natural persons (€5.61 million), foreign legal entities (€13.34 million) and other foreign investors (€0.10 million). Greek investors were net buyers, with inflows of €73.48 million, which originated from Greek retail investors (€77.05million), investment firms (€2.25 million), mutual funds (€6.27 million), other private financial companies (€0.35 million) and private non-financial companies (€6.44 million), while outflows originated from the Greek State (€0.31million), Ins. Companies & Pension Funds (€0.24 million) and financial institutions (€18.32 million). The remaining €22.77million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In April, foreign investors performed 51% of transactions as compared to 54% in April 2010. Greek retail investors performed 27.8% of transactions as compared to 29.5% in April 2010. In April 2011, Greek institutional investors (private financial firms) performed 19.4% of transactions as compared to 15.1% in April 2010. The foreign investors' participation in the market capitalization of the ATHEX as per 29/4/2011 increased slightly to 50.81% from 50.35% in April 2010. On 31.5.2011, Greek investors held 47.93% of total share capitalization in the ATHEX.*

In May 2011, the ATHEX Composite Index closed at 1,309.46 units, sustaining a monthly loss of 8.72%. The value of transactions stood at €1,876.93 million, increased by 14% as compared to the previous month, and reduced by 41% year-on-year. The average daily value of transactions stood at €85.3 million, reduced by €86.3 million as compared to the previous month, and by €160.0 million year-on-year. The number of Active Shares in May stood at 39,855 as compared to 76.753 in May 2010. In May, 2,371 new investor accounts were created. The market capitalization of ATHEX-listed companies as per 31/5/2011 stood at €50.1 billion, reduced by 8.4% on a monthly basis and by 17.7% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €36.7 bn, registering a monthly loss of 9.9%, that of the FTSE/ATHEX Liquid Mid fell to €4.1 bn (a loss of 28.2%) and that of the FTSE/ATHEX SmallCap fell to €1.6 bn (a loss of 2.1%). In May, foreign investors generated outflows of €89.7 million, which originated from foreign institutional investors (€105.82 million), other legal entities (€7.37 million) and other foreign investors (€0.09 million), while inflows originated from foreign natural persons (€6.25million), and foreign legal entities (€17.29 million). Greek investors were net buyers, with inflows of €79.43 million, which originated from Greek retail investors (€76.12 million), Ins. Companies & Pension Funds (€0.49 million), financial institutions (€1.59 million), investment firms (€1.29 million), mutual funds (€18.71 million), other private financial companies (€0.25 million) and the Greek State (€0.12 million), while outflows originated from private non-financial companies (€19.13 million). The remaining €10.31 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In May, foreign investors performed 50.5% of transactions as compared to 52% in May 2010. In May, Greek retail investors performed 26.7% of transactions as compared to 20.9% in May 2010. Greek institutional investors (private financial firms) performed 20.9% of transactions as compared to 16.6% in May 2010. The foreign investors' participation in the market capitalization of the ATHEX as per 31/5/2011 rose to 51.18% from 49.55% in May 2010. On 31.5.2011, Greek investors held 47.46% of total share capitalization in the ATHEX.

In June 2011, the ATHEX Composite Index closed at 1,279.06 units, sustaining a monthly loss of 2.32%. The value of transactions stood at €1.818.7 million, reduced by 3% as compared to the previous month, and by

18% year-on-year. The average daily value of transactions stood at €86.6 million, increased by €85.3 million as compared to the previous month, and reduced by €100.82 million year-on-year. The number of Active Shares stood at 44,883 as compared to 50.574 in June 2010. In June, 2,296 new investor accounts were created. The market capitalization of ATHEX-listed companies as per 30/6/2011 stood at €49.2 billion, reduced by 1.8% on a monthly basis and by 12.9% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €36.0 bn, registering a monthly loss of 2%, that of the FTSE/ATHEX Liquid Mid fell to €3.9 bn (a loss of 4.5%) and that of the FTSE/ATHEX SmallCap rose to €1.6 bn (a gain of 2.5%). In June, foreign investors generated outflows of €65.3 million, which originated from foreign legal entities (€9.03 million), institutional investors (€60.13 million) and other legal entities (€0.36million), while inflows originated from foreign natural persons (€4.11 million) and other foreign investors (€0.13 million). Greek investors were net buyers, with inflows of €63.61 million, which originated from Greek retail investors (€33.41 million), investment firms (€1.17 million), mutual funds (€2.66 million), financial institutions (€25.16 million) and private non-financial companies (€1.95 million), while outflows originated from Ins. Companies & Pension Funds (€0.28 million), other private financial companies (€0.15 million) and the Greek State (€0.30 million). The remaining €1.66 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In June, foreign investors performed 48% of transactions as compared to 46% in June 2010. Greek retail investors performed 28.5% of transactions as compared to 30.3% in June 2010. In June, Greek institutional investors (private financial firms) performed 21.6% of transactions as compared to 21.2% in June 2010. The foreign investors' participation in the market capitalization of the ATHEX as per 30/6/2011 rose to 51% from 49% in June 2010. On 30/6/2011, Greek investors held 47.6% of total share capitalization in the ATHEX.

In July 2011, the ATHEX Composite Index closed at 1,204.15 units, sustaining a monthly loss of 5.9%. The value of transactions stood at €2,065.81 million, increased by 13.6% as compared to the previous month, and reduced by 9.7% year-on-year. The average daily value of transactions stood at €98.37 million, increased by €86.61 million as compared to the previous month, and reduced by €103.97 million year-on-year. The number of Active Shares stood at 42,226 as compared to 48.415 in July 2010. In July, 1,764 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €47.51 billion, reduced by 3.5% on a monthly basis and by 27.1% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €34.17 bn, registering a monthly loss of 5.1%, that of the FTSE/ATHEX Liquid Mid fell to €3.22 bn (a loss of 18.2%) and that of the FTSE/ATHEX SmallCap rose to €1.64 bn (a gain of 2.5%). In March, foreign investors generated inflows of €305.54 million, which originated from institutional investors (€275.37 million), foreign legal entities (€20.13 million), foreign natural persons (€8.68 million) and other legal entities (€1.45 million), while outflows originated from other foreign investors (€0.08 million). Greek investors were net sellers, with outflows of €315.58 million, which originated from Greek retail investors (€63.01 million), mutual funds (€8.75 million), financial institutions (€3.52 million), investment firms (€1.36 million), other private financial companies (€0.04 million), and Ins. Companies & Pension Funds (€0.28 million), while outflows originated from private non-financial companies (€0.69 million) and the Greek State (€391.57 million). The remaining €10.03 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In July, foreign investors performed 45.2% of transactions as compared to 44.3% in July 2010. In July 2011, Greek retail investors performed 26.2% of transactions as compared to 32.8% in July 2010. Greek institutional investors performed 17.5% of transactions as compared to 21.3% in July 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month fell to 50.0% from 48.5% in July 2010. At the end of the month, Greek investors held 48.6% of total share capitalization in the ATHEX.

In August 2011, the ATHEX Composite Index closed at 915.98 units, sustaining a monthly loss of 23.9%. The value of transactions stood at €1,475.13 million, reduced by 28.6% as compared to the previous month, and by 14.2% year-on-year. The average daily value of transactions stood at €67.05 million, reduced by €98.37 million as compared to the previous month, and by €78.15 million year-on-year. The number of Active Shares in August 2011 stood at 57,232 as compared to 41.616 in August 2010. In August, 2,467 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €36.88 billion, reduced by 22.4% on a monthly basis and by 39.2% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €25.48 bn, registering a monthly loss of 25.4%, that of the FTSE/ATHEX Liquid Mid fell to €2.54 bn (a loss of 21.3%) and that of the FTSE/ATHEX SmallCap fell to €1.30 bn (a loss of 21.2%). In August, foreign investors generated inflows of €36.00 million, which originated from foreign natural persons (€15.57 million), foreign legal entities (€19.01 million), other legal entities (€13.95 million) and other foreign investors (€0.09 million), while outflows originated from institutional investors (€84.63 million). Greek investors were net buyers, with inflows of €33.52 million. These inflows originated from Greek retail investors (€87.14 million), private non-financial companies (€3.74 million), mutual funds (€2.93 million), other private financial companies (€0.11 million), while outflows originated from the Greek State (€0.10 million), Ins. Companies & Pension Funds (€0.42 million), investment firms (€7.38 million) and financial institutions (€52.51 million). The remaining €2.48 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. Greek institutional investors performed 38.7% of transactions as compared to 44.3% in August 2010. In August, Greek retail investors performed 39.7% of transactions as compared to 32.8% in August 2011. Greek institutional investors (private financial firms) performed 19.7% of transactions in August, as compared to 21.3% in August 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month fell to 50.2% from 49.3% in August 2010. At the end of the month, Greek investors held 48.5% of total share capitalization in the ATHEX.

In September 2011, the ATHEX Composite Index closed at 798.42 units, sustaining a monthly loss of 12.8%. The value of transactions stood at €1,306.23 million, reduced by 11.5% as compared to the previous month, and by 45.7% year-on-year. The average daily value of transactions stood at €59.37 million, reduced by €67.05 million as compared to the previous month, and by €109.38 million year-on-year. The number of Active Shares in September 2011 stood at 39,517 as compared to 68.786 in September 2010. In September, 2,423 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €32.29 billion, reduced by 12.5% on a monthly basis and by 42.2% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €22.15 bn, registering a monthly loss of 13.1%, that of the FTSE/ATHEX Liquid Mid fell to €2.22 bn (a loss of 12.4%) and that of the FTSE/ATHEX SmallCap fell to €1.17 bn (a loss of 9.7%). In September 2011, foreign investors generated outflows of €45.97 million, which originated from foreign legal entities (€15.48 million), other legal entities (€9.29 million) and retail investors (€4.52 million), while inflows originated from institutional investors (€75.21 million) and other investors (€0.05 million). Greek investors were net buyers, with inflows of €46.48 million, which originated from Greek retail investors (€47.16 million), private non-financial companies (€6.82 million), investment firms (€1.38 million) and other private financial companies (€0.09 million), while outflows originated from financial institutions (€6.97 million), the Greek State (€0.22 million), Ins. Companies & Pension Fund (€0.45 million) and mutual funds (€1.33 million). The remaining €0.51 million, which appear as outflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In September 2011, foreign investors performed 44.8% of transactions as compared to 47.3% in September 2010. In September 2011, Greek retail investors performed 31.9% of transactions as compared to 30.4% in September 2010. Greek institutional investors performed 21.6% of transactions as compared to 19.7% in

September 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month rose to 50.8% from 49.8% in September 2010. At the end of the month, Greek investors held 48.0% of total share capitalization in the ATHEX.

In October 2011, the ATHEX General Index closed at 808.58 units at the end of the month, sustaining a monthly loss of 1.3%. The value of transactions stood at €997.39 million, reduced by 23.6% as compared to the previous month, and by 61.5% year-on-year. The average daily value of transactions stood at €49.87 million, reduced by €59.37 million as compared to the previous month, and by €129.48 million year-on-year. The number of Active Shares in October 2011 stood at 43,252 as compared to 64.051 in October 2010. In October 2011, 2,318 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €30.69 billion, reduced by 4.9% on a monthly basis and by 48.3% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €21.945 bn, registering a monthly loss of 1.0%, that of the FTSE/ATHEX Liquid Mid rose to €2.37 bn (a gain of 6.4%) and that of the FTSE/ATHEX SmallCap fell to €1.12 bn (a loss of 4.6%). In October 2011, foreign investors generated inflows of €28.14 million, which originated from institutional investors (€15.86 million), foreign legal entities (€12.40 million), and other legal entities (€0.24 million), while outflows originated from foreign natural persons (€0.37 million). Greek investors were net sellers, with outflows of €27.76 million, which originated from private non-financial companies (€3.50 million), the Greek State (€0.65 million), and other private financial companies (€0.05 million), while outflows originated from financial institutions (€14.76 million), Greek retail investors (€13.29 million), mutual funds (€2.77 million) investment firms (€0.94 million) and Ins. Companies & Pension Funds (€0.19 million). The remaining €0.38 million, which appear as outflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In October 2011, foreign investors performed 37.3% of transactions as compared to 51.9% in October 2010. Greek retail investors performed 35.8% of transactions as compared to 27.2% in October 2010. Greek institutional investors performed 25.1% of transactions as compared to 18.6% in October 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month rose to 51.4% from 48.6% in October 2010. At the end of the month, Greek investors held 47.5% of total share capitalization in the ATHEX.

In November 2011, the ATHEX Composite Index closed at 682.21 units at the end of the month, sustaining a monthly loss of 15.6%. The value of transactions in November 2011 stood at €1,098.36 million, increased by 10.1% as compared to the previous month, and reduced by 49.4% year-on-year. The average daily value of transactions stood at €49.93 million, increased by €49.87 million as compared to the previous month, and reduced by €98.67 million year-on-year. The number of Active Shares in November 2011 stood at 36,503 as compared to 45.638 in November 2010. In November 2011, 2,456 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €26.82 billion, reduced by 12.6% on a monthly basis and by 51.0% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index fell to €18.75 bn, registering a monthly loss of 14.5%, that of the FTSE/ATHEX Liquid Mid fell to €2.28 bn (a loss of 3.6%) and that of the FTSE/ATHEX SmallCap fell to €1.18 bn (a loss of 84.0%). In November, foreign investors generated outflows of €66.64 million, which originated from institutional investors (€56.27 million) and legal entities (€16.79 million), while inflows originated from foreign natural persons (€4.87 million), other legal entities (€1.53 million) and other foreign investors (€0.01 million). Greek investors were net buyers, with inflows of €66.01 million, which originated from Greek retail investors (€63.04 million), mutual funds (€6.96 million) and private non-financial companies (€1.80 million), and other private financial companies (€0.09 million), while outflows originated from investment firms (€3.39 million), financial institutions (€1.77 million), other private financial companies (€0.27 million), Ins. Companies and Pension

Funds (€0.22 million) and the Greek State (€0.14 million). The remaining €0.63 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In November 2011, foreign investors performed 41.6% of transactions as compared to 47.3% in November 2010. In November 2011, Greek retail investors performed 33.0% of transactions as compared to 27.7% in November 2010. Greek institutional investors performed 23.9% of transactions as compared to 20.5% in November 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month fell to 49.1% from 50.4% in November 2010. At the end of the month, Greek investors held 49.7% of total share capitalization in the ATHEX.

In December 2011, the ATHEX Composite Index closed at 680.42 units at the end of the month (and the year), sustaining a monthly loss of 0.3%. The value of transactions in December 2011 stood at €596.76 million, reduced by 45.7% as compared to the previous month, and by 64.0% year-on-year. The average daily value of transactions stood at €28.42 million, reduced by €49.93 million as compared to the previous month, and by €75.44 million year-on-year. The number of Active Shares in December 2011 stood at 24,675 as compared to 34.994 in December 2010. In December 2011, 1,442 new investor accounts were created. The market capitalization of ATHEX-listed companies at the end of the month stood at €26.64 billion, reduced by 0.7% on a monthly basis and by 50.9% year-on-year. The market capitalization of the stocks that comprise the FTSE/ATHEX 20 index rose to €18.78 bn, registering a monthly gain of 0.1%, that of the FTSE/ATHEX Liquid Mid fell to €2.19 bn (a loss of 4.1%) and that of the FTSE/ATHEX SmallCap fell to €0.16 bn (a loss of 8.8%). In December, foreign investors generated outflows of €6.22 million, which originated from foreign legal entities (€3.81 million), foreign natural persons (€1.18 million), other legal entities (€0.97 million) and institutional investors (€0.26 million). Greek investors were net sellers, with outflows of €6.61 million, which originated from financial institutions (€63.01 million), mutual funds (€8.75 million), investment firms (€1.36 million), Ins. companies & Pension funds (€0.33 million) and the Greek state (€0.24 million), while outflows originated from Greek retail investors (€2.61 million), private non-financial companies (€0.92 million) and other private financial companies (€0.02 million). The remaining €0.39 million, which appear as inflows of "other investor" capital, concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. In December 2011, foreign investors performed 42.4% of transactions as compared to 46.5% in December 2010. In December 2011, Greek retail investors performed 33.3% of transactions as compared to 29.1% in December 2010. Greek institutional investors performed 22.3% of transactions as compared to 20.9% in December 2010. The foreign investors' participation in the market capitalization of the ATHEX at the end of the month rose to 50.9% from 50.4% in December 2010, while that of Greek investor stood at 47.9% of total share capitalization in the ATHEX.

In 2012, the Greek capital market is expected to be affected by the course of the fiscal crisis faced by the country, the impact from the completion of the scheme for the involvement of the private sector in the restructuring of Greece's debt, the efforts to restructure the capital of ATHEX-listed companies and its effects on investment fund flows.

The Regulatory Framework and Supervision of the Capital Market

In 2011, both the supervisory authorities and the State reinforced the regulatory framework and the infrastructure for the supervision of the capital market, with new measures that protected the market from systemic risks, and phenomena of extreme behavior. The measures included improvements and extensions of the existing regulatory framework, on the basis of the new demands of the market and the substantial experience thus far accumulated. Investor protection and the quality of investment services were enhanced through prudential supervision measures, such as the enhancement of capital adequacy and company *solvency regulations, the improvement of mutual fund classification and the maintenance of certification requirements for individuals involved in the distribution of mutual fund units, the granting of a license for the operation of a securities' and derivatives' clearing system and the approval of its rulebook. Transparency in the capital market was enhanced through measures aimed at improving the financial information provided by listed companies and the dissemination of trading information. The smooth operation and security of the capital market were enhanced by measures that rationalized the short-selling regime (through the cessation of short sales throughout the largest part of the year) in order to reduce uncertainty in markets through the containment of stock price fluctuations, and improved the operation of the dematerialized securities system. Market infrastructures and the security of transactions were reinforced through continuous improvements in the rulebook of ASE markets and the regulation for the clearing and settlement of transactions on securities and derivatives, as well as the dematerialized securities system, in a manner that enables the implementation of the provisions on Markets in Financial Instruments.*

In 2011, the main priority of the HCMC was to keep on enforcing the law on markets in financial instruments, emphasizing on the prevention of market abuse practices. More specifically, the HCMC continued to supervise the listed companies' compliance with transparency requirements through continuous interventions aimed at making companies provide timely, appropriate and sufficient information to investors thus avoiding situations of asymmetric information, which disrupt the smooth operation of the market. In the same vein, controls regarding the disclosure of financial data and information in the financial statements published by listed companies were continued with the aim of providing investors with complete information.

In 2011, the HCMC continued the supervision of firms intermediating in the provision of investment services and mutual fund management firms. More specifically, the HCMC is closely monitoring licensed companies and performs regular on-the-spot and remote audits. It also performs ad hoc, sample risk-based audits. Special importance is attached to compliance with investor protection regulations and the monitoring of capital adequacy of supervised firms through monthly regular and ad hoc audits. Moreover, the HCMC is monitoring compliance with the natural and legal person eligibility and transparency criteria for the provision of operating licenses to financial intermediaries.

The HCMC monitors transactions executed in the Athens Stock Exchange and performs cross-checks and audits for preventing market abuse practices. In 2010, the IT systems used for monitoring and analyzing transactions were substantially upgraded. Moreover, the Capital Market Commission is utilizing for supervisory purposes a multitude of data and information that are disclosed or made available to it. The supervisory action of the HCMC although not always manifest, especially when it is of a prudential, instead of suppressive, character, is decisively helping ensure the smooth operation of the market in a highly volatile environment.

International activities of the HCMC

Being a national regulator, the HCMC is endowed with the authority to conclude bilateral and multilateral agreements in the form of memoranda of understanding with other countries' regulatory authorities for the exchange of confidential information, and 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.

In 2011, there was further supervisory co-operation with other countries' regulators, and the coordinating bodies continued their work for the improvement of co-operation between stock exchanges, clearing houses and regulators. In general, the staff of the HCMC had a great contribution to the discussions and the preparation of European Commission Directives related to the capital market, as well as similar initiatives of the European Securities and Markets Authority (ESMA), in the context of various working groups, whose results are decisive for pursuing market regulation and supervision policies at the domestic level. In addition, the HCMCs participates in the work of the International Organization of Securities Commissions (IOSCO), where regulation and supervision standards for security markets are established. In 2011, the European Securities and Markets Authority (ESMA) was established as a result of the adoption of the proposals of the Lamfalussy Report, taking over the operations of its predecessor, the Committee of European Securities Regulators (CESR). The participation of HCMC executives to the Work Groups and Committees of ESMA, as well as other European and international bodies and organizations, is on an equitable basis and contributes to the promotion of Hellenic idiosyncrasies and positions on capital market operation issues. In this context, the HCMC's executives participate in the relevant consultations and the drafting of standards and regulations.

THE EVOLUTION OF THE HELLENIC CAPITAL MARKET

The Equity Market

The General Index of the Athens Stock Exchange

The year 2011 was the worse of the past five-years for the Hellenic stock market, with the ASE Composite Share Price Index and the large capitalization indices closing at much lower levels. The drop of stock prices is due to the negative impact of many political-financial factors, such as the incessant scenarios regarding Greece's default, uncertainty regarding the debt crisis in the Eurozone, uncertainty regarding the effect of the PSI scheme on bank fundamentals, and the deterioration of Greece's growth rates and investment prospects.

In 2011, the Composite Share Price Index of the ATHEX closed at 680.42 points, as compared to 1,413.94 points at the end of 2010, suffering a 51.88% loss. In 2011, the main index registered its highest value at 1,747.17 units during the session of February 21st, 2011, and its lowest value at 641.85 units during the session of December 20th, 2011. On August 28, 2011, the Composite Share Price of the Athens Stock Exchange registered its highest ever intraday gain, i.e. +14.37, albeit remaining below the 1000-unit limit. Total market capitalization in the stock market decreased by 27.175 billion Euros to 26.783 billion Euros at the end of 2011, as compared to 53.968 billion Euros at the end of 2010. The average monthly standard deviation of the daily returns of the Composite Share Price Index stood at 2.26%, as compared to 2.09% in 2010, 2.05% in 2009 and 2.22% in 2008, confirming the major volatility of stock prices during 2011 (Figure 2).

TABLE 3. Average Annual Change (%) of the ATHEX Composite Share Price Index, 2001-2011

		Placement Year									
	Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Return Year	2002	-32.5									
	2003	-6.5	29.5								
	2004	2.4	26.2	23.1							
	2005	9.0	28.0	27.2	31.5						
	2006	11.1	25.9	24.7	25.6	19.9					
	2007	12.2	24.3	23.0	23.0	18.9	17.9				
	2008	-5.2	0.4	-4.6	-10.5	-21.3	-36.2	-65.5			
	2009	-2.0	3.3	-0.5	-4.6	-12.0	-20.6	-34.9	22.9		
	2010	-6.5	-2.6	-6.5	-10.7	-17.3	-24.7	-35.1	-11.0	-35.6	
	2011	-12.5	-10.0	-14.0	-18.2	-24.5	-31.1	-39.8	-27.5	-44.3	-51.9

Note: The results are based on the following formula: $(X_t / X_o)(1/t)$ -1, where X_o and X_t represent the closing values of the ATHEX Composite Share Price Index at the year-base 0 and at the year t, respectively.

FIGURE 2. Monthly volatility of the ATHEX Composite Share Price Index, 2011

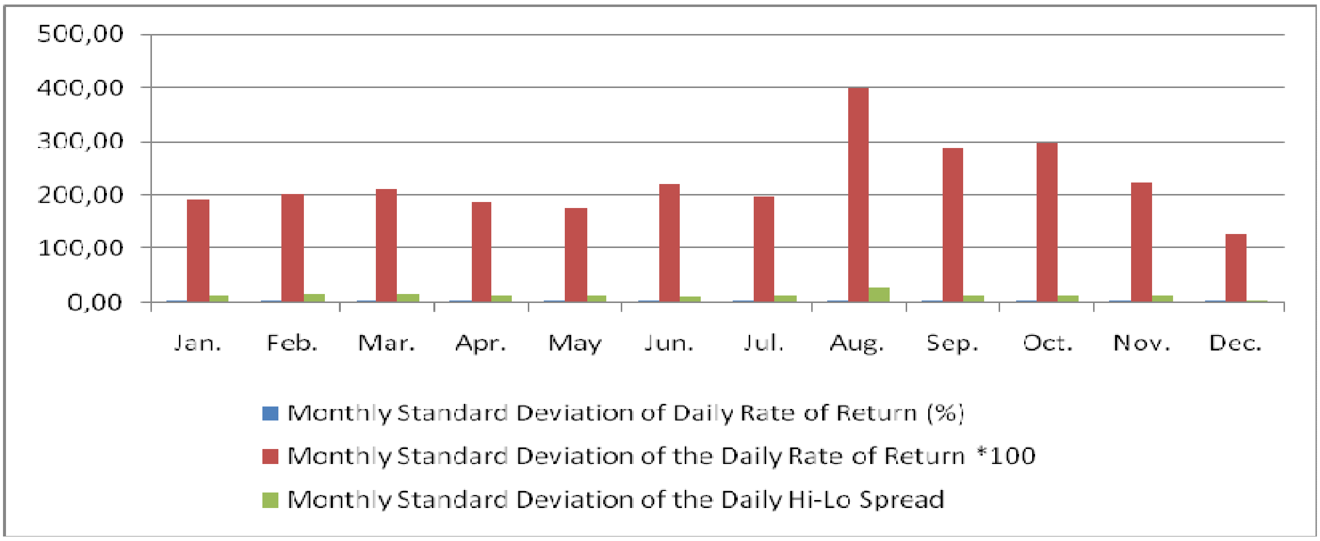
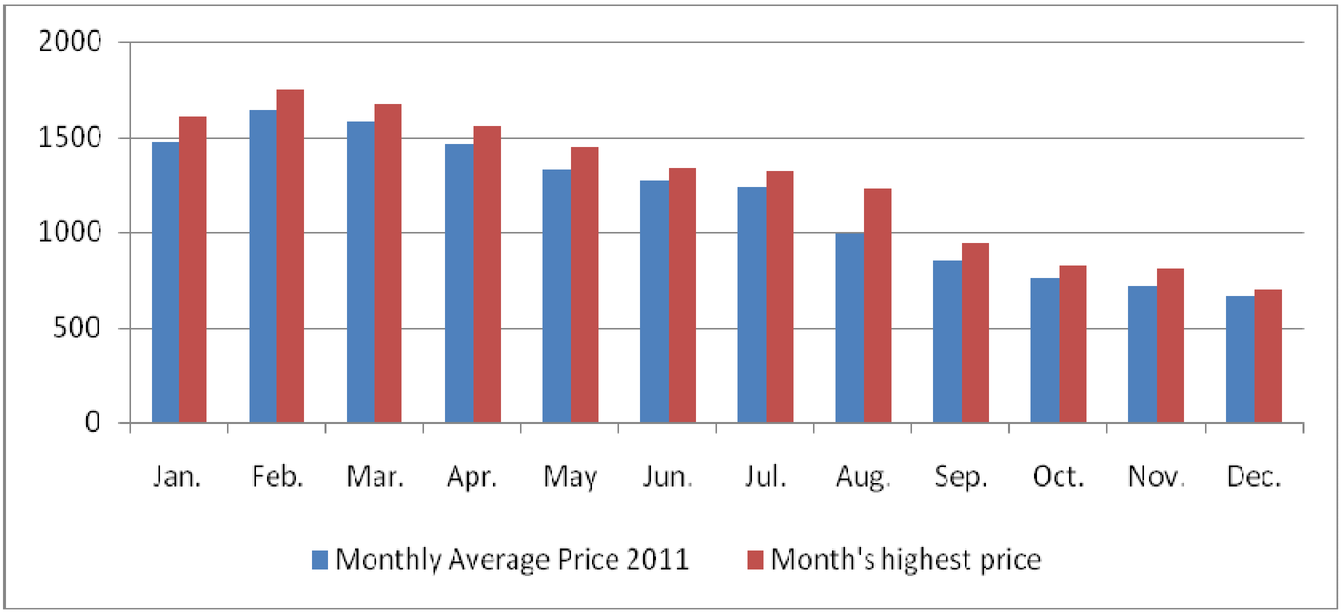


FIGURE 3. Monthly Closing Price of the ATHEX Composite Share Price Index, 2011



Stock Exchange Indices

In 2011, all indices in the Athens Stock Exchange declined. In terms of market capitalization, the largest annual loss was sustained by the FTSE/ATHEX 20 index of large capitalization companies, which fell by 60.05%, as compared to a 41.08% loss in 2010. It was followed by the FTSE/ATHEX MID cap index of middle capitalization companies, which closed the year at a 57.33% loss, as compared to a 42.67% loss in 2010. The FTSE/ATHEX SMALL CAP index fell by 37.80%. Among sectoral indices the Health sector index sustained the largest loss, by 82.6%, as compared to an 83.09% loss in 2010. It is followed by the Bank's index, with a year-on-year decrease of 78.99%, as compared to 53.59% in 2010. Finally, the Food & Beverages Index, which had registered the largest annual gain, by 19.15%, in 2010, closed with a loss of 29.64% in 2011.

TABLE 4. Sectoral Share-price Indices in the ASE, 2011

ASE indices	Closing price	Lowest price for the year	Highest price for the year	Annual change %)
General Index	680.42	641.85	1,747.17	-51.88
FTSE/ATHEX 20	264.91	245.08	829.25	-60.05
FTSE/ATHEX MIDcap	639.5	624.03	1,796.65	-57.33
FTSE/ATHEX Small Cap	158.24	151.29	322.27	-37.8
Banks	262.86	225.15	1,622.23	-78.99
Financial Services	998.85	700.52	2,628.93	-44.16
Industrial Goods	2,394.06	2,338.02	3,985.97	-28.92
Trade	1,106.98	902	2,236.32	-35.69
Personal & Household Products	1,893.62	1,732.58	3,341.07	-34.18
Food - Beverages	4,876.95	4,022.58	7,972.73	-29.64
Basic Resources	1,448.36	1,274.45	3,024.27	-32.47
Construction & materials	1,353.78	1,177.02	2,609.31	-43.14
Oil & Gas	2,240.51	1,949.4	2,929.82	-0.77
Chemicals	4,996.65	4,405.66	8,507.88	-26.81
Media	478.53	403.78	1,028.01	-40.6
Travel & Leisure	1,139.46	1,000.32	2,896.24	-49.52
Technology	268.41	258.01	795.6	-57.43
Telecoms	792.74	699.15	2,358.95	-53.02
Utilities	1,190.27	1,139.08	3,661.1	-60.36
Health Care	132.75	121.22	952.28	-82.6
Comp. Share Price Index	190.75	181.79	502.98	-54.57

TABLE 5. Sectoral Share-price Indices in the ASE, 2011

Mon	Comp. Index	Banks	Ins.	Fin. Services	Ind. Goods	Trade	Constr. & materials	Util.	FTSE/ ATHEX20	FTSE/ ATHEX Mid	FTSE/ ATHEX Sm
Jan.	1,593.3	1,384.24	1,703.74	1,918.85	3,782.08	2,099.9	2,395.55	3,336.29	740.51	1,624.45	285.62
Feb.	1,576.86	1,370.87	1,624.68	2,337.84	3,655.48	2,135.42	2,405.75	3,167.68	734.35	1,659.72	281.62
Mar.	1,535.19	1,255.81	1,662.53	2,093.91	3,671.46	1,922.48	2,415.47	3,432.17	706.1	1,553.14	271.96
Apr.	1,434.65	1,084.84	1,530.77	1,873.01	3,557.6	1,844.38	2,408.36	3,156.86	649.13	1,451.04	249.23
May	1,309.46	974.44	1,478.07	1,646.54	3,364.81	1,670.01	2,174.69	2,680.69	587.26	1,299.98	248.58
Jun.	1,279.06	977.95	1,478.07	1,661.93	3,358.22	1,443.84	2,147.69	2,809.17	575.08	1,211.79	258.91
Jul.	1,204.15	850.39	1,447.9	1,386.49	3,450.51	1,338.56	1,969.01	2,474.98	526.11	1,192.18	260.09
Aug.	915.98	573.76	1,176.42	1,074.21	2,753.35	1,333.98	1,656.81	1,781.28	385.98	930.34	201.29
Sep.	798.42	469.18	1,447.9	796.79	2,669.31	938.37	1,308.68	1,750.38	328.98	797.23	183.39
Oct.	808.58	316.2	1,263.9	1,137.49	2,830.61	1,254.15	1,643.49	1,789.02	313.73	866.38	182.17
Nov.	682.21	292.56	1,517.28	1,034.84	2,528.5	1,132.1	1,305.3	1,269.54	269.92	673.86	166.25
Dec.	680.42	262.86	0.00	998.85	2,394.06	1,106.98	1,353.78	1,190.27	264.91	639.5	158.24
Max	1,747.17	1,622.23	1,703.74	2,628.93	3,985.97	2,236.32	2,609.31	3,661.1	829.25	1,796.65	322.27
Min.	641.85	225.15		700.52	2,338.02	902	1,177.02	1,139.08	245.08	624.03	151.29

Transaction Value

In 2011, the total value of transactions in the ATHEX amounted to 20,699.77 bn Euros, significantly reduced by 41.08%. The total value of transactions amounted to 35,131.16 million Euros in 2010, 50,886.82 million Euros in 2009, and 78,174.41 million Euros in 2008. As of 10/10/2011, in accordance with the new Rulebook of the ATHEX and the relevant decisions of the Board of Directors of the ATHEX, the Large Capitalization and the Mid and Small Capitalization categories were abolished and the shares of these categories were transferred to the Main Market category. The value of transactions on large capitalization shares up to 7/10/2011 stood at 17,348.23 million Euros and accounted for 95.1% of the total value of transactions up to that point. The value of transactions on middle and small capitalization shares up to the same date accounted for 2.9% of the *corresponding total value of transactions. Following the change in the trading categories, the value of transactions in the main market for the remainder of the year reached 99.4% of the total value of transactions during the same period. The annual value of transactions on low dispersion shares, and on shares under probation fell to 0.3% of the total value in 2011 from 0.43% in 2010. Finally, the value of transactions on Exchange Traded Fund shares fell to 0.11% of the total value of transactions in 2011 from 0.15% in 2010.*

Market Capitalization of Listed Companies

By the end of 2011, the total market capitalization of ASE-listed shares, including exchange traded funds, stood at 26.78 bn Euros, significantly reduced by 50.36% year-on-year, following a 35.3% y-o-y decrease in 2010. The capitalization of ATHEX-listed companies that comprise the Composite Share Price Index stood at 21.89 million Euros. The decrease in total market capitalization in 2011 was mainly the result of the steep fall of stock prices. In December 2011, the market capitalization of main market shares was equal to 24,576.97 million Euros, as compared to 49,307.54 million Euros for the total of large and middle capitalization shares in December 2010. The market capitalization of the low dispersion and special features category fell to 1,846.85 million Euros at the end of 2011 from 4,081.96 million Euros at the end of 2010, and accounted for 6.9% of total market capitalization, as compared to 7.5% in 2010. Finally, the market capitalization of shares under probation rose to 1.3% of total market capitalization, from 1% in 2010 and 0.6% in 2009.

TABLE 6. The Value of Transactions in the ATHEX (€ mn), 2011

Month	Large Capitalization	Middle & Small Cap	Low Dispersion and Specific Features	Under Probation	Exchange Traded Funds	Grand Total[1]
Jan.	2,170.20	62.53	7.58	1.35	2.72	2,245.59
Feb.	2,823.95	117.56	10.81	1.01	3.55	2,957.55
Mar.	2,277.62	67.11	271.30	1.04	4.24	2,622.46
Apr.	1,579.38	40.62	15.04	0.86	2.24	1,639.19
May	1,799.80	65.11	7.95	0.64	0.55	1,876.82
Jun.	1,762.47	49.01	2.81	0.40	0.83	1,818.70
Jul.	2,014.25	42.53	2.46	0.52	2.33	2,065.77
Aug.	1,429.57	36.60	1.64	0.59	2.22	1,475.06
Sep.	1,268.43	32.54	1.25	0.42	2.62	1,306.21
01-07/10	222.56	8.26	0.28	0.10	0.37	231.74
Month	**Main market**	**Low Dispersion**	**Under Probation**	**To be de-listed**	**Exchange Traded Funds**	**Grand Total[1]**
10-31/10	762.11	0.86	0.37	0.00	0.37	765.64
Nov.	1,093.10	0.76	0.84	0.00	0.96	1,098.34
Dec.	591.45	1.38	1.03	0.00	0.53	596.69
Total	2,446.66	3.00	2.24	0.00	1.86	20,699.77

Source: ATHEX

Note: 1. The Grand Total includes fixed income securities.

By the end of 2011, listed company participation to total market capitalization in the ATHEX was the following: Coca Cola HBC was the company with the largest market capitalization, holding an 18.13% share in the total market capitalization of the stock and ETF market. It was followed by the Hellenic Organization of Football Prognostics with an 8.13% share, Hellenic Petroleum (7.27%), the National Bank of Greece (5.78%), OTE SA (5.27%) and Titan Cement Company (3.48%) The top-ten shares in terms of market capitalization as at 31.12.10 accounted for 58.11% of total market capitalization (as compared to 59.3% at the end of the previous year) and their value stood at 15.6 billion Euros, as compared to 31.9 billion at the end of 2010. In 2011, the average market liquidity decreased to 0.16% from 0.19% in 2010 (Table 8). In individual categories, and until the change in share categorization, the average liquidity in the large capitalization category fell to 0.19% in 2011 from 0.25% in 2010, and stood at 0.07% in the middle and small capitalization category.

TABLE 7. Market Capitalization of ATHEX-Listed Companies (€ mn), 2011.

Month	Large Capitalization	Middle and Small Capitalization	Low Dispersion and Specific Features	Probation	Grand Total [1]
Jan.	53,224.81	4,066.92	3,115.88	523.74	60,931.34
Feb.	52,693.22	4,028.98	3,324.58	535.83	60,582.61
Mar.	51,056.35	3,987.74	3,170.41	541.48	58,755.99
Apr.	47,460.52	3,494.43	2,949.15	438.59	54,356.45
May	43,062.38	3,365.90	1,449.23	441.83	50,182.05
Jun.	43,254.86	3,371.58	1,473.24	478.28	50,427.11
Jul.	39,965.33	3,434.16	1,422.75	475.15	47,129.41
Aug.	30,141.56	2,969.04	1,123.93	421.26	36,488.98
Sep.	26,135.56	2,675.93	993.67	363.70	31,085.89
Month	**Main market**	**Low Dispersion**	**Probation**	**To be de-listed**	**Grand Total [1]**
Oct.	28,528.48	1,483.87	358.80	6.59	30,377.74
Nov.	24,609.77	1,415.09	419.29	6.05	26,450.21
Dec.	24,576.97	1,846.85	353.29	6.32	26,783.43

Source: ATHEX. Share Information.

TABLE 8. Monthly Liquidity Index in the ATHEX, 2011

Month	Large Capitalization Category	Middle & Small Capitalization Category	Low Dispersion & Specific Features Category	Total markets
Jan.	0.21	0.08	0.0110	0.1877
Feb.	0.25	0.14	0.0165	0.2244
Mar.	0.20	0.07	0.0072	0.1757
Apr.	0.16	0.06	0.0074	0.1447
May	0.17	0.08	0.0108	0.1505
Jun.	0.18	0.07	0.0094	0.1649
Jul.	0.18	0.05	0.0063	0.1611
Aug.	0.19	0.05	0.0033	0.1631
Sep.	0.19	0.05	0.0054	0.1580
01/10-07/10	0.18	0.07	0.0059	0.1516
Month	**Main market**	**Low Dispersion**	**Probation**	**Total markets**
10/10-31/10	0.18	0.004	0.0168	0.1614
Nov.	0.18	0.002	0.0124	0.1713
Dec.	0.11	0.004	0.0127	0.1030

Source: ATHEX

Note. 1. The Liquidity Index is the ratio of average daily value of transactions to average market capitalization for the specific period.

TABLE 9. ATHEX cumulative data, Dec. 2011.

Year	Market Capitalization (€ million)	ATHEX Composite Share Price Index	ATHEX-listed Companies	Capitalization (% of GDP) (ATHEX)	Capitalization (% of GDP) (EU)
2011	26,783.43	680.42	242	14.1	56.9
2010	53,958.39	1,413.94	258	21.9	70.7
2009	83,447.43	2,196.16	270	33.4	66.1
2008	68,121.25	1,786.51	280	27.3	46.3
2007	195,502.47	5,178.83	295	79.8	89.2
2006	157,928.71	4,394.13	303	72.0	91.2

Source: ATHEX

Net profits and Dividends of listed Companies

The results of ATHEX-listed companies reflect, among others, the impact of the recession that has hit the Hellenic economy, along with reduced demand and scarce liquidity. At the end of 2011, the weighted price to after tax earnings ratio (P/E) for the entire market stood at 14.7, as compared to 21.4 in 2010 and 21.7 in 2009 (Table 10), while the weighted profit distribution rate of ATHEX-listed companies rose to 9.2% in 2011 from 5.4% in 2010 and 2009. As far as Banks, a sector which accounts for a large share of total listed company capitalization and was severely hit by the financial crisis, are concerned, weighted P/E rose to 2.8 in December 2011 from 12.9 in 2010 and 19.5 in 2009, while the weighted profit distribution rate rose to 16.2 in December 2011, from 5.6 in 2010 and 5.8 in 2009.

TABLE 10. Price to Earnings (P/E) ratio and listed company returns, 2002-12

End of year	Weighted P/E (after taxes)	Weighted Profit Distribution Rate
2011	14.7	9.2
2010	21.4	5.4
2009	21.7	5.4
2008	12.5	7.3
2007	27.7	2.9
2006	30.5	2.4
2005	29.4	3.6
2004	26.7	4.0
2003	28.0	4.8
2002	22.6	6.3

Source: ATHEX.

The Fixed-Income Securities Market

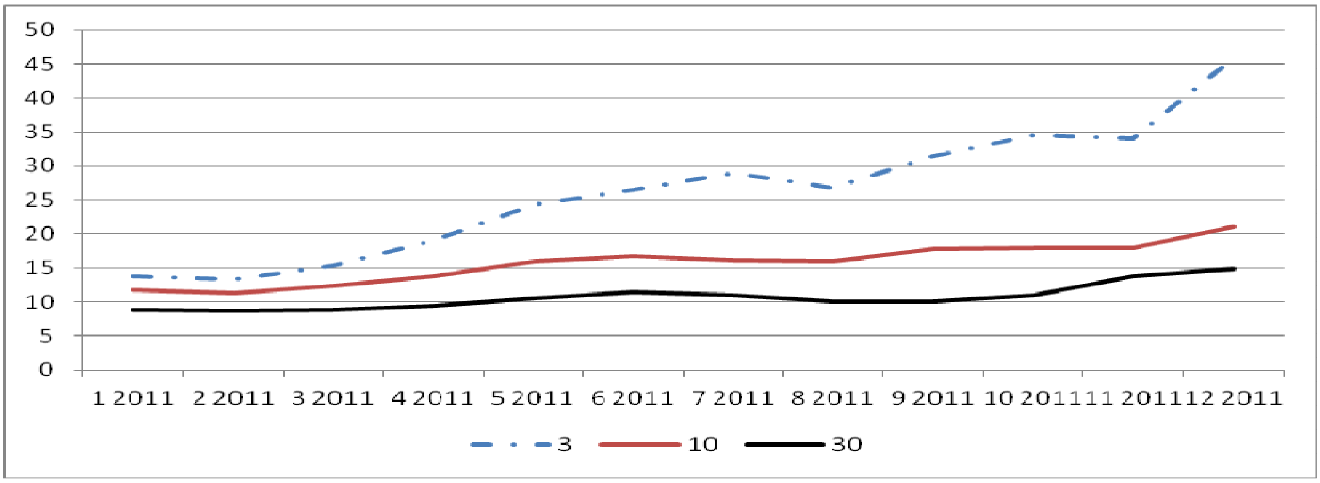
In 2011, Hellenic Government Bond yields continued to rise, while trading activity hit its historic lows. Although the negotiations for supporting the Hellenic economy were continued, investor uncertainty persisted, mainly in regard to the country's fiscal position, accompanied by further Greek debt downgrades by international rating agencies. As a result, the Greek debt auctions chiefly concerned Greek Treasury Bills (13-week and 26-week) and were significantly reduced. In the first nine-months of 2011, the new composition of public debt was the following: 49.6% loans from the support mechanism (EU, IMF), 42.4% Greek Treasury Bills, 6.2% special securities issues, and 1.8% loans from the European Investment Bank. The average maturity of Greece's debt was 2.4 years in 2011, as compared to 3.7 years in 2010 and 5.6 years in 2009.

The value of transactions in the Electronic Secondary Treasury Bonds Market (IDAT) showed large fluctuations. In the first month of 2011, the value of transactions in IDAT rose to 707 million Euros from 268 million Euros in 2010. The average daily value of transactions rose to 35.4 million Euros in January 2011 from 11.7 million Euros in December 2010. In March 2011, the value of transactions stood at 974 million Euros, as compared to 847 million Euros in February 2011 and 34.6 billion Euros in March 2010. In June 2011, the value of transactions in IDAT fell to 368 million Euros, from 695 million Euros in May 2011 and 1.57 billion Euros in June 2010. At the end of the first nine-months, the value of transactions in IDAT stood at a mere 46 million Euros, and, out of 46 orders that were executed, 76% concerned sales and 24% purchases.

The year 2011 saw a large increase in the yields of Hellenic Government Bonds, along with a large drop in their prices, depending on maturity. The average spread between the Hellenic 10-year bond and the German reference 10-year bond rose at the end of March 2011 to 953 basis points from 862 bps at the end of February 2011. At the end of the first half of the year, the average monthly spread rose to 1,371 basis points, from 1,281 bps in May 2011. At the end of the first nine-months of the year, this spread increased again to 1,591 basis points (end of September 2011).

In 2011, the negative slope of the yield curve became even steeper. At the end of March 2011, the spread between the 30-year and the 3-year reference bond rose to 605 basis points from 544 at the end of February 2011 and 501 bps at the end of December 2010. The negative slope of the yield curve was significantly increased at the end of the first half of 2011, due to the increase in the spread between the 30-year and the 3-year reference bond to 1,537 basis point (at the end of June) from 1,354 bps at the end of May 2011. At the end of September 2011, the negative slope became even steeper as the yield of the 3-year reference bond reached 34.09%, while the yield of the 30-year bond remaining at 10.07%. In December 2011, the yield of the 10-year reference bonds reached 21.14%, while yields rose across all maturities, 3-year bond yields soared and the 30-year bond yield reached 14.85%.

FIGURE 4. Hellenic Government Bond yields (3-year, 10-year, 30-year), 2011



Source: Bank of Greece

The Derivatives Market

In 2011, trading activity in the derivatives market of the Athens Stock Exchange increased by 10.26% year-on-year, mainly as a result of a 58.42% increase in transactions on futures, while transactions on stock and index options, as well as on index futures and futures on other financial products, were reduced. The average daily volume of transactions decreased by 38.8% and 84.9% y-o-y in regard to index futures and options respectively, and increased by 20.08% in the case of stock futures. Transactions on stock options increased by a spectacular 134.18%, while transactions on stock repo derivatives increased by 83%. The average daily volume of transactions on index future and options fell to 9,899 and 1,308 contracts respectively in 2011, from 11,881 and 2,441 in 2010. The average daily volume of transactions on stock future and options stood at 30,094 and 256 contracts respectively in 2010, as compared to 18,921 and 420 in 2010, and 20,311 and 273 in 2009. In 2011, there was an increase in the number of investors activated in the derivatives market. The number of end investor-client accounts amounted to 42,156 at the end of December 2011 –of which 2,645 accounts (6.3%) performed transactions– as compared to 40,780 accounts in December 2010 and 39.237 accounts in 2009 (Table 11). Based on the number of active client accounts, activity in the derivatives market has grown by 172.2% since 2002. The ratio of market maker to client transaction value for all the products traded in the derivatives market was 47:53 at the end of 2011, as compared to 46:54 in 2010 (Table 12).

TABLE 11. Financial Intermediaries in the derivatives market, 2006-2011

	Dec. 2011	Dec. 2010	Dec. 2009	Dec. 2008	Dec. 2007
Trading Members	*43*	*47*	*50*	*54*	*51*
New members per year	*0*	*0*	*0*	*4*	*1*
Member mergers and deletions	*-4*	*-3*	*-4*	*-1*	*-4*
Clearing Members	*29*	*32*	*31*	*34*	*35*
New members per year	*0*	*2*	*0*	*0*	*0*
Member mergers and deletions	*-3*	*-1*	*-3*	*-1*	*-2*
- Direct Clearing Members	*17*	*20*	*19*	*22*	*23*
- General Clearing Members	*12*	*12*	*12*	*12*	*12*
Transaction terminals	*273*	*292*	*295*	*291*	*295*
API use agreements	*34*	*35*	*35*	*32*	*29*
Client Accounts	*42,156*	*40,780*	*39,237*	*34,915*	*34,820*
Products	*34*	*33*	*32*	*35*	*43*

Source: ATHEX.

TABLE 12. Distribution of Contracts in the Derivatives market, 2009-2011

Derivative financial products	*Distribution of Contracts*					
	Average 2011		*Average 2010*		*Average 2009*	
	MM	*Clients*	*MM*	*Clients*	*MM*	*Clients*
FTSE/ATHEX- 20 futures	*45.62%*	*54.38%*	*42%*	*58%*	*42%*	*58%*
FTSE/ATHEX-CSE futures	*49%*	*51%*	*48%*	*52%*	*-*	*-*
FTSE/ATHEX- 20 options	*47.23%*	*52.77%*	*50%*	*50%*	*59%*	*41%*
Stock futures	*43.48%*	*56.52%*	*45%*	*55%*	*45%*	*55%*
Stock options	*49.22%*	*50.78%*	*45%*	*55%*	*50%*	*50%*
TOTAL PRODUCTS	*46.91%*	*53.09%*	*46%*	*54%*	*49%*	*51%*

Source: ATHEX

The ratio of the value of transactions in the derivatives market to the value of transactions in the transferable securities market of the ATHEX stood at 59% in 2011 as compared to 82% in 2010, 62% in 2009 and 60% in 2008 (Table 13). In the underlying market, the ratio of the value of transactions on stock index futures to the total value of transactions on shares remained unchanged at 90%, while the ratio of the value of futures and options on the FTSE/ATHEX 20 index fell to 40% from 50% in 2010. In 2011 the call: put ratio for the total of transactions on index options was in favor of call options on the FTSE/ATHEX-20. More specifically, the value of the ratio regarding the entire volume of transactions on FTSE/ASE-20 options rose on average to 1.77 from 1.32 in 2010 and 0.93 in 2009. It should be noted that the ratio showed significant monthly fluctuations during 2011 (maximum value: 2.33 in January; minimum value: 1.18 in October).

FIGURE 5. Distribution of the Volume of Transactions in the derivatives market per product, 2011

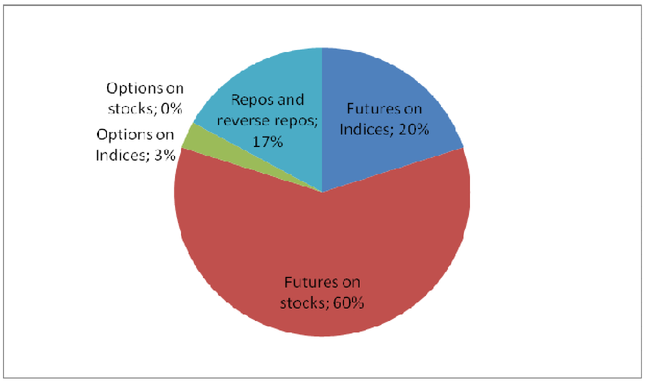


TABLE 13. Value of transactions in the Underlying and Future Derivative Products Market, 2011.

Month / Year	Αξία συναλλαγών μετοχών σε δείκτες με ΣΜΕ προς συνολικής αξίας συναλλαγών (%)	Value of transactions on derivative products to value of transactions on stocks (%)	FTSE/ATHEX-20: value of futures and options to the value of stocks (%)	Value of transactions on stock futures and options to value of transactions on stocks (%)
Jan. 2011	90	61	40	9
Feb. 2011	89	100	37	10
Mar. 2011	81	153	53	12
Apr. 2011	91	64	42	8
May 2011	90	18	43	8
Jun. 2011	90	43	62	16
Jul. 2011	91	35	28	7
Aug. 2011	92	39	31	11
Sep. 2011	91	66	48	15
Oct. 2011	91	46	35	13
Nov. 2011	92	32	21	11
Dec. 2011	90	51	37	19
Average 2011	90	59	40	12
Average 2010	90	82	50	10
Average 2009	83	62	36	9

Source: ATHEX

CORPORATE SECURITY ISSUES

The issuing activity of listed companies in the capital market decreased in 2011. This was the result of the general uncertainty in the markets, as well as stock market valuations. In a restrictive credit environment, relative issuance costs are expected to decrease, possibly offering an incentive for raising capital through the markets and therefore encouraging the future listing of companies in the stock exchange. Such a development would, of course, be conditioned by several other factors, such the dynamic of privatization and the developments in product markets.

In 2011 ATHEX-listed companies raised 2,995.5 million Euros, which represent a 22.7% year-on-year decrease. However, in 2011, as in the previous year, no company proceeded to initial public offerings of tradable stock in the ASE. In most countries, the trajectory of IPO markets in 2011 was not smooth as global macroeconomic risks such as the sovereign debt crisis created substantially yield volatility and contagion effects. However, given that 2011 was another unforeseeable crisis year, global IPO markets were not dynamic.

Issues of shares and convertible bonds through public offerings

In 2011, there were eleven public offerings of shares and convertible bonds by ATHEX-listed companies. Moreover, five companies raised funds without a public offering (HIPPOTOUR SA, Hellenic Duty Free Shops, KORRES NATURAL PRODUCTS, M.I. MAILLIS SA and SAOS A. N.E. SAMOTHRAKI). In 2011, public offerings of shares were mainly performed by banking companies, with the Agricultural Bank of Greece raising 1.3 billion Euros, an amount that accounts for 46.3% of total funds raised in 28.73, Piraeus Bank raised funds accounting for 28.73% of total funds raised, and General Bank raised funds that account for 20.47% of total funds raised by public offerings in 2011. In 2011, there were four public offerings of shares that were not-listed for trading in the ASE. These offerings were made by the Evros Cooperative Bank, the Thessaly Cooperative Bank, SUPPORTERS GLUB SA, and REA Hospital SA. The total amount of funds raised reached 10,464,935 Euros. In 2010, four companies had raised 39,202,192.80 Euros.

TABLE 14. Funds Raised through share and convertible bond issues, 2011

No	Company	Funds Raised (€)
1	*PIRAEUS BANK*	*807,054,045.00*
2	*ANEK*	*16,271,669.70*
3	*HIPPOTOUR SA*	*2,791,896.00*
4	*IMPERIO-ARGO GROUP*	*2,002,928.55*
5	*AGRICULTURAL BANK OF GREECE*	*1,039,767,253.79*
6	*G.E. DIMITRIOU SA*	*10,843,350.04*
7	*ALPHA GRISSIN SA*	*1,479,040.00*
8	*HYGEIA SA*	*64,935,392.50*
9	*HELLAS ONLINE SA*	*27,787,106.15*
10	*GENERAL BANK OF GREECE*	*575,097,829.20*
11	*AGRICULTURAL BANK OF GREECE*	*260,762,106.60*
	GRAND TOTAL	*2,808,792,618.00*

Source: HCMC

TABLE 15. Share issues through initial public offerings 2001-2011

Year	IPOs		
	Number	*Amount (€ mn)*	*% of total*
2011	*0*	-	-
2010	*0*	-	-
2009	*1*	*10*	*0.1*
2008	*0*	*0*	-
2007	*4*	*500.73*	*100*
2006	*2*	*725.25*	*100*
2005	*7*	*81.9*	*6*
2004	*10*	*95.4*	*100*
2003	*14*	*118.4*	*8.1*
2002	*18*	*92.5*	*9.6*

Source: HCMC

TABLE 16. Quarterly distribution of share issues through initial public offerings 2009-11

Quarter	Number of issues			Total Funds Raised (€ mn)			% of total.			Average weighted subscription		
	2009	*2010*	*2011*	*2009*	*2010*	*2011*	*2009*	*2010*	*2011*	*2009*	*2010*	*2011*
1	*0*	*0*	*0*	*0*	-	-	*0*	-	-	-	-	-
2	*0*	*0*	*0*	*0*	-	-	*0*	-	-	-	-	-
3	*1*	*0*	*0*	*10*	-	-	*100*	-	-	*4.54*	-	-
4	*0*	*0*	*0*	*0*	-	-	*0*	-	-	-	-	-
Total	*1*	*0*	*0*	*10*	-	-	*100*	-	-	-	-	-

Source: HCMC

FIGURE 6. Capital raised through initial public offerings, 2002-2002 (€ million)

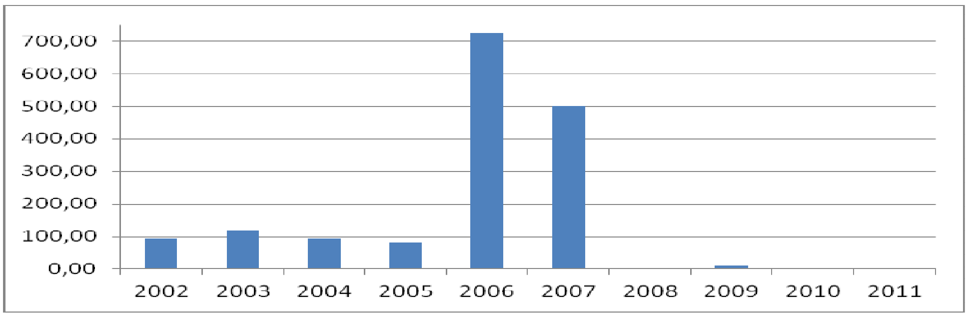


FIGURE 7. Public offering of shares without listing, 2011

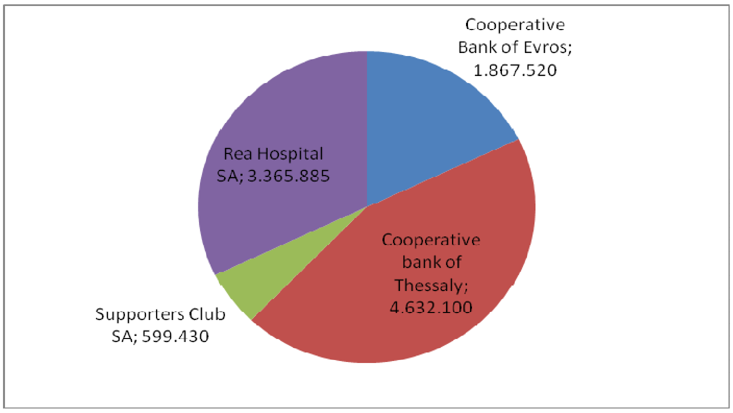


FIGURE 8. Funds raised through the markets, 2011

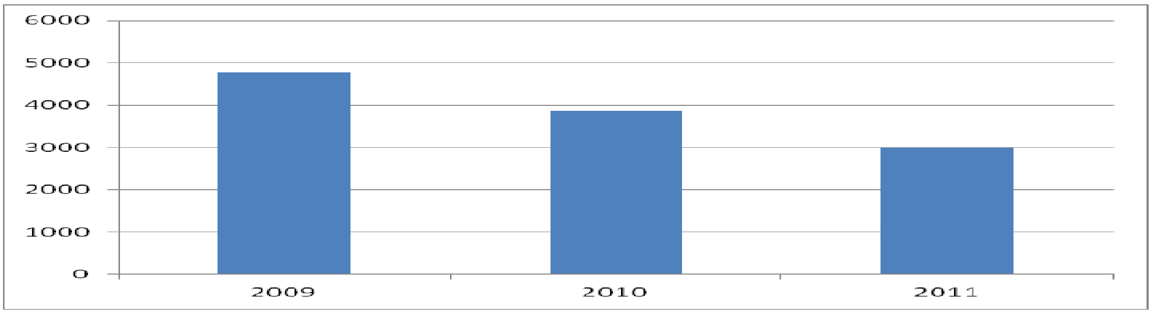
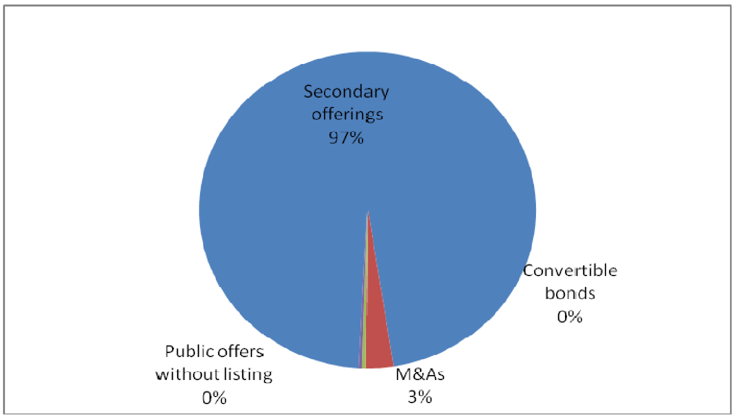


TABLE 17. Share capital increases by ATHEX-listed companies, 2008-2011.

Year	Number of Share Capital Increases	Total Funds Raised (€ mn)
2011	14	2,984
2010	17	2,417
2009	21	4,664
2008	16	664.1

Source: HCMC

FIGURE 9. Funds raised in the markets, 2011



Source: HCMC

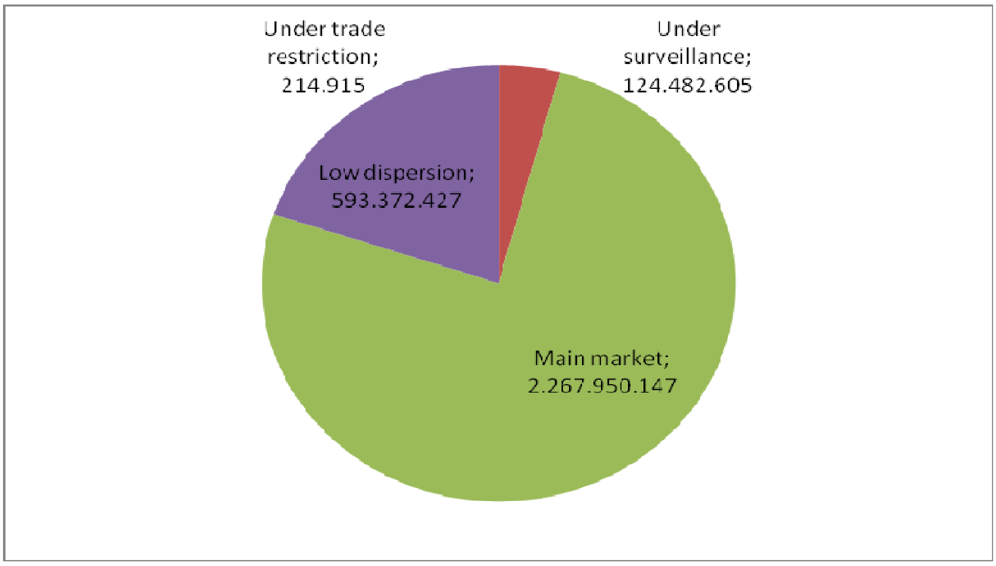
The quarterly distribution of share capital increases by ATHEX-listed companies in 2011 is presented in the following table, based on the date of their approval by the HCMC. Whenever the approval was given in dates belonging to different quarters, the reference period is that of the first approval.

TABLE 18. Quarterly distribution of share capital Increases by ATHEX Listed Companies, 2009-2011

Q.	Number of issues			Total Funds Raised (€ mn)			% of total.		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
1st	8	8	3	1,500	1,448	843.61	31.5	37.4	28.16
2nd	2	0	3	850	0	1,126.35	17.8		37.60
3rd	7	3	5	1,142	1,824	161.68	24.0	47.1	5.40
4th	8	11	4	1,273	603	863.86	26.7	15.5	28.84
Total	25	22	15	4,766	3,877	2,995.5			

Source: HCMC

FIGURE 10. Funds raised through share capital increases per trading category, 2011



Source: HCMC

Note. The Main Market category includes the classification that existed before October 2011, when the "Large Capitalization" and "Small and Middle Capitalization" used to exist.

Bond Issues

In 2011, there was only one convertible bond issue, that of G.E. DIMITRIOU SA, which was not listed in the Athens Stock Exchange. The issue was 72.214% subscribed, raising 10,843,350.04 Euros, an amount that corresponds to 15,194 bonds, at a par value of 713.66 Euros per bond. The issue represents a mere 0.36% of the total amount of funds raised by ATHEX-listed companies in 2011. In 2010, four ATHEX-listed companies issued convertible bonds that accounted for 7.10% of the funds raised by ATHEX-listed companies.

Corporate restructuring in the capital market

The financial crisis led to corporate restructuring among ATHEX-listed companies during 2011. Corporate restructuring of ATHEX-listed companies through mergers was substantially increased as compared to 2010; in contrast, there was a major decrease in the spin-offs and acquisitions of business sectors (Table 19).

More specifically, two mergers of ATHEX-listed companies took place in 2011, compared to one in 2010. The acquirer companies belonged to the banking sector. In 2011, there was an increase in mergers among listed and non-listed companies, as 17 ATHEX-listed companies absorbed 22 non-listed companies through mergers, while in 2010, 8 listed companies had absorbed 13 non-listed companies. Of the acquirer listed companies, two came from the Farming & Fishing sector, two from the Publishing sector and the rest from different sectors (Specialty REIC, Building Materials and Fixtures, Software, Banks, Specialty Chemicals, Aluminum, Durable Household Products, Personal Products, Electrical Components & Equipment, Integrated Oil and Gas, Industrial Machinery and Commercial Vehicles & Trucks). In one case, a listed company from the Containers & Packaging sector was absorbed by a non-listed company, and as a result it was de-listed by the ATHEX.

In 2011, there was a major decrease in the number of Corporate restructuring through spin-offs and acquisitions of business sectors. During the year, two business sectors were spun-off from ATHEX-listed companies and were acquired by 2 non-listed companies, as compared to 9 spin-offs in 2010. These spin-offs concerned one company from the Construction and one from the Computer Services sector.

In 2011, the acquisitions by listed companies were significantly reduced as compared to 2010, as shown by their official corporate announcements in the ATHEX Daily Bulletin and the press releases posted on the ATHEX website. More specifically, 14 listed companies acquired 17 companies, while in 2010 26 listed companies had acquired an equal number of companies. Most acquisitions were made by listed companies from the general sectors of Basic Resources (3), industrial Goods and Services (3), Technology (1), followed by listed companies from the general sectors of Media (1), Personal & Household Goods (1), Chemicals (1) and Real Estate (1).

TABLE 19. Corporate Restructuring in the Capital Market, 2011

A.	Mergers among ATHEX-listed Companies			
No	**ACQUIRER**	**SECTOR**	**TARGET COMPANY**	**SECTOR**
1	MARFIN POPULAR BANK PUB CO LTD	Banks	MARFIN EGNATIA BANK SA	Banks
2	EFG EUROBANK ERGASIAS	Banks	DIAS INVESTMENT CO	Investment Companies

B.	B. Mergers among ATHEX-listed and non-listed companies		
No	**ACQUIRER**	**SECTOR**	**TARGET COMPANY**
1	EUROBANK PROPERTIES REIC	Specialty REIC	TAURUS PROTIPI ANAPTYXI
2	FHL H. KYRIAKIDIS MARBLES - GRANITES S.A.	Building Materials & Fixtures	KYRIAKIDIS BROS SA MARBLES CONSTR. MATERIALS
3	HELLAS ON LINE EL. COMMUNICATIONS SA	Software	ATTICA COMMUNICATIONS SA
4	LOMOND METAL PRODUCT SERVICES SA	Containers & Packaging	CROWN HELLAS CAN (listed)
5	AGRICULTURAL BANK OF GREECE	Banks	ATE SECURITIES SA, ATECARD
6	THE HOUSE OF AGRICULTURE SPIROY S.A.	Specialty Chemicals	GOLDEN WEST SEED HELLAS SA THE HOUSE OF AGRICULTURE SPIROY INTERNATIONAL S.A.
7	ALUMIL ALUMINUM INDUSTRY SA	Aluminum	INTERNO SA, ALUCOM SA
8	ATTICA PUBLICATIONS SA	Publishing	TILETHEATIS SA
9	GALAXIDI FISH FARMING S.A.	Farming & Fishing	AGHIA IRINI FISH FARMING Ltd
10	G.E. DIMITRIOU SA	Durable Household products	G.E. DIMITRIOU Ind.
11	GR. SARANTIS SA	Personal Products	DOROTHEA KOUKOUZELI Ltd.
12	LAMBRAKIS PRESS	Publishing	MICHALAKOPOULOU SA
13	DIAS AQUA CULTURE SA	Farming & Fishing	MARE NOSTRUM SA, MATHEOU SA, MERKOS SA
14	HELLENIC CABLES SA	Electrical Components & Equipment	TELEKALODIA SA
15	HELLENIC PETROLEUM SA	Integrated Oil and Gas	PETROLA SA
16	METKA SA	Industrial Machinery	RODAX TECH. CO
17	PETROS PETROPOULOS S.A.	Commercial Vehicles & Trucks	OSTREA OIL SA

C.	Listed company business sector spin-offs and acquisitions by non-listed companies, 2009		
No	**LISTED COMPANY**	**SECTOR**	**COMPANY TO WHICH THE BRANCH IS TRANSFERRED**
1	QUEST HOLDINGS	Computer Services	INFO QUEST TECHNOLOGIES SA
2	MOCHLOS SA	Construction	TOXOTIS SA (construction branch)

D.	Acquisitions by listed companies				
No	**ACQUIRER LISTED COMPANIES**		**TARGET COMPANIES**		
	SECTOR	**TOTAL**	**LISTED COs**	**SECTOR**	**NON LISTED COs**
1	Chemicals	1	-	-	1
3	Basic Resources	5	-	-	5
3	Ind. Good and Services.	3	-	-	3
3	Technology	3	-	-	3
1	Media	2	-	-	2
2	Personal & Household Goods	2	-	-	2
1	Real Estate	1	-	-	1
14	Total	17	0		17

Source: HCMC

PART THREE
CAPITAL MARKET INTERMEDIARIES

INVESTMENT FIRMS

General Overview

In 2011, seventy four (74) investment firms were operating in the Hellenic market, while one (1) investment firm was absorbed by one (1) credit institution and one (1) investment firm was absorbed by one Mutual Fund Management Firm (MFMF). During the year, the HCMC granted operating licenses to five (5) investment firms and also granted license expansion to five (5) investment firms. Moreover, the HCMC revoked the operating licenses of three (3) investment firms and recalled the operating license in regard to specific investment services for six (6) investment firms. In addition, the HCMC approved the eligibility of new Investment Firm board members in forty seven (47) cases, the eligibility of an Investment Firm manager in twelve (12) cases, the acquisition of qualifying holdings in Investment Firms in seven (7) cases, and the offering of qualifying holdings in Investment Firms in five (5) cases. In 2011, the Athens Stock Exchange Members' Guarantee Fund was set to approximately 92,381,745.3 million Euros, including Investment Firms-ASE members and certain credit institutions-ASE members.

Trading activity

The weakening of investor sentiment during 2011 led to reduced trading activity in the ATHEX. The total value of transactions (on stocks and bonds) of all ATHEX members (investment firms, credit institutions and remote members) fell to 41.37 bn Euros from 70.27 bn Euros in 2010, reduced by 41.12% as compared to a 30.93% year-on-year reduction in 2010 and a 34.93% reduction in 2009. The share of the five investment firms-ATHEX members with the largest value of transactions as a percentage of the total value of transactions was 52.47 as compared to 52.09% in 2010 and 57.05% in 2009, while the top ten firms-ATHEX members executed 70.65% of the total value of transactions as compared to 70.84% in 2010 and 73.71% in 2009.

TABLE 20. Transactions by firms ATHEX-members 2008-2011

Transactions by ATHEX members (€ mn)	2011	2010	2009	2008
Value of Stock Transactions	41,370.04	70,238.32	101,702.70	156,297.73
Value of Bond Transactions	30.92	31.28	38.01	57.20
Total Transaction Value	41,400.96	70,269.60	101,740.72	156,354.93
Share (%) of top-5 ATHEX members	52.47	52.09	57.05	65.33

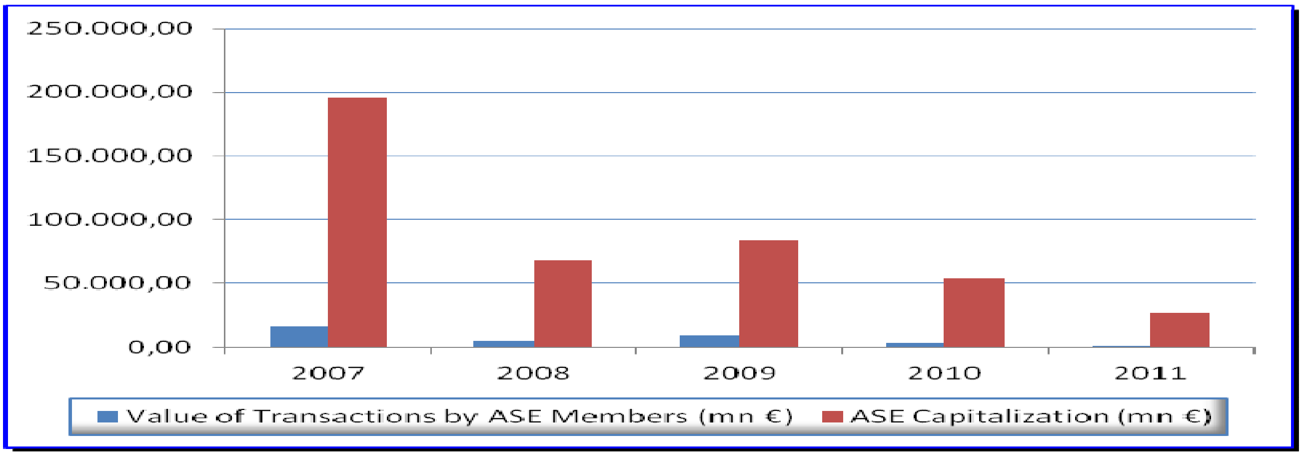
Source: ATHEX

TABLE 21. Transactions in securities markets, 2011

Average daily value of transactions (€ thousand)	82,407.75
Y-o-y change of average value	-40.86%
Average daily volume of transactions	33,429,656
Y-o-y change of average volume	0.64%
Average daily number of transactions	25,813
Y-o-y change of average number of transactions	-18.41%

Source: ATHEX

FIGURE 11. Value of transactions by ATHEX-members and ATHEX market capitalization, 2007-2011



Source: ATHEX

Note: The total value of transactions by ATHEX-members and the market capitalization of the ATHEX refer to December of each year.

Provision of credit by Investment Firms-ATHEX members

In 2011, there was a decrease in the value of credit extended by investment firms-ATHEX members to their clients for the purchase of securities (margin account trading). Table 22 presents the development of margin account trading for the year 2011, according to data submitted by investment firms-ATHEX members to the HCMC on the last trading day of each month. Out of the investment firms-ATHEX members that submitted the relevant notification to the HCMC, an average of 46 firms became active in this field. The average number of active open-end contracts decreased from 15,374 in 2010 to 15,137. Total average debit balances in margin accounts fell from 140.1 million Euros in 2010 to 96.6 million Euros in 2011, and reached their highest level in March 2011 (130.7 million Euros). The average value of security portfolios decreased from 834.8 billion Euros in 2010 to 664.3 billion Euros.

TABLE 22. Margin Account Trading, 2011

Month 2011	Announcement of Investment Firms-ATHEX members for the provision of credit	Number of Investment Firms-ATHEX Members actually providing credit	Number of active open-end credit agreements	Number of active short term credit agreements2	Debit Balances	Security Portfolio Valuation
Dec.	47	44	14,229	52,843	49,424,199.98	419,688,957.85
Nov.	48	45	14,553	52,843	60,156,703.46	438,752,282.41
Oct.	49	46	14,575	52,466	56,964,535.06	454,633,203.82
Sep.	49	46	15,415	53,866	73,516,073.96	481,908,876.71
Aug.	49	46	15,391	53,534	84,060,189.89	552,304,417.11
Jul.	50	46	15,362	53,005	114,841,058.68	751,975,515.92
Jun.	50	46	15,291	52,600	112,822,735.57	602,598,719.30
May	50	46	15,281	52,135	114,263,651.81	772,299,362.74
Apr.	50	46	15,363	52,303	119,074,604.45	815,522,401.52
Mar.	51	47	15,379	51,999	130,787,414.76	889,055,898.98
Feb.	51	47	15,445	51,517	129,320,695.08	925,461,816.34
Jan.	52	47	15,355	50,922	115,033,148.21	867,467,046.44
A.V.	50	46	15,137	52,503	96,688,750.91	664,305,708.26

Source: HCMC

COLLECTIVE INVESTMENT MANAGEMENT FIRMS

Developments in the Hellenic Mutual Fund Market

In 2011, the Greek mutual fund market saw the further contraction of total mutual fund net assets, as outflows hit almost all categories of mutual funds. The total number of Mutual Fund Management Firms (MFMFs) remained unchanged in 2011, as it did in the previous four years, i.e. 22, as compared to 26 firms in 2006, while the total number of mutual funds under management stood at 310 in 2011, as compared to 303 in 2010, 306in 2009, 352 in 2008 and 329 in 2007.

At the end of 2010, the total net assets of mutual funds amounted to 5.2 billion Euros, as compared to 8.0 billion Euros in 2010, 10.7 billion Euros in 2009, 10.4 billion Euros in 2008 and 24.52 billion Euros in 2007. According to the most recent classification of mutual funds, MFMFs managed 103 equity mutual funds, 53 bond mutual funds, 44 balanced mutual funds, 8 short-term money market funds, 19 money market funds, 30 equity funds of funds, 11 balanced funds of funds, 4 bond funds of funds, and 38 Specialist mutual funds. Moreover, the three largest mutual fund management firms had funds under management of 3.16 billion Euros, which accounted for 60.44% of total mutual fund assets, as compared to assets of 4.64 billion Euros and a corresponding market share of 57.92% in 2010, 6.32 billion Euros and a market share of 59.14% in 2009, 7.04 billion Euros and a market share of 67.57% in 2008 and 19.22 billion Euros and 78.44% in 2007. The five largest MFMFs had funds under management of 3.89 billion Euros that accounted for 74.42% of total mutual fund assets, as compared to 72.24% in 2010, 74.99% in 2009, 79.05% in 2008 and 86.52% in 2007.

TABLE 23. Net assets and Number of Mutual Funds, 2011-2008.

MF Classification	31.12.2011		31.12.2010		31.12.2009		31.12.2008	
	Value (€ mn)	No. of M/F	Value (€ mn)	No of M/F	Value (€ mn)	No. of M/F	Value (€ mn)	No of M/F
Money Market	814.88	27	1,206.28	22	2,070.06	25	2,522.88	28
Bond	1,204.71	53	2,466.23	72	3,220.18	78	3,333.97	92
Equity	1,122.57	103	1,932.06	103	3,083.36	123	2,606.67	141
Balanced	719.53	44	1,181.26	47	1,560.70	44	1,296.06	51
Funds of Funds	519.25	45	781.19	38	746.18	36	645.22	38
Specialist – Foreign MFs	848.13	38	448.59	21	0.00	0	15.47	2
Total	5,229.07	310	8,015.63	303	10,680.47	306	10,420.28	352

Source: Hellenic Fund & Asset Management Association
Note. 1. The "money market" category refers to year 2011, while the "Money management" refers to previous years.
2. The "Specialist" category refers to year 2011, while the "Foreign Markets" category refers to the previous years.

FIGURE 12. Net assets and Number of Mutual Funds per MF classification, 2011-2010

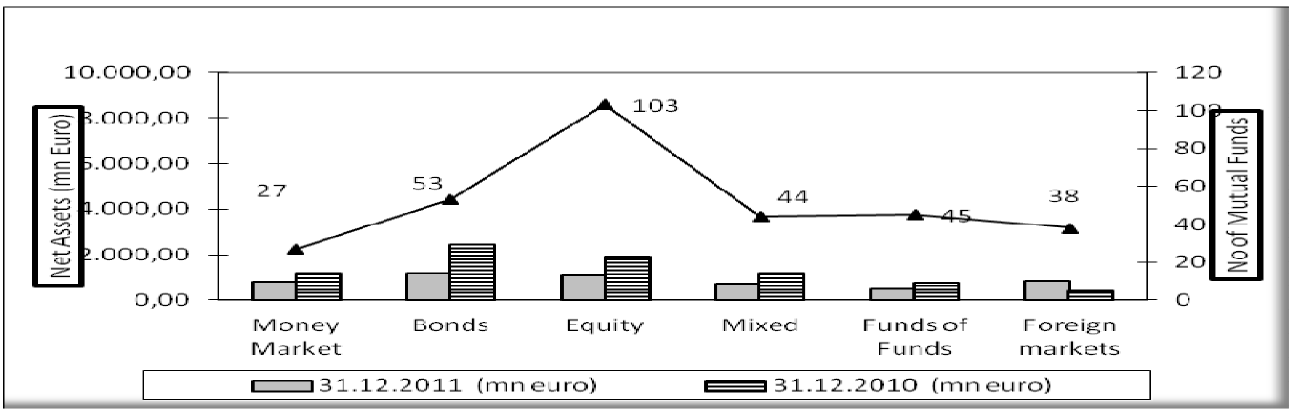


TABLE 24. Net Mutual Funds Assets and macroeconomic aggregates, 2011-1991

Date	Resident deposits and repurchase agreements of non MFIs to other MFIs in Greece (€ mn)[1]	ASE Capitalization (Fixed Income Securities and Shares) (€ mn)	Net Mutual Funds Assets (€ mn)
Dec. 2011	-	256,563.88	5,229.1
Oct. 2011	204,460.0	260,154.37	5,892.7
Dec. 2010	247,188.0	299,628.5	8,015.6
Dec. 2009	278,840.0	279,891.7	10,680.5
Dec. 2008	280,159.7	269,980.4	10,420.3
Dec. 2007	248,524.3	390,161.7	24,518.7
Dec. 2006	211,062.3	349,477.5	23,910.5
Dec. 2005	187,585.5	301,958.6	27,944.0
Dec. 2004	159,854.5	250,045.2	31,647.3
Dec. 2003	140,029.7	219,766.6	30,398.8
Dec. 2002	133,848.7	180,329.5	25,385.1
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 2000	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

Source: Bank of Greece, ATHEX, Hellenic Fund & Asset Management Association
Note. (1). Securitization obligations are not included.

In individual mutual fund categories, based on their most recent classification, we see the following: The net assets of bond mutual funds decreased by 33.36% year-on-year, and their market share fell to 23.04% of the total mutual fund market, from 30.77% in 2010, 30.15% in 2009 and 32.00% in 2008, while their annual returns were negative, at 16.14%. The net assets of equity funds decreased by 40.40% year-on-year, mainly as a result of the decrease in equity portfolio valuations, their annual returns were negative, at 29.13%, while the market share of equity mutual funds as per 31/12/2011 was 20.74%, as compared to 24.10% in 2010, 28.87% in 2009 and 24.99% in 2008. It should be noted that the ATHEX Composite Share Price Index lost 51.88% y-o-y, the FTSE/ATHEX 20 lost 60.05%, the FTSE/ATHEX Liquid Mid Index lost 57.35, the FTSE/ATHEX Mid Cap lost 57.33% and the FTSE/ATHEX Small Cap lost 37.80%. in 2011, the net assets of balanced mutual funds decreased by 39.02% year-on-year, and their market share as per 31.12.2011 fell to 13.76, from 14.74% in 2010, 6.99% in 2009 and 6.19% in 2008, while their annual returns were negative, at 28.91%.

In 2011, the net assets of short term money market mutual funds decreased by 40.52% year-on-year, while their annual returns were negative, at 1.33%. In the same year, the net assets of money market mutual funds decreased by 30.48% year-on-year, while their annual returns were positive, at 1.79%. The total market share of the overall money market category as per 31/12/2011 accounted for 15.58% of the total mutual fund market.

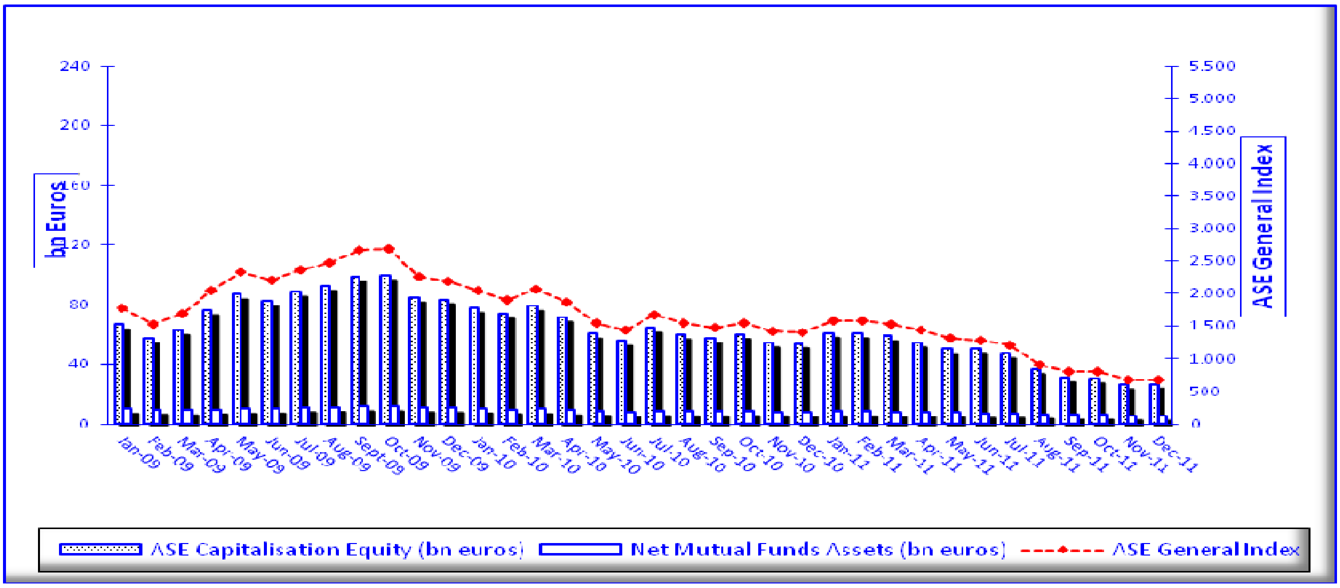
In 2011, equity funds of funds saw their net assets decrease by 35.02%, while their annual returns were negative at 9.28%. Balanced funds of funds saw their net assets decrease by 32.28, with negative annual returns of 6.95%. In contrast, bond funds of funds saw their net assets increase by 13.39%, while their annual *returns stood at 1.10%. Funds of funds accounted for 9.93% of the total mutual fund market as per 31/12/2011, as compared to a market share of 9.75% in 2010, 6.99% in 2009 and 6.19% in 2008.*

TABLE 25. Net Assets and Shares of Mutual Funds, 31/12/2011

MF Classification	Net Assets 31.12.2011 (€)	Change y-o-y (%)	No. of shares 31.12.2011	Change y-o-y (%)
Bond	1,204,705,239.91	-33.36	312,273,779.89	-14.23
Equity	1,122,570,180.75	-40.40	462,088,143.20	-6.11
Money market Money market Short term	123,530,709.85	-40.52	32,696,696.74	-66.52
Money market Money market	691,353,248.74	-30.48	204,097,169.77	-21.65
Balanced	719,534,629.86	-39.02	246,894,463.33	-5.10
Funds of Funds Equity	338,772,846.45	-35.02	173,115,174.82	-19.30
Funds of Funds Balanced	169,249,214.93	-32.28	61,701,316.87	-30.45
Funds of Funds Bond	11,232,928.33	13.39	1,708,092.10	77.00
Specialist	848,130,179.38	-22.84	154,351,976.67	-21.30

Source: Hellenic Fund & Asset Management Association

FIGURE 13. ATHEX Market Capitalization- mutual fund assets and the ATHEX Composite Index, 2009-2011



In 2011, the HCMC approved the formation and operation of four (4) new mutual funds, the merger of two (2) mutual funds, and the amendment of internal regulations for seventy-seven (77) mutual funds. Also, four (4) foreign Undertakings for Collective Investments in Transferable Securities (UCITS), notified the HCMC about their intention to sell mutual fund units in the Hellenic market, while the Commission approved the auction of shares from one hundred and twenty one (121) new mutual funds of foreign UCITS. Finally, in 2011 the HCMC approved the amendment of MFMF internal regulations in six (6) cases, the amendment of MFMF share capitals in three (3) cases and the new composition of the board of directors of MFMFs in eighteen (18) cases.

TABLE 26. Authorized foreign Undertakings for Collective Investments, 2011-2001

Year	UCITS (covered by Directive 85/611/EEC)		UCITS (not covered by Directive 85/611/EEC)	
	Number of UCITS	Number of Funds	Number of UCIs	Number of Funds
2011	4	121	0	0
2010	10	98	0	0
2009	10	168	0	0
2008	9	369	0	0
2007	9	206	0	0
2006	6	328	0	0
2005	5	159	0	0
2004	12	92	0	0
2003	4	115	2	2
2002	6	246	0	0
2001	18	316	3	11

Source: HCMC

Developments in the European fund market

According to statistical data by the European Fund and Asset Management Association (EFAMA), in the first nine-months of 2011 the total net assets of UCITS decreased by 8.9%, because of the decrease in the total assets of equity UCITS by 18.4%, balanced UCITS by 3.5%, money market UCITS by 4.0%, bond UCITS by 0.3%, funds of funds UCITS by 41.2% (excluding the funds of funds from France, Luxembourg, Italy and Germany, which are included in the next category of other UCITS) and other UCITS by 5.3%.

UCITS outflows in the first nine months of 2011 stood at 40 billion Euros as compared to net sales of 66 billion Euros in the same period of 2010. More specifically, in this period outflows in the money market category stood at 44 billion Euros as compared to 106 billion Euros, outflows in the equity category stood at 30 billion Euros as compared to inflows of 13 billion Euros and outflows in the bond category stood at 7 billion Euros as compared to inflows of 86 billion Euros.

On 30.9.2011, France and Luxembourg dominated the European UCITS market, with a combined market share of 50.9%, followed by Ireland, the United Kingdom and Germany with market shares of 13.8%, 11.0% and 4.1% respectively. In the first nine months of 2011, UCITS from almost all European countries saw their net assets decrease as compared to the end of 2010. The largest decreases during this period were registered by the UCITS mutual funds of Turkey (-27.2%), Greece (-27.0%), Portugal (-25.1%) and Poland (-21.3%).

FIGURE 14. Net Assets of UCITS, 30.9.2011 - 30.9.2010

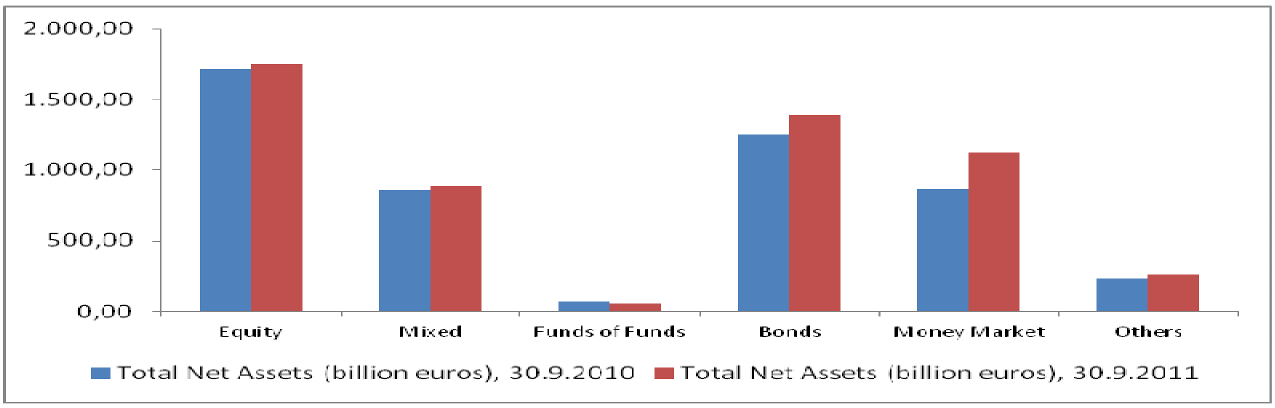


TABLE 27. Net Assets of UCITS, 30.9.2011 - 30.9.2010

M/F Classification	30.09.2011		30.09.2010	
	Net assets (bn €)	% of Total	Net assets (bn €)	% of Total
Equity	1,753	32.0	1,715	34.3
Balanced	888	16.2	857	17.1
Funds of Funds	59	1.0	74	1.5
Bond	1,389	25.4	1,253	25.0
Money market	1,124	20.6	870	17.4
Other	260	4.8	233	4.7
Total	5,473	100.0	5,002	100.0

Source: E.F.A.M.A.

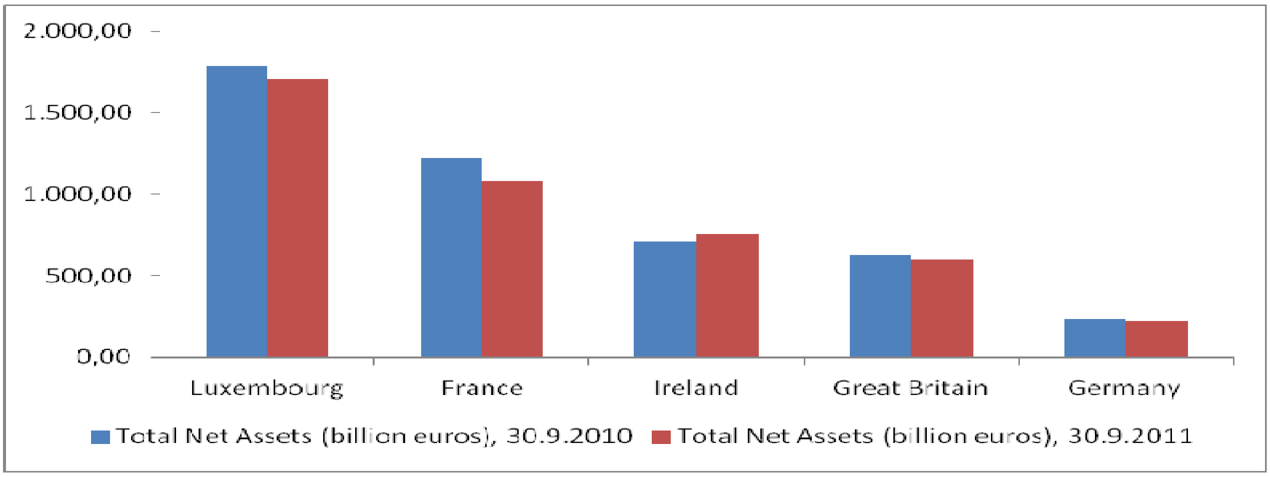
In addition, on 30/9/2011, the total net assets of non-UCITS reached 2,195 billion Euros, increased by 11.1% in the first nine-months of 2011, with special/institutional funds controlling the largest part of this market (65.0%), followed by real estate funds with 11.1%, while British investment trusts saw their net assets decrease by 16.4% during the same period.

TABLE 28. Net assets of UCITS from the top-five (5) EU member-states, 30.09.2010-30.9.2011

Countries	30.09.2011		30.09.2010	
	Net assets (€ billion)	% of the total in the EU market	Net assets (€ billion)	% of the total in the EU market
Luxembourg	1,704.97	31.20	1,786.33	30.91
France	1,080.38	19.70	1,223.05	21.16
Ireland	754.90	13.80	708.47	12.26
Un. Kingdom	602.26	11.00	624.98	10.81
Germany	221.91	4.10	236.93	4.10
Total	4,364.42	79.80	4,579.76	79.24
Total Europe	5,472.42	100.00	5,777.31	100.00

Source: E.F.A.M.A.

FIGURE 15. Net assets of UCITS from the top-five (5) EU member-states, 30.09.2010-30.9.2011



Developments in the Portfolio and Real Estate Investment Company sector

At the end of 2011, there two (2) active Portfolio Investment Companies (PICs), whose shares are traded in the Athens Stock Exchange, with net assets of 20,810,739.71 Euros. In 2011, the HCMC approved the new composition of the board of directors of PICs in one (1) case and the amendment of PIC share capitals in three

(6) cases, and granted a license for the conversion of a PIC to a mutual fund in two (2) cases. Moreover, there were four (4) active Real Estate Investment Companies (REICs), three (3) of which are listed and their shares are traded in the Athens Stock Exchange. In the same year, the HCMC approved the new composition of the board of directors of REICs in two (2) cases.

CLEARING AND SETTLEMENT OF TRANSACTIONS

In accordance with law 3606/2007, central counterparty, clearing and settlement facilities that operate in Greece, as well as their managers, are licensed and supervised by the HCMC, excluding the System for Monitoring Transactions in Book-entry Securities (BOGS) set out by Law 2198/1994, and the Bank of Greece, as the Manager of this System. Such supervision is without prejudice to the competencies of the Bank of Greece as overseer of settlement and payment systems, in accordance with Law 2879/2000.

In 2011, 28,401 new DSS shares were opened, as compared to 38,711 accounts opened in 2010 and 39,605 in 2009, representing a 26.6% year-on-year decrease. Moreover, 357,796 shares were deactivated, of which 350,093 in April 2011. 1,960 shares had been deactivated in 2010 and 2,879 in 2009. At the end of the year, the total number of investor shares in the DSS stood at 1,857,652, reduced by 15% year-on-year (Table 29). The number of investor shares with balances fell to 920,397 at the end of 2011, from 932,929 at the end of 2010. Finally, the number of Active Shares in December 2011 stood at 24,675, as compared to 34,994 in December 2010, and following a significant decrease in 2009 (49.7%).

TABLE 29. Number of new Investor Shares in the DSS by month, 2004-2011.

Month / Year	2011	2010	2009	2008	2007	2006	2005	2004
January	3,497	2,861	4,101	3,052	4,013	3,223	3,661	4,427
February	3,071	5,027	4,018	2,522	2,297	2,564	1,459	18,352
March	2,415	3,062	4,450	1,858	3,685	3,229	1,526	1,861
April	1,881	5,646	3,542	2,304	2,974	3,260	3,836	2,372
May	2,371	3,043	3,644	2,073	2,122	9,892	1,108	1,961
June	2,296	2,373	3,231	1,710	9,153	14,662	1,873	1,322
July	1,764	3,393	3,144	2,621	3,605	5,027	7,146	1,784
August	2,467	1,467	2,348	1,488	3,331	2,208	2,362	1,066
September	2,423	3,460	2,599	1,873	1,939	2,869	1,511	1,611
October	2,318	3,697	2,932	6,505	3,031	4,709	2,623	5,230
November	2,456	2,810	2,674	6,465	2,847	2,982	1,600	1,473
December	1,442	1,872	2,922	3,022	2,221	2,042	2,107	1,409
Total new shares	28,401	38,711	39,605	35,493	41,218	56,667	30,812	42,868
Share deactivations	357,796	1,960	2,879	2,880	3,929	334,549	6,626	3,743
Total shares	1,857,652	2,187,047	2,150,296	2,107,910	2,075,297	2,043,668	2,321,550	2,297,364

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2009.

In 2011, domestic investor participation to the market capitalization of the ATHEX was marginally reduced and stood at 47.89%, as compared to 48.22% in 2010 (Table 30). The positions of private domestic investors accounted for 21.11% of total market capitalization in the ATHEX, as compared to 20.82% in 2010. The foreign investors' participation in the market capitalization of the ATHEX rose to 50.92% from 50.45% in 2010. In 2011, foreign investors were sellers, as they did in 2010, whereas in 2009 they were buyers, with total inflows of 0.98 bn Euros. More specifically, the total outflows generated by foreign investors stood at 262.26 million Euros in 2011, as compared to 1.09 billion Euros in 2010. Overall, domestic investors were buyers, with a net inflow of 233.09 million Euros, which includes an outflow of 396.8 million Euros that originated from the public sector.

TABLE 30. Distribution of investor shares in the Athens Stock Exchange, 31.12.2011.

	Investor Shares with balances		**Capitalization**	
	Number	Percentage (%)	Value (€ mn)	Percentage (%)
I. Domestic Investors	891,066	96.81	12,756.51	47.89
• Private domestic	887,784	96.46	5,623.78	21.11
• Private financial [1]	434	0.05	1,666.88	6.26
• Private non-financial	2,234	0.24	1,870.04	7.02
• Public Sector	613	0.07	3,595.79	13.50
• Other domestic investors	1	0	0.01	0
II. Foreign Investors	17,355	1.89	13,562.60	50.92
• Private-foreign	12,701	1.38	152.17	0.57
• Legal Entities	1,283	0.14	3,595.25	13.5
• Institutional Investors	3,110	0.34	8,889.07	33.37
• Other legal entities	255	0.03	926.08	3.48
III. Other Investors[2]	11,976	1.3	317.43	1.19
Total I +II + III	920,397	100.00	26,636.54	100.00

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2011.

Note. 1. Insurance companies, pension funds, UCITS, Investment Firms, financial institutions, factoring, leasing, venture capital companies, Financial Intermediation Firms etc.

2. Investors with no registered tax residence. From joint ownerships, those whose members include both Greeks and foreigners.

PART FOUR

ACTIVITIES OF THE HCMC

RULES AND REGULATIONS

In 2011, the Board of Directors of the HCMC, having obtained the necessary authorization, issued many rules and regulations. There rules and regulations were 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 functioning of the market. The following rules are regulations were issued:

Quality of services and investor protection enhancement

- *HCMC Rule 34/586/26.5.2011 (Gazette B 1428/16.6.2011) concerning due diligence in cases of outsourcing or representation*
- *HCMC Rule 33/577/15.2.2011 (Gazette B/943/24.5.2011) concerning the approval of a training program for individuals involved in the distribution of mutual fund units*

Enhancement of transparency

- *HCMC Rule 26/606/22.12.2011 (Gazette B 3053/30.12.2011) concerning the amendment of HCMC Rule 9/459/27.12.2007 (Gazette B/2457/31.12.2007) "Disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks"*
- *HCMC Rule 14/597/23.9.2011 (Gazette B 2179/29.9.2011) concerning the amendment of HCMC Rule 7/513/18.6.2009 (Gazette B/2457/31.12.2007) "Transfer of responsibilities to the Executive Committee, the 1st and 2nd Vice-Chairpersons, the General Director and the Heads of Divisions, Departments, Offices and other Units of the HCMC"*
- *HCMC Rule 35/586/26.5.2011 (Gazette B 1428/16.6.2011) concerning the amendment of HCMC Rule 1/506/8.4.2009 (Gazette B/834/6.5.2007) "Prevention of the use of the financial system for the purpose of money laundering and terrorist financing"*
- *HCMC Rule 6/587/2.6.2011 (Gazette B 1428/16.6.2011) concerning the classification of mutual funds*
- *HCMC Rule 1/578/24.2.2011 (Gazette B 542/24.2.2011) concerning the amendment of HCMC Rule 1/317/11.11.2004 (Gazette B/1746/26.11.2004) "Classification of mutual funds according to Law 3283/2004"*
- *HCMC Rule 2/578/24.2.2011 (Gazette B 493/31.3.2011) concerning the amendment of HCMC Rule 2/317/11.11.2004 (Gazette B/1746/26.11.2004) "Quarterly mutual fund investment lists according to Law 3283/2004"*
- *HCMC Rule 3/578/24.2.2011 (Gazette B 493/31.3.2011) concerning the amendment of HCMC Rule 3/378/14.4.2006 (Gazette B/608/16.5.2006) "Use of derivative financial instruments and selected securities, and risk management by mutual funds and portfolio investment companies, and portfolio risk management"*

- *HCMC Rule 7/576/3.2.2011 (Gazette B 395/14.3.2011) concerning the amendment of HCMC Rule 1/462/7.2.2008 (Gazette B/297/25.2.2008) "Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Companies"*

Improvement of company solvency, transaction security and infrastructure efficiency

- *HCMC Rule 1/595/31.8.2011 (Gazette B 2237/6.10.2011) concerning the approval of amendments to certain provisions of the Rulebook for the Electronic Secondary Securities Market*
- *HCMC Rule 14/28.4.2010 (Gazette B 1800/9.8.2001) concerning the amendment of HCMC Rule 1/509/15.5.2009 "Short Sales of Shares listed in the Athens Stock Exchange" (Gazette B 1076/2009)*
- *HCMC Rule 40/586/26.5.2011 (Gazette B 1064/31.5.2011) concerning the amendment of the Regulation of the "Athens Exchange Clearing House SA" (ETEK) for the Clearing of Transactions in Book-Entry Securities*
- *HCMC Rule 1/574/17.1.2011 (Gazette B 428/17.3.2011) concerning the evaluation of qualifying holdings in a regulated market operator and the persons managing it*
- *HCMC Rule 1/599/29.9.2011 (Gazette B 2352/21.10.2011) Amendment of HCMC Rule 14/593/8.8.2011 on the extension of the prohibition of the short selling of ATHEX-listed shares*
- *HCMC Rule 605/8.12.2011 (Gazette B 2796/9.12.2011) Amendment of HCMC Rule 14/593/8.8.2011 on the extension of the prohibition of the short selling of ASE-listed shares*

LICENSING

The work of the HCMC in the field of licensing during 2011 includes the following:

Investment Firms

- *Authorized the operation of Investment Firms in five (5) cases.*
- *Authorized the extension of Investment Firm operations in eight (5) cases.*
- *Authorized the operation of Investment Firms in three (3) cases.*
- *Revoked the operating licenses of Investment Firms in regard to specific investment services in six (6) cases.*
- *Approved the merger through absorption of an investment firm by a credit institution in one (1) case.*
- *Approved the merger through absorption of an investment firm by a MFMF in one (1) case.*
- *Evaluated the eligibility of new Investment Firm board member in forty-seven (47) cases.*
- *Evaluated the eligibility of twelve (12) Investment Firm managers.*
- *Approved the acquisition of qualifying holdings in Investment Firms in two (2) cases.*
- *Approved the auction of qualifying holdings in Investment Firms in five (5) cases.*

Financial Intermediation Firms

- *Granted operating license to one (1) Financial Intermediation Firm.*
- *Revoked the operating licenses of Financial Intermediation Firms in seventeen (17) cases.*
- *Approved the merger through absorption of a Financial Intermediation Firm by another Financial Intermediation Firm in two (2) cases.*
- *Evaluated the eligibility of new board members of FIFs in twenty-one (21) cases.*
- *Evaluated the eligibility of the actual managers of Financial Intermediation firms in six (6) cases.*
- *Evaluated a shareholder who increased a qualified holding in a FIF in one (1) case.*
- *Evaluated a shareholder who acquired a qualified holding in a FIF in four (4) cases.*
- *Approved the auction of qualified holdings in FIFs in eight (8) cases.*
- *Granted license for the provision of investment advice services to one (1) Financial Intermediation Firm.*

Mutual Fund Management Firms

- *Approved the regulations and creation of mutual funds in four (4) cases.*
- *Approved of the modification of mutual fund internal regulations in seventy-seven (77) cases.*
- *Granted licenses for mergers between mutual funds in two (2) cases.*
- *Granted license for the transfer of stock in one (1) case.*
- *Approved the modification of the charter of six (6) MFMFs.*
- *Approved of share capital changes of MFMFs in three (3) cases.*
- *Approved the new composition of the board of directors of MFMFs in eighteen (18) cases*

Portfolio Investment Companies

- *Approved the new composition of the board of directors of PICs in one (1) case.*
- *Approved the amendment of the share capital of PICs in six (6) cases, one (1) of which shall be converted to an M/F.*

Real Estate Investment Companies

- *Approved the new composition of the board of directors of REICs in two (2) cases*

Foreign UCITS

- *Approved the auction of shares in new foreign UCITS in four (4) cases.*

- *Approved the auction of shares in new foreign UCITS mutual funds in one hundred and twenty-one (121) cases.*

Approval of Prospectuses for the listing of securities in regulated markets

Listing through public offering

- *Approved the Prospectuses of eleven (11) companies, concerning the public offering of shares aimed at share capital increases by payment of cash, and their listing in the securities market of the Athens Stock Exchange.*
- *Approved the Prospectus of one (1) company concerning the public offering of bonds and their listing in the securities markets of the Athens Stock Exchange.*
- *Approved the supplementary Prospectuses of seven (7) companies, concerning share capital increases through the public offering of their shares in the securities market of the Athens Stock Exchange.*

Listing of securities without public offering

- *Approved the prospectus of three (3) companies concerning the listing in the Athens Stock Exchange of new shares that resulted from a share capital increase through contribution in kind.*
- *Approved the Prospectus of one (1) company concerning the listing in the Athens Stock Exchange of new shares that resulted from its share capital increase through the payment of cash without public offering.*
- *Approved the Prospectus of one (1) company concerning the listing in the Athens Stock Exchange of new shares that resulted from its share capital increase due to the acquisition of a business sector and assets of other companies.*

Listing of securities through public offering without listing.

- *Approved the Prospectuses of four (4) companies, concerning share capital increases through the public offering of their shares, without listing in the securities market of the Athens Stock Exchange.*
- *Approved the supplementary Prospectus of one (1) company, concerning a share capital increase through the public offering of its shares, without listing the securities market of the Athens Stock Exchange.*

Corporate actions of listed companies (article 4, Law 3401/2005)

- *Briefing of the Board of the HCMC on the contents of the document provided for by article 4, Law 3401/2005 in the case of two (2) companies intending to increase their share capitals due to the absorption of other companies.*
- *Notification to the HCMC of fifteen (15) forms provided for by article 4 of Law 3401/2005 concerning share capital increases through the conversion to shares of stock options offered to company employees.*
- *Notification to the HCMC of four (4) forms provided for by article 4 of Law 3401/2005 concerning share capital increases through the distribution of free shares to existing shareholders.*

- *Notification to the HCMC of thirteen (13) forms provided for by article 4 of Law 3401/2005 concerning share capital increases for the payment of dividends or pre-dividends in the form of shares.*
- *Notification to the HCMC of twenty three (23) prospectuses, in implementation of the community framework regarding cross-border public offerings, in accordance with articles 17 and 18 of Law 3401/2005, concerning the approval certificates issued by the competent authorities of the home member-state.*
- *Notification to the HCMC of sixty four (64) addendums to prospectuses, in implementation of the community framework regarding cross-border public offerings, in accordance with articles 17 and 18 of Law 3401/2005, concerning the approval certificates issued by the competent authorities of the home member-state.*

Auction of listed company shares

Mandatory auctions of shares

The granting of authorizations for the mandatory auction of shares and the appointment of ATHEX-members for the auction of pledged or seized shares, continued in 2011. Law 3152/2003 (article 13 §§ 1 and 2) transferred these responsibilities to the HCMC. The total volume of stock for auction reached 238,173 shares in 2011 as compared to 955,512 in 2010, and the total volume of stock finally sold reached 41,300 shares, as compared to 337,378 in 2010. The total value of shares sold amounted to 110,387.85 Euros, as compared to 65,015.60 Euros in 2010. The data concerning the requests that were submitted and the sales that took place during 2011, show that: (a) The auction with the largest number of shares concerned 10,000 shares issued by the "ATHENS WATER SUPPLY & SEWAGE Co", whose value amounted to 30,100 Euros and was the highest for 2011; (b) the auction with the lowest volume of shares concerned 200 shares, issued by "MINOAN LINES SA", whose value amounted to 404 Euros and was the lowest for 2011; (c) the average volume of stock sold amounted to 3,440 shares; and (d) the average value of stock sold amounted to 2.67 Euros. In 2011, 3 requests were submitted for the execution of 3 sales, as compared to 8 requests for 2 sales in 2010. Since the transfer of competence concerning the auction of shares, and till the end of 2011, the HCMC received 150 requests for the auction of pledged or seized shares.

Auctions of fractional balances of shares

The granting of authorization for the appointment of ATHEX-members to auction fractional balances of shares arising from increases in share capital, continued in 2011. Paragraph 1 of article 53 of Law 3371/2005 added article 44a to Law 2396/1996. In accordance with para. 2 of the said article, fractional balances resulting from the share capital increase of a listed company can be sold under the care of the issuing company after 6 months, and the HCMC is authorized to issue rules for settling every specific issue and detail, concerning the implementation of this paragraph. On the basis of this authorization, the HCMC issued Rule 13/375/17.3.2006: "Auction of indisposed fractional balances resulting from a company's share capital increase." This rule specifies the details concerning the method of, and the procedure for, the auction of fractional balances, the provision of selling licenses by the HCMC (whenever required) and the appointment of the ATHEX-member that will perform the auction, as well as the method for notifying the beneficiaries of the fractional balances about the sale, and the collection of the product from the sale.

In 2011, the HCMC received 2 requests for the auction of fractional balances, as compared to 6 requests in 2010. The total volume of stock for auction reached 4,897 shares as compared to 45,691 in 2010, and the total *volume of stock finally sold reached 4,897 shares, as compared to 33,693 in 2010. The value of shares sold amounted to 39,164.24 Euros in 2011, as compared to 228,457.82 Euros in 2010. The data concerning the requests that were submitted and the sales that took place during 2011, show that: (a) The auction with the largest number of shares concerned 4,396 shares issued by "Hellenic Duty Free Shops", whose value amounted to 36,799.52 Euros; (b) the auction with the lowest volume of shares concerned 501 shares, issued by "S&B INDUSTRIAL MINERALS SA", whose value amounted to 2364.72 Euros.*

Auction of non-dematerialized shares

The granting of authorization for the auction of shares and the appointment of ATHEX-members for remaining non-dematerialized shares, continued in 2011. In accordance with paragraph 2 of article 53 of Law 3371/2005, any non-dematerialized registered shares that have not been submitted for dematerialization are sold through the Athens Stock Exchange. This article authorizes the HCMC to issue rules to regulate any relevant issue and detail concerning the implementation of this paragraph. Para. 2 of article 32 of Law 3556/2007 amended the aforementioned provision in order to include shares that have been issued in dematerialized form in favor of the beneficiaries of the non-dematerialized registered shares that have not been submitted for dematerialization, and have resulted from corporate transactions, such as share capital increases with or without payment of cash, the distribution of free shares, share splits or reverse splits, or conversion of preferred stock to common stock and vice-versa. On the basis of this authorization, the HCMC issued Rule 1/380/4.5.2006: "Auction of non-dematerialized registered shares that have not been submitted for dematerialization". This rule specifies the details concerning the procedure for the auction of non-dematerialized registered shares, the provision of selling licenses by the HCMC (whenever necessary) and the appointment of the ASE-member that will perform the sale, as well as the method for notifying the beneficiary shareholders about the sale, and the collection of the product from the sale. In 2011, the HCMC received 1 request for the auction of non-dematerialized registered shares, as in 2010, while the volume of stock for auction amounted to 500 shares, as in 2010. The shares to be sold had been issued by the "Wool Industry Tria Alfa", and their auction was not finally completed. Given that this procedure concerns shares that have not been submitted for dematerialization, whose number is limited, the number of shares to be sold is decreasing every year, until all the shares credited in the accounts of absent shareholders have been sold.

ENFORCEMENT AND COMPLIANCE

In 2011, the HCMC continued its auditing work in all areas. The audits that were performed during 2011 covered all capital market entities. There were multiple audits on investment firms, mutual fund management firms, financial intermediation firms, listed companies, and stock exchange transactions. The audits detected violations of capital market regulations, which led the HCMC to the imposition of the following administrative sanctions:

Revocation of License

- *Revoked the licenses of fourteen (14) Financial Intermediation Firms in implementation of article 21 of Law 2690/1999.*
- *Revoked the licenses of three (3) Financial Intermediation Firms in implementation of article 39 of Law 3606/2007.*
- *Revoked the licenses of three (3) Investment Firms in implementation of article 21 of Law 3606/2007.*

- *Revoked the licenses of four (4) Investment Firms regarding certain investment functions, in implementation of article 21 of Law 3606/2007.*
- *Revoked the licenses of one (1) Investment Firm regarding certain investment functions, in implementation of article 39 of Law 3606/2007.*
- *Revoked the licenses of one (1) Investment Firm regarding certain investment functions, in implementation of article 4 of Law 3606/2007.*
- *Initiated the procedure for revoking the license of one (1) Investment Firm in implementation of HCMC Rules 1/459/27.12.2007, 4/461/24.1.2008 & 1/474/13.6.2008.*
- *Initiated the procedure for revoking the license of two (2) Investment Firms in implementation of article 10 & 21 of Law 3606/2007 and HCMC Rule 1/459/27.12.2007*
- *Revoked the licenses of one (1) Investment Firm in implementation of article 21 of Law 3606/2007*

Fines

Investment Firms

- *A fine was levied on one (1) Investment Firm for violating PD 51/1992 concerning failure to disclose the change of its holding in a PIC.*
- *Fines were levied on five (5) Investment Firms for violating article 5 of Law 2843/2000 concerning the rules that must be adhered to by Investment Firms upon concluding margin account agreements.*
- *Fines were levied on four (4) Investments Firms for violating article 18 of Law 3340/2005, concerning the obligation of persons professionally arranging transactions in financial instruments to record and file all transaction orders received by their clients.*
- *Fines were levied on two (2) Investments Firms for violating article 7 of Law 3340/2005, concerning the obligation of persons professionally arranging transactions in financial instruments to abstain from conduct that constitutes market abuse.*
- *Fines were levied on five (5) Investment Firms for violating article 72 of law 1969/1991 concerning the penalties imposed for the dissemination of false information. Fines were levied on two (2) Investment Firms for violating article 13 of law 3691/2008 on prevention and suppression of money laundering and terrorist financing.*
- *A fine was levied on one (1) Investment form for violating article 12 of Law 3606/2007 on the organizational requirements for the protection of their clients' financial instruments and funds.*
- *A fine was levied on one (1) Investment Firm for violating article 27 of Law 3606/2007 on the execution of client orders. A fine was levied on one (1) Investment Firm for violating articles 25, 31 & 35 of Law 3606/2007 on the freedom to provide investment services and do business in another member-state, and their professional conduct upon providing such services.*
- *A fine was levied on one (1) Investment Firm for violating HCMC Rule 1/347/12.7.2005 on indications of market abuse.*

- *Fines were levied on six (6) Investment Firms for violating HCMC Rule 2/363/30.11.2005 concerning the provision of credit by ATHEX members.*
- *Fines were levied on two (2) Investment Firms for violating HCMC Rule 1/452/1.11.2007 on the organizational requirements for the operation of investment firms.*
- *Fines were levied on six (6) Investment Firms for violating HCMC Rule 2/452/1.11.2007 on the mandatory disclosure of transactions.*
- *A fine was levied on one (1) Investment Firm for violating article 4 of HCMC Rule 7/459/27.12.2007 concerning the maximum limits of financial exposure to a client or a group of connected clients.*
- *Fines were levied on two (2) Investment Firms for violating article 4 of HCMC Rule 5/204/14.11.2000 on the Code of Conduct for Listed Companies*
- *Fines were levied on two (2) Investment Firms for violating HCMC Rule 1/506/8.4.2009 on the prevention and suppression of money laundering.*

Mutual Fund Management Firms and Portfolio Investment Companies

- *Fines were levied on nine (9) MFMFs for violating articles 15, 22 & 30 of Law 3283/2004 on the supervision of MFMFs and PICs.*
- *Fines were levied on three (3) MFMFs for violating HCMC Rule 1/462/7.2.2008 on the code of conduct for MFMFs and PICs.*
- *A fine was levied on one (1) mutual fund management firm for violating the Code of Conduct*

Listed Companies

- *Fines were levied on four (4) listed companies for violating PD 350/1985 on the obligations of ATHEX-listed companies.*
- *Fines were levied on twelve (12) listed companies for violating PD 360/1985 on the disclosure of information about ATHEX-listed companies.*
- *Fines were levied on three (3) listed companies for violating PD 348/1985 concerning the terms of the preparation, audit and dissemination of the prospectuses that must be published for the listing of transferable securities (shares, bonds) in the ATHEX.*
- *Fines were levied on seven (7) listed companies for violating the provisions of P.D. 51/1992 concerning the information that must be disclosed upon the acquisition and auction of major shareholdings in ASE-listed companies.*
- *Fines were levied on five (5) listed companies for violating art. 72 of Law 1969/1991 concerning the penalties imposed for the dissemination of false information.*
- *Fines were levied on four (4) listed companies for violating law 3301/2004 on Financial Collateral Arrangements in implementation of the International Accounting Standards.*
- *Fines were levied on two (2) listed companies for violating law 2190/20 on Corporations.*

- *A fine was levied on one (1) listed company for violating article 25 of Law 3606/2007 on professional conduct upon the provision of investment services.*
- *Fines were levied on nine (9) listed companies for violating article 10 of Law 3340/2005 on the issuers' obligation to publish and maintain websites*
- *A fine was levied on one (1) listed company for violating article 7 of Law 3340/2005 that prohibits market manipulation.*
- *Fines were levied on four (4) listed companies for violating law 3556/2007 on the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.*
- *Fines were levied on two (2) listed companies for violating HCMC Rule 5/204/14.11.2000 on the Code of Conduct for ATHEX-Listed Companies and persons connected to them.*
- *Fines were levied on five (5) listed companies for violating HCMC Rule 3/347/12.7.2005 on issuer obligations concerning the disclosure of transactions.*
- *A fine was levied on one (1) listed company for violating HCMC Rule 1/347/12.7.2005 on the protection of the capital market from market manipulation.*
- *Fines were levied on three (3) listed companies for violating HCMC Rule 2/396/31.8.2006 on the data and information contained in the financial statements published in accordance with the provisions of PD. 360/1985 (Gazette A 129/1985).*
- *A fine was levied on one (1) listed company for violating HCMC Rule 1/452/1.11.2007 on the code of conduct for investment firms in regard to proper disclosure.*

Legal Entities

- *Fines were levied on thirteen (13) legal entities for violating the provisions of P.D. 51/1992 on the information that must be disclosed upon the acquisition of major shareholdings in ATHEX-listed companies.*
- *A fine was levied on one (1) legal entity for violating article 4 of Law 2396/96 concerning the persons eligible for providing investment services.*
- *A fine was levied on one (1) legal entity for violating law 3556/2007 on the disclosure requirements for issuers whose securities have been admitted to trading in a regulated market.*
- *Fines were levied on two (2) legal entities for violating article 8 of Law 3606/2007 concerning the persons eligible for providing investment services.*

Individuals

- *Fines were levied on thirteen (13) individuals for violating the provisions of P.D. 51/1992 on the information that must be disclosed upon the acquisition and auction of major shareholdings in ATHEX-listed companies.*
- *Fines were levied on three (3) individuals for violating the provisions of art. 5 of PD 348/1985 on the preparation and publication of Prospectuses for the listing of transferable securities in the ATHEX. Fines*

were levied on eighteen (18) individuals for violating article 72 of law 1969/1991 concerning the penalties imposed for the dissemination of false information.

- *A fine was levied on one (1) individual for violating art. 4 of law 2396/1996 concerning the persons eligible for providing investment services in Greece.*
- *A fine was levied on one (1) individual for violating para. 1, article 13 of Law 3340/2005 concerning the obligation of persons that exercise managerial duties on behalf of issuers to disclose to the latter any transactions performed on their own behalf and concern the issuer's shares.*
- *A fine was levied on one (1) individual for violating article 3 of Law 3340/2005 that prohibits insider trading.*
- *A fine was levied on one (1) individual for violating article 23 of Law 3340/2005 on refusal to submit to, or obstruct, an audit by the HCMC*
- *Fines were levied on two (2) individuals for violating article 7 of Law 3340/2005 that prohibits market manipulation.*
- *A fine was levied on one (1) individual for violating para. 7 of Law 3461/2006 on compulsory takeover bids.*
- *Fines were levied on two (2) individuals for violating article 8 of Law 3606/2007 concerning the persons eligible for providing investment services.*
- *Fines were levied on three (3) individuals for violating articles 9, 10, 14, 19 & 26 of law on the obligation to provide information about the acquisition or auction of major holdings or the exercise of major voting right percentages, the content of the this information, the provision of information to the HCMC, as well as the denial or obstruction of the provision of information to the HCMC.*
- *A fine was levied on one (1) individual for violating HCMC Rule 3/347/12.7.2005 on issuer obligations.*
- *Fines were levied on two (2) individuals for violating HCMC Rule 5/204/14.11.2000 on the Code of Conduct for ATHEX-Listed Companies and the persons connected to them.*

During 2011, the HCMC levied fines of a total worth of 2,605,455 Euros. The allocation of fines among market entities is presented in Table 31.

TABLE 31. Number and value of fines, 2011.

Number of cases	*Entity*	*Fines (€)*
56	*Investment Firms*	*426,000*
9	*MFMF*	*48,000*
0	*PIC*	*-*
0	*Financial Intermediation Firms*	*-*
58	*Listed Companies*	*528,500*
22	*Other Legal Entities*	*177,500*
64	*Individuals*	*1,425,455*
Total: 209		*Total: €2,605,455*

Source: HCMC

Supervision & Monitoring of the Behavior of Listed Companies

According to article 10 of Law 3340/, the issuers of shares listed in the ATHEX must disclose, without any culpable tardiness, any privileged information related to them. A main prerequisite for the application of the provisions of article 10 is that such information should be of "privileged" nature, as specified by HCMC Rule 3/347/2005. Pursuant to its duties concerning the supervision of company compliance with the provisions of the aforementioned law, in 2011 the competent department of the HCMC sent 72 letters to supervised companies, requiring them: (i) to immediately disclose all information deemed as "privileged" and concerning the said companies, without waiting for the finalization of the situation, or event, to which this "privileged information" refers to, and (ii) in the case of already disclosed information, to disclose at least those items of information that are necessary for the provision of investors with accurate, adequate, and clear information, in order to preclude any ambiguous or unclear interpretation.

According to the provisions of article 2, paragraph 1 of HCMC Rule 5/204/14.11.2000, all companies whose shares are listed in the ASE must immediately confirm, or deny, any unverified information that might materially affect the price of their shares, clarifying at the same time the current stage of the events to which the relevant information refers to. Pursuant to its duties concerning the supervision of listed company compliance with HCMC Rule 5/204/14.11.2000, in 2011 the competent department of the HCMC sent 53 letters to companies, requiring them to confirm, or deny, unverified information, in accordance with the aforementioned provisions. The review of announcements and the investigation of unverified rumors or information, which is performed daily due to both their everyday flow and their immediate nature, showed that a large number of listed companies has complied, without any interference from the HCMC, with the aforementioned regulations. In case no timely or reliable information has been provided, the appropriate investigations are carried out.

In regard to the aforementioned regulations, in 2011 the HCMC levied a fine of 40,000 Euros in one (1) case, for the delayed and insufficient disclosure of privileged information. Moreover, as part of the audits concerning compliance with the provisions of article 72 para. 2 of law 1969/1991, the HCMC levied fines of a total amount of 100,000 Euros on two individuals, for the publication of misleading information. Disclosure obligations are designed to protect investors and guarantee their confidence in the accuracy and objectivity of stock market information. Moreover, these provisions are designed to inform investors and protect them from any consequences on the financial position, and financial data of the company, which may be caused by events such as changes in business activity, or the omission to deny or confirm unverified information, or rumors, or the leakage of information about impeding developments pertaining to the company's business activity, which might affect the prices of its share. In accordance with the provisions of article 17 para. 1 of law 3371/2005 the HCMC, focused on protecting investors and the smooth operation of the market, in cases of insufficient provision of material information requested the placement of the stock of 8 companies under suspension of trading, until the appropriate information is provided to investors.

Pursuant to articles 4 to 8 of law 3556/2007, listed companies are obliged to publish annual and semi-annual financial reports, as well as quarterly financial statements (for the 1st and 3rd quarter of each fiscal year) in accordance with the International Financial Reporting Standards (IFRS). Moreover, listed companies are obliged to publish selected data and information emanating from the relevant financial statements, the structure and contents of which are determined by specific rules of the HCMC. As part of the supervision of company compliance with the provisions of the above law, which include the audit of the companies' compliance with the IFRS as presented in their financial statements, in 2011 the competent department of the HCMC sent 56 letters to supervised companies, requiring them to: a) correct detected errors; b) make *additional disclosures and c) provide explanations regarding the accounting treatment they employed. In regard to the aforementioned regulations, in 2011 the HCMC levied fines of a total value of 13,000 Euros in three (1) cases, for the non-compliance of financial statements with the IFRS. Moreover, in 5 cases of non-compliant preparation of financial statements in accordance with the IFRS and 5 cases of non-timely disclosure of the financial report/financial statements, focusing on investor protection and the smooth operation of the market, the HCMC requested to place the stock of these companies under suspension.*

In addition, as part of supervising compliance with the provisions of law 3340/2005 by the issuers of transferable securities in regard to their financial data, the HCMC audits issues related to the compliance of companies with the rules that prohibit market abuse and insider trading through the issuers' financial statements and other financial data, including forecasts of results and deviations from such forecasts. As part of the above, the competent department sent 8 letters to supervised companies, requiring them to immediately disclose all information concerning the existence of overdue obligations or claims, the disclosure of tax audit results, major court cases and other major post balance sheet events. In addition, the HCMC imposed a fine of €40,000 on a company for disseminating false and misleading information through its financial statements, as well as fines of 120,000 Euros on 3 listed companies for failing to inform investors about major changes in published financial forecasts.

The competent unit of the HCMC is monitoring developments regarding IFRS implementation on the European and international levels, actively participating in ESMA committees, more specifically: (a) the Corporate Reporting Standing Committee (CRSC), which comprises staff members from national regulators-ESMA members, and is responsible for supervising and ensuring the implementation of rules concerning the transparency of the financial information provided by listed companies; (b) the European Enforcers Coordination Sessions (EECS) sub-committee, which deals with technical issues and comprises both members and non-members of the ESMA, responsible for supervising the implementation of, and compliance with, the IFRS, investigating specific cases of accounting treatment by listed companies. In the same context, the sub-committee actively participated in the issuance of ESMA's statement regarding the accounting treatment of the impairment of the value of Hellenic Government Bonds, and posted in the EECS database two (2) decisions on IFRS-compliance related issues and two (2) emerging issues for discussion in regard to accounting treatments used by Hellenic listed companies.

In the context of the provisions of Law 3556/2007 on the obligations concerning the announcement and disclosure of major holdings, shareholders and other responsible persons submitted approximately 560 announcements. In regard to company compliance with the provisions of the above law, as well as the pre-existing institutional framework (PD 51/1992) the HCMC imposed total fines of almost 290,000 Euros on individuals or legal entities.

The competent department performed company audits, which led to the detection of punishable violation, and in 18 cases the HCMC imposed total fines of 338,000 Euros. Of these cases, 9 (166,000 Euros) resulted from the secondary audit of the use of funds raised through share capital increases, the timetable and the commitments made in regard to the information provided to investors. The remaining 9 cases (172,000 Euros) resulted mainly from ad hoc company audits. As far as the supervision of Corporate Governance legislation (law 3016/2002) is concerned, the Board of the HCMC received proposals regarding 31 cases, which led to the imposition of statutory sanctions on the members of the Boards of Directors. Finally, in 2011 the competent unit posted on the website of the HCMC explanatory instructions/circulars concerning the proper implementation of the IFRS, Law 3556/2007 and law 3340/2005.

Supervision & Monitoring of Takeover Bids

In 2011, four applications were submitted to the Commission regarding takeover bids for securities traded in the ATHEX in accordance with law 3461/2006 (Table 32), while a request that had been submitted in 2010 was approved. In addition, the HCMC received three requests for the execution of squeeze-out rights, i.e. the right of the Acquirer that, after the end of the bid, possesses transferable securities representing at least ninety percent (90%) of the Target Company's voting rights to demand the acquisition of all the remaining transferable securities of the Target Company. The submitted applications were the following: (a) A request by TH. B. FASHION Clothing and Property SA for the execution of its squeeze-out right on the shares of "VARDAS SA." (approved on 24.2.2011); (b) a request by CREDIT AGRICOLE S.A. for the execution of its squeeze-out right on the shares of the COMMERCIAL BANK OF GREECE S.A. (approved on 8.8.2011); (c) a request by GOLDENER LIMITED for the execution of its squeeze-out right on the shares of the VIVERE ENTERTAINMENT TRADING & HOLDING S.A. (approved on 21.7.2011).

Moreover, in conjunction with Law 3371/2005, but also after requests by companies for the de-listing of their shares, the Board of the HCMC decided to de-list the shares of three (3) companies. More specifically, following the completion of the take-over bid and squeeze-out procedures, the following companies submitted requests to the HCMC, concerning the de-listing of their shares from the Athens Stock Exchange in accordance with art. 17, paragraph 5 of Law 3371/2005 as currently in force, which were approved by the Board of the HCMC: (i) VARDAS SA. Approved in 27.4.2011; (ii) the COMMERCIAL BANK OF GREECE S.A. Approved on 26.10.2011. (iii) VIVERE ENTERTAINMENT TRADING & HOLDING S.A. Approved on 15.9.2011. Moreover, the Board of the HCMC, pursuant to the provisions of art. 17, paragraph 3 of law 3371/2005 a) on 11.3.2011 decided to de-list the shares of HITECH SNT; and b) on 15.9.2011 decided to de-list the shares of ALISIDA SA. As part of the supervision of compliance with the provisions of law 3461/2006 the HCMC imposed a total fine of 50,000 Euros and suspension of voting rights on one (1) individual for failing to submit a compulsory bid.

Finally, the HCMC participates, through the European Securities and Markets Authority (ESMA), in the meetings of the Takeover Bids Network between staff members from the ESMA-member regulators responsible for the monitoring and supervision of takeover bids. In this context, the 10th meeting of the Takeover Bids Network was held in 2011, for the exchange of views and a discussion on the relevant questionnaire compiled pursuant to article 20 of Directive 2004/25/EC of the European Parliament and the Council of April 21st, 2004, on takeover bids. Moreover, in this context the HCMC is in constant communication with the other ESMA members, exchanging views on issues emerging from the practical implementation of the aforementioned directive in various states.

TABLE 32. Take-over bids in the capital market, 2010

No	Date of submission	Type of bid	Bidder	Target company	Date of Approval	Acceptance period	% of shares prior to the bid	% of shares after the bid
1	21/9/2010	COMPULSORY	LOMOND SERVICES SA	CROWN HELLAS CAN PACKAGING SA	24/2/2011	1/3/2011-29/3/2011	80.56%	85.60%
2	23/5/2011	VOLUNTARY	CREDIT AGRICOLE S.A.	COMMERCIAL BANK OF GREECE SA	24/6/2011	29/6/2011 - 27/7/2011	96%	98%
3	4/4/2011	COMPULSORY	GOLDENER LIMITED	VIVERE SA	12/5/2011	17/5/2011 - 14/6/2011	78.25%	97.36%
4	31/12/2011	VOLUNTARY	HENKEL HELLAS SA	RILKEN SA	31/12/2011	4/10/2011 - 1/11/2011	50.15%	77.30%
5	19/12/2011	COMPULSORY	HENKEL HELLAS SA	RILKEN SA	PENDING			

Source: HCMC

LEGISLATIVE AND INSTITUTIONAL INITIATIVES

In 2011, the legislative initiatives taken within the Hellenic financial system were chiefly related to the implementation of the fiscal consolidation program. In this context, the following laws were enacted: (a) Law 4021/2011, on the enhanced measures for the supervision and restructuring of credit institution, the regulation of issues of a financial nature, the ratification of the Framework Agreement for the European Financial Stability Facility and its amendments and other provisions; (b) Law 4002/2011, which amends public pension legislations and introduces measures for growth and fiscal consolidation; (c) Law 3943/2011, on combating tax evasion and staffing the State's audit mechanisms; and (d) Law 3932/2011, on the enhancement of the Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority. A large number of legislative initiatives is expected in 2012, as a result of the European Council's and Parliament's work on the enhancement of Europe's financial system.

ACTIVITIES OF THE LEGAL SERVICE

In 2011, the Directorate of Legal Services of the HCMC handled many legal cases of the HCMC, which were heard in front of the competent courts, and were attended by the Directorate's attorneys. These cases included the hearing of cases in administrative courts, in civil courts, in penal courts, and in the Court of Auditors. The Directorate also dealt with the preparation of other cases, which were heard in the competent courts either without the attendance of the Directorate's attorneys, or with the attendance of third attorneys. In this context, the Directorate prepared for criminal cases without attendance in front of criminal courts, since the HCMC was not entitled to attend as a plaintiff, and also prepared briefs that had been assigned to external attorneys due to the peculiarity of their subject, or because there were pending in courts out of Athens. The DLS proposed to the Executive Committee to apply the legal means of appeals or notices of appeals against court orders in many cases.

The attorneys of the Commission prepared, after the relevant decisions of the Commission's competent departments, and submitted in front of courts and public prosecutors civil court lawsuits, appeals against first instance court orders, notices of appeal against second instance court orders, indictments for various violations of criminal and capital market law, and money laundering reports. Moreover, the attorneys of the Commission offered their legal assistance to the competent departments of the HCMC in many cases, drafting opinions on various legal issues on quite a few cases, and drafting memoranda on various legal issues that have arisen during the drafting of proposals to the Board and the Executive Committee concerning violations of capital law and the corresponding decisions of the Board and the Executive Committee in many cases. The attorneys offered legal advice in the form of comments or corrections (without drafting a memorandum or an opinion) during the drafting of letters concerning the exercise of hearing rights, as well during the drafting of proposals to the Board and the Executive Committee regarding violations of capital law and regarding procurements or the signing of work contracts and during the preparation of the relevant individual decisions of the Board and the Executive Committee and the drafting of the relevant contracts, in many cases. DLS attorneys participated in the preparation of draft laws, amendments and regulations, in EU workgroups for the drafting of new Directives or the transposition of existing Directives into national law, as well as in seminars and conferences concerning the capital market.

PROFESSIONAL CERTIFICATION OF CAPITAL MARKET AGENTS

The current regime for the professional certification of capital market agents is regulated by means of HCMC Rule 3/505/3.4.2009, in implementation of article 4 of Law 2836/2000, as amended by article 49(2) of Law 3371/2005, which was later replaced by article 14 of Law 3606/2007. This regime provides for the obligation of authorized Investment Firms, Financial Intermediation Firms, Mutual Fund Management Firms, and Portfolio Investment Companies, to employ for the provision of investment services only holders of Professional Adequacy Certificates. The Rule determines the maximum number of trainees that may be employed by each Firm, and the maximum time period during which firms may employ trainees, prior to their successful participation in the Certification Exams or the Certification Seminar (a1).

The Professional Adequacy Certificate refers to five specific types of investment services: (a1): Receipt, transmission and execution, on behalf of third parties, of orders on transferable securities, shares in collective investment undertakings, and money market instruments; (a2): Receipt, transmission and execution, on behalf of third parties, of orders on derivative products; (b): Provision of investment advice concerning transferable securities, shares in collective investment undertakings, and money market instruments, derivative products, and structured financial products; (b1): Provision of investment advice concerning transferable securities, shares in collective investment undertakings, and money market instruments; (c): Client asset management; and (d): Preparation of analyses on financial instruments or issuers.

The Certificate is bestowed by the HCMC if the applicant has successfully sat in certification exams or attended certification seminars, or is the holder of a CFA (Series 3) or CIIA (Final) degree, or equivalent professional adequacy certificates issued by the competent authorities, or agencies, recognized by the competent authorities of EEA member-states, the US, Canada and Australia, and have successfully sat in the exams on the "Institutional framework of the capital market". Apart from taking the tests, certification will be provided in case certain criteria regarding the acceptability of each individual are fulfilled, such as the fulfillment of minimum personal reliability requirements and qualifications. Moreover, HCMC Rule introduces the option to organize seminars addressed to applicants wishing to receive Certificate (a1) and working as trainees in the receipt and transmission of orders. A similar certification requirement has been established for credit institution staff, under similar terms and conditions, which are specified by the joint Decision 4/505/3.4.2009 of the Board of the HCMC and the Governor of the Bank of Greece, whose implementation lies with the Bank.

In implementation of the above, 532 applications for participation in the exams or the seminars that were organized during the year (March-May, June-October-November-December) were submitted in 2011, and 300 professional adequacy certificates were granted. More specifically, 79 certificates were granted in specialty (a1), 79 certificates in specialty (a2), 47 certificates in specialty (b1), 35 certificates in specialty (b), 27 certificates in specialty (c) and 33 certificates in specialty (d). Furthermore, in implementation of the applicable provisions, in 2011 the HCMC granted, following the relevant requests, 39 professional adequacy certificates without participation in the exams (14 following requests for exception due to equivalence and 25 following requests for implementation of transitional provisions): more specifically, 19 certificates in specialty (a2), 2 certificates in specialty (b1), 9 certificates in specialty (b), 6 certificates in specialty (c) and 3 certificates in specialty (d). Finally, in implementation of the applicable provisions, in 2011 the HCMC granted, following the relevant requests, 87 professional adequacy certificates without participation in the exams (60 following requests for exception due to equivalence and 27 following requests for implementation of transitional provisions): more specifically, 30 certificates in specialty (a1), 27 certificates in specialty (a2), 8 certificates in specialty (b1), 17 certificates in specialty (b) and 5 certificates in specialty (c).

FINANCIAL RESULT

In a tough year for the Hellenic capital market, the HCMC managed to balance its income with its needs and show a surplus of almost 583,000, as compared to a surplus of almost 200,000 Euros in 2010. This improvement in its financial results is due to the increase of realized income and the reduction of realized expenses.

TABLE 33. HCMC Financial Result, 2011

RESULTS	2011	2010	Difference	Percentage change
Total income	13,507,270.93	12,566,058.8	941,212.13	7.49%
Total expenses	12,837,693.50	12,356,954.5	480,739.00	3.89%
– Payroll	9,215,364.62	9,241,986.8	-26,622.18	-0.29%
– Rents	1,281,802.71	1,281,724.2	78.51	0.01%
– Overheads	998,351.41	37,164.1	961,187.39	2,586.33%
– Subscriptions to International Organizations	327,067.84	197,218.6	129,849.24	65.84%
– Operating and other expenses	1,015,106.84	1,598,860.7	-583,753.86	-36.51%
Net Result	669,577.43	209,104.3-		

More specifically, the realized income for the year 2011 appears increased by almost 941,000 Euros, mainly as a result of the contributions of listed companies subject to a specific capital accumulation regime and of supervised institutions that provide investment services in Greece or other countries of the European Union. The expenses realized in 2011 are reduced by almost 480,000 million Euros. Payroll cost was reduced by 0.29%, rents remained unchanged and operating expenses were reduced by 36.51%. A large portion of operating expenses represents software upgrades, aimed at improving the efficiency of the IT system. Finally, subscriptions to International Organizations increased by approximately 129,000 Euros due to an increase in the annual subscription paid to the European Securities and Markets Authority (ESMA). Overall, the expenses of the HCMC decreased by 3.89% year-on-year.

INTERNATIONAL ACTIVITIES OF THE HCMC

Notifications for the Provision of Investment Services in Greece

According to European Directive 2004/39/EC (MiFID) and its precursor, 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. This is how the so-called "European Passport" is used for the cross-border provision of investment services in the EU. 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 aforementioned European Directives during the period 1995-2011, the HCMC has received many notifications from overseas firms wishing to provide investment services in Greece by means of the "European Passport" (Table). These notifications remain active in 2,103 cases.

TABLE 34. Notifications for the Provision of Investment Services in Greece, 2009-2011

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Austria	39	38	34	14	13	12	25	25	22
Belgium	17	15	14	5	5	3	12	10	11
Bulgaria	6	3	2	0	0	0	6	3	2
France	49	45	40	11	11	8	38	34	32
Germany	36	28	24	6	4	4	30	24	20
Denmark	11	9	8	1	0	0	10	9	8
Estonia	1	1	1	0	0	0	1	1	1
Ireland	63	61	57	22	20	13	41	41	44
Italy	13	10	8	0	0	0	13	10	8
Spain	10	10	7	0	0	0	10	10	7
Cyprus	78	56	37	10	9	8	68	47	29
Letonia	1	0	0	0	0	0	1	0	0
Lichtenstein	2	0	0	0	0	0	2	0	0
Luxemburg	23	16	13	2	2	2	21	14	11
Malta	8	7	5	1	1	1	7	6	4
Norway	26	24	23	1	1	1	25	23	22
Netherlands	66	61	56	18	18	16	48	43	40
Poland	2	2	1	0	0	0	2	2	1
Portugal	1	1	1	0	0	0	1	1	1
Slovakia	2	2	2	0	0	0	2	2	2
Slovenia	1	1	1	0	0	0	1	1	1
Sweden	11	11	11	6	6	6	5	5	5
Czech Republic	2	2	1	0	0	0	2	2	1
Finland	7	7	7	3	3	1	4	4	6
United Kingdom	2.362	2.159	1.919	634	564	517	1.728	1.595	1.402
Total	2.837	2.569	2.272	734	657	592	2.103	1.912	1.680

Source: HCMC

The distribution of active notifications by country is the following: 1,728 companies come from the UK, 68 from Cyprus , 48 from the Netherlands, 41 from Ireland, 38 from France, 30 from Germany, 25 from each of Austria and Norway, 21 from Luxembourg, 13 from Italy, 12 from Belgium, 10 from each of Spain and Denmark , 7 from Malta, 6 from Bulgaria, 5 from Sweden, 4 from Finland, 2 from each of Lichtenstein, Poland, Slovakia and the Czech Republic, and 1 company from each of Estonia, Latvia Portugal and Slovenia.

Moreover, in 2011, 203 new companies coming from the UK submitted notifications regarding the provision of investment services in the Hellenic capital market, 22 from Cyprus, 8 from Germany, 7 from Luxembourg, 5 from the Netherlands, 4 from France, 3 from each of Bulgaria and Italy, 2 from each of Belgium, Denmark, Ireland, Lichtenstein and Norway, and 1 from each of Austria, Latvia and Malta.

Memoranda of Understanding

The purpose of Memoranda of Understanding (MoU) is to establish and implement a procedure for the provision of assistance among 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 exercise supervision and achieve compliance of *the supervised agents of the market with the existing institutional 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 the context of the new European architecture for the supervision of financial markets, MOUs play a key role, since they are instrumental in the move towards the single supervision of the European market.*

Up to date, the Commission has signed the following Memoranda of Understanding in the context of the general development of its international relations:

1996

- *A bilateral Memorandum of Understanding with the U.S. Securities & Exchange Commission (December 17th, 1996).*

1998

- *A bilateral Memorandum of Understanding with the Securities Commission of Portugal (July 9th, 1998);*
- *A bilateral Memorandum of Understanding with the securities commission of Cyprus (September 1st, 1998);*
- *A bilateral Memorandum of Understanding with the National Securities Commission of Romania (November 30th, 1998).*

1999

- *Multilateral Memorandum of Understanding with the regulators of FESCO member-states (January 26th, 1999);*
- *A bilateral Memorandum of Understanding with the securities commission of Albania (April 1st, 1999).*

2000

- *A bilateral Memorandum of Understanding with the securities commission of Brazil (May 17th,*
- *2000);*
- *A bilateral Memorandum of Understanding with the Central Bank of Cyprus (September 8th, 2000);*
- *A bilateral Memorandum of Understanding with the Securities Commission of Slovenia (October 6th, 2000);*
- *A bilateral Memorandum of Understanding with the Securities Commission of Bulgaria (December 1st, 2000).*

2001

- *A bilateral Memorandum of Understanding with the Securities Commission of Bosnia & Herzegovina (June 27th, 2001);*
- *A bilateral Memorandum of Understanding with the Securities Commission of the Czech Republic (June 28th, 2001);*

• *A bilateral Memorandum of Understanding with the Capital Markets Board of Turkey (October 5th, 2001).*

2002

• *A bilateral Memorandum of Understanding with the Capital Market Commission of South Africa (October 9th, 2002);*

• *Multilateral Memorandum of Understanding with the member-states of IOSCO (International Organization of Securities Commissions) (October 18th, 2002).*

2003

• *A bilateral Memorandum of Understanding with the Securities Commission of Hungary, (January 8th, 2003); and*

• *A bilateral Memorandum of Understanding with the Securities Commission of Poland, (August 1st, 2003).*

2005

• *A bilateral Memorandum of Understanding with the Securities Commission of Bulgaria (March 28th, 2005);*

• *A bilateral Memorandum of Understanding with the Securities Commission of Slovakia (June 28th, 2005);*

• *A bilateral Memorandum of Understanding with the Capital Markets Commission of Israel (September 27th, 2005);*

• *A bilateral Memorandum of Understanding with the securities commission of Serbia (December 3rd, 2005).*

2007

• *A bilateral Memorandum of Understanding with the Capital Markets Commission of Dubai (September14th, 2007);*

• *A bilateral Memorandum of Understanding with the Securities Commission of Egypt (November 20th, 2007).*

The HCMC and the European Securities and Markets Authority (ESMA)

In 2010, the Committee of European Securities Regulators (CESR) was transformed into the European Securities and Markets Authority (ESMA). ESMA is the independent EU Authority that was established on January 01, 2011, pursuant to EU Regulation 1095/15.12.2010, and is the full successor to the CESR. The CESR was the advisory committee that comprised EU securities regulators and provided advice to the European Commission from 2001 to 2010 on policy issues pertaining to transferable securities legislation.

The purpose of ESMA is to safeguard the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. ESMA aims at fostering supervisory convergence both amongst securities regulators, and across *financial sectors by working closely with the other European Supervisory Authorities competent in the fields of banking, and insurance and occupational pensions (European Banking Authority and the European Insurance and Occupational Pensions Authority).*

ESMA's work on securities regulation aims at the development of a single rule book in Europe. This is expected to serve two purposes: First, to ensure the consistent treatment of investors across Europe, by establishing an adequate level of protection of investors through effective regulation and supervision. Second, to promote equal conditions of competition for financial service providers, and ensure the effectiveness and cost efficiency of supervision for supervised companies. As part of its role in standard setting and reducing the scope of regulatory arbitrage, ESMA strengthens international supervisory co-operation. Wherever required by European law, ESMA undertakes the supervision of certain entities with pan-European reach, such as credit rating agencies (CRAs).

ESMA also contributes to the financial stability of the European Union, in the short, medium and long-term, through the European Systemic Risk Board, which identifies potential risks to the financial system and provides advice to diminish possible threats to the financial stability of the Union. ESMA is also responsible for coordinating actions of securities supervisors or adopting emergency measures when a crisis situation arises.

Although ESMA is independent, it is fully accountable towards the European Parliament, where it will appear before the relevant Committee, ECON, at their request for formal hearings. It is also fully accountable towards the European Commission and the Council of the European Union. The Authority will report on its activities regularly at meetings, as well as through an Annual Report.

The Board of Supervisors of ESMA is taking all ESMA decisions and approves all work carried out by ESMA, mainly at levels 2, 3, and 4. The Board comprises the heads of 27 national supervisory authorities, with one observer from Norway, Iceland, Lichtenstein and the European Commission, a representative of the European Banking Authority and the European Insurance and Occupational Pensions Authority and one representative of the European Systemic Risk Board. The main role of the Board of Supervisors is to take all policy decisions of ESMA, such as the decision on the compliance by national competent authorities with EU legislation, the interpretation of EU legislation, decisions in crisis situations, the approval of draft technical standards, guidelines, peer reviews and any reports that are presented. The Board of Supervisors is taking the final decisions on ESMA's budget, and is supposed to meet at least twice a year, although in reality it meets more regularly.

Voting by the Board of Supervisors is carried out on a simple majority basis (one vote per national member) for all matters, except guidelines and technical standards. In the case of guidelines and standards, voting will be done by qualified majority as set out under the Treaty on European Union.

Day-to-day work for adopting the proposals to be approved by the Board of Supervisors continues to be carried out by the Expert Groups that had been established under the CESR, and have been renamed to Standing Committees. These are chaired by senior representatives of the national regulators, usually a Member of the Board of Supervisors and bring together national capital market experts with support from the staff of ESMA, who act as rapporteurs for the standing Committees. Whenever deemed necessary, ESMA may review the Standing Committees in place, and if necessary it will re-organize the Committees or establish new ones.

Upon its formation, a Standing Committee generally establishes a Consultative Working Group of market participants (practitioners, consumers and end-users) to provide technical advice to the expert group during *the drafting process. The market participants are experts drawn from across European member-states. They are not intended to represent national interests or the interests of specific firms, and do not replace the important process of full consultation with all market participants and other stakeholders, or the specific role of the Securities and Markets Stakeholder Group, as set out in the Regulation.*

When a document is ready for public consultation, and following its approval by the Board of Supervisors, it is published on ESMA's website under the section "consultations" and a public hearing is organized. In addition, ESMA formally consults the Securities and Markets Stakeholder Group and any other competent authorities, whenever deemed necessary. The purpose of ESMA's Standing Committees and other groups formed by the Authority is to strengthen the network of regulators in a given area, as agreed in a set of terms of reference. Much of the work is therefore focused on initiatives undertaken at Level 3.

These include efforts to strengthen cooperation among national authorities, in order to ensure the consistent and effective supervision of financial services activities, and the enforcement of securities laws in Europe, as well as any additional measures taken to protect investors. Thus, the Standing Committee may, for example, develop standards and guidelines, or share confidential regulatory information based on legal agreements under the CESR Memorandum of Understanding.

Whenever deemed necessary, ESMA itself or a Standing Committee can invite other relevant supervisory authorities to participate as observers. In December, for example, the chairpersons and senior representatives of the OTC derivative market regulators of Canada, the EU, Hong Kong, Japan, Singapore, and the United States met in Paris with ESMA representatives. The work of ESMA can be found under each of the pages of the relevant standing committee on the ESMA website.

Standing Committees of the ESMA

1. ESMA-Pol Standing Committee

The ESMA-Pol Standing Committee consists of staff members from Securities Commissions-members of the ESMA, responsible for collaboration, information exchange and supervision. ESMA-Pol is the successor to the CESR-Pol, which 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 ESMA-Pol is to facilitate effective information exchange, in order to improve co-operation and the co-ordination among ESMA members in the fields of supervision and imposition of sanctions.

In August, ESMA promoted, through ESMA-Pol, a harmonized regulatory action on short-selling in the European Union. European financial markets had been very volatile throughout the entire 2011, and these developments raised concerns for securities markets regulators across the European Union. ESMA monitored market developments during 2011 and exchanged information with national competent authorities, including the HCMC, on the functioning and infrastructure of the markets.

Given recent market developments, the ESMA wants emphasized on the requirements of the Market Abuse Directive (MAD), referring to the prohibition of the dissemination of information which may give false or misleading signals in regard to financial instruments, including the dissemination of rumors and false or misleading news. European supervisory authorities took measures against any behavior that breaches these requirements and may be punishable in the context of the ESMA. While short-selling can be a valid trading strategy, when used in combination with the dissemination of false rumors, it may constitute abusive practice.

In regard to short-selling regulation, many supervisory authorities already have either adopted requirements for the disclosure of net short positions and/or bans of certain types of short sale. Recent developments indicate that all competent authorities have redefined the monitoring of their markets and are keeping their regulatory requirements under constant review. ESMA is coordinating discussions between the national competent authorities concerning the content and timing of any possible additional measures that may be necessary for maintaining the orderly operation of the markets.

In 2011, certain European supervisory authorities decided to impose or extend existing short-selling bans in their respective markets. They did so either to restrict the benefits that can be achieved from disseminating false rumors or to achieve a level playing field, given the close communication among various EU markets. These measures have been aligned as far as possible, in the absence of a common EU legal framework in the area of short-selling and given the very different national legal bases on which such measures can be taken. The European Commission is expected to issue a Regulation on Short Selling that will come into effect in November 2012. It should be noted that the HCMC is closely monitoring market developments, as well as the relevant decisions of the European Union, and leaves open the possibility that it may redefine its stance on this issue, in cooperation with the ESMA.

In November 2011, ESMA-Pol embarked on the preparation of technical standards for the regulation of short-selling and the relevant implementation measures based on the provisions of the European Regulation on Short-Selling, and is expected to complete its work during 2012.

In 2011, the operation of ESMA-Pol was presided over initially by the Chairman of the HCMC Mr. Anast. Gabrielides, and then by Mr. Kon. Botopoulos.

2. Corporate Finance Standing Committee

In March 2011, ESMA published a statement establishing a framework on the way in which third country issuers can meet the requirements of the Prospectus Directive. The framework allows prospectuses from non-EU countries, drawn up in accordance with third country legislation, to have a "wrap" added, so that the resulting document meets the requirements of the EU Directive. Moreover, ESMA announced that issuers from Israel may list their prospectus for shares on any regulated market of the European Union, provided that it is drawn up in accordance with Israeli regulation with the addition of a "wrap" that contains a number of supplementary transparency measures. The new framework ensures that Israeli prospectuses meet the requirements of the EU's Prospectus Directive (PD), enabling EU investors to continue enjoying equivalent levels of protection in receiving similar information when considering offers from third country issuers.

3. Corporate Reporting Standing Committee

In April 2007 the CESR issued a statement to European companies having their securities traded on a regulated market and preparing consolidated financial statements under the International Financial Reporting Standards (IFRS). The statement contained a position concerning the retrospective adjustment of financial statements following the publication of a rejection note from the IFRS Interpretations Committee, which has been formed in order to deal with issues pertaining to IFRS interpretation differences or conflicts of views. At the time the statement was issued, it was argued that many such conflicts are transitional issues and would disappear over time, until all stakeholders are familiarized with the interpretation and application of the IFRS. More specifically, The issue was whether the explanatory text included in the rejection note should result in an accounting change and, if so, whether the change should be regarded as the correction of an error or a change in accounting policy in accordance with IAS 8 – Accounting Policies. In July, the ESMA stated that 6 years after *the implementation of the IFRS we are no longer in such a transitional period, and the IFRS Interpretations Committee often provides clarification of the standards.*

According to European Regulation 1095/2010, which established it, in July 2011, the ESMA stated that it would act in the field of financial reporting, to ensure the effective and consistent application of European securities and markets legislation. As a result of the recently increased market interest in sovereign debt, ESMA has intensified the coordination of the monitoring activities of competent authorities in order to deal with specific circumstances in this market. ESMA's statement should not be understood as constituting guidance or recommendation on the IFRS, but rather as assisting issuers in preparing disclosures on sovereign debt. ESMA has encouraged issuers to provide any additional information that might be relevant to the investors' understanding of the financial information, and continues to coordinate the competent authorities' monitoring of the application of the relevant requirements by listed issuers in regard to sovereign debt exposures, in order to ensure an adequate level of transparency.

In October, the ESMA published its second annual activity report on the enforcement of International Financial Reporting Standards (IFRS) by European enforcers during 2010 (European Enforcers Co-ordination Sessions - EECS). The report shows that overall the level of enforcement activity in 2010 was similar to 2009. About 1,700 financial reports were reviewed, of which 1,000 (as compared to 1,200 in 2009) were subject to a full review and 700 (900 in 2009) were subject to partial review. These reviews resulted in almost 700 (as compared to 730 in 2009) enforcement actions by national enforcers, 20% of which were subject to European coordination. Enforcers recognized that during a period of continuous deterioration of economic conditions, the impact of risks and uncertainties on estimates and judgments used in the preparation of financial information are the key for the proper understanding of financial information. The main issues arising from the accounts subject to partial review and full review (10% and 15% of all listed entities in the EEA respectively) were the following: impairment of assets, financial instruments disclosure, operating segments, going concern, and current/non-current classification of liabilities.

In addition, on October 26, 2010 the ESMA published a review on the "Application of Disclosure Requirements related to Financial Instruments", and started the revision of its enforcement standards and provided the International Accounting Standards Board (IASB) with some proposed amendments to IFRS 8 – Operating Segments. Furthermore, in order to achieve the consistent global application of IFRS, ESMA organized a second seminar on exchanging experiences between global enforcers of IFRS, and also maintained its regular dialogue with third country authorities, which have adopted, or are in the process of adopting, IFRS, such as the U.S. Securities and Exchanges Commission (U.S. SEC) and the Japanese Financial Services Authority (JFSA). According to ESMA, the effective implementation of the IFRS is a key factor that helps investor understand the impact of the financial crisis on the financial position and performance of listed companies. ESMA aims at facilitating communication among enforcers worldwide, contributing to the consistent application of the IFRS.

4. Secondary Markets Standing Committee

In July, the ESMA published a consultation paper on r detailed guidelines for trading platforms, investment firms and competent authorities, to address challenges of an automated trading environment, of which high frequency trading (HFT) is the main feature. The guidelines aim at clarifying the obligations of trading platforms and investment firms under the existing EU legislative framework. ESMA believes that the proposed guidelines contribute to the efficiency, orderly functioning and resilience of trading in an automated environment.

Trading in financial instruments carries a number of risks, such as operational, credit and market risks as well as risks of abusive behavior that can threaten the regulatory objectives of investor protection, fair and orderly trading, efficient price formation, financial stability and prevention of behavior that undermines market integrity. These risks are inherent to trading and also exist when trading is done on a person-to-person basis or over the telephone. However, in a high frequency trading environment the organizational arrangements required by trading platforms and investment firms should be tailored to the scale, sophistication and speed of the trading activity and should keep up with regulatory challenges.

The proposed guidelines are part of the extensive work carried out by the ESMA in the area of micro-structural issues and high frequency trading. This includes, for instance, a review of academic literature on the effects of HFT; targeted fact-findings with trading platforms, HFT firms and investment firms providing direct market access/sponsored access; an inquiry with buy-side participants about the impact of HFT on market quality; a round-table discussion with market participants; and the identification of issues related to the market micro-structure or high frequency trading which needs legislative amendments in order to be adequately addressed.

The guidelines cover separate standards for organizational requirements in regard to high frequency trading for trading platforms on the one hand, and investment firms on the other. These can be summarized as follows:

Electronic trading systems

In complying with their overall obligations in regard to their electronic trading systems, trading platforms should take a series of key issues into account, such as: (a) clear and formal procedures for the development, procurement and monitoring of electronic trading systems; (b) resilient and robust systems, properly adapted to the business that takes place through them (including the flow of message traffic), and effective business continuity arrangements; (c) a testing phase prior to deployment of the electronic trading system or its updates; (d) staff with necessary up-to-date skills and expertise to run the electronic trading systems; (e) periodic review and evaluation of procedures and arrangements, including the electronic trading systems themselves, with some degree of independence; (f) adequate records, including, for example, information about key decisions, system properties, testing methodologies, test results and periodic reviews; (g) appropriate reporting to competent authorities in regard to significant risks to the sound operation of the electronic trading systems. Most of these points are also relevant to the electronic trading systems employed by investment firms. Main additional guidelines relate to trading algorithms that are used by investment firms.

Fair and orderly trading

In the context of the challenges posed by high frequency trading, ESMA's guidelines aim at the fair and orderly trading that relates to the controls that investment firms should have and that trading platforms need to impose on their members, participants and users.

In the case of investment firms the guidelines aim at promoting fair and orderly trading, including requirements for dealing with erroneous order entry, risk management and overriding pre-trade controls. In the case of trading platforms, the guidelines cover issues such as pre-trade controls, the possibility to limit the number of orders which each member/participant or user can send to the trading platform; conformance tests to ensure that members/participants' or users' IT systems are compatible with the trading platforms' electronic trading systems; automatic mechanisms to constrain trading or to halt trading in a specific financial instrument; undertaking adequate due diligence of the member/participant or user before market access; ability to check their respective controls and arrangements afterwards; setting requirements governing the *knowledge of employees of members/participants or users and keeping adequate records of their policies and procedures to ensure fair and orderly markets.*

Preventing market abuse

ESMA believes that the rules and procedures for trading platforms are designed to identify, report and prevent instances of possible market abuse and that they should at least include arrangements that are proportionate to the nature, size and scale of the business conducted through the trading platform. In addition, trading platforms need to monitor orders and transactions with the aim of flagging possible instances of conduct that might involve market abuse, for follow-up investigation. These systems will need to be under frequent review to ensure their continued adequacy in times of higher volumes of information. Furthermore, staff with appropriate knowledge about legislative prohibitions and trading strategies is vital to follow-up information provided by automatic alerts. The proposals also require the reporting of possible instances of market abuse to competent authorities without delay. The trading platforms' record-keeping should also be of a high enough standard to allow for effective audit trails regarding how each alert is dealt with.

Direct market access and sponsored access

The increasing sophistication of trading technologies enables firms to access markets and place orders with a great degree independence, speed and reduced cost. Direct market access and sponsored access offer market participants that are not members/participants or users of regulated markets or multilateral trading facilities a more direct or independent route to the market than conventional trading through an intermediary, and in doing so, provide latency advantages and trading anonymity.

However, there are certain risks arising from Direct market access and sponsored access, e.g. that the client's trading breaches a trading platform's operating rules and the direct market access or sponsored access provider's respective responsibility. The proposed guidelines therefore include organizational requirements for investment firms and trading platforms related with these kinds of risks. Generally, the direct market access or sponsored access provider firms should be aware of their responsibility in regard to all trades executed under their market participant identities. This responsibility should govern their approach towards assessing potential direct market access or sponsored access clients and the monitoring of their activity. An effective risk mitigation framework should include regular controls at the pre-trade and post-trade stage.

On this basis, investment firms offering direct market access or sponsored access should seek to assess prospective clients in accordance with predefined criteria, taking into account the potential impact of the clients' trading strategy, the clients' historical patterns of trading on the relevant trading platforms and the wider market, and their history of their compliance with the terms proposed by supervisory authorities and trading platforms.

According to the proposed guidelines, investment firms that offer direct market access or sponsored access should also apply pre-trade controls to the trades of direct or sponsored access, which stop automatically any of their orders either by adapting the firms' risk appetite or the client's credit limits. Whereas in the case of direct market access this can be done at the firm level when the order passes through the systems, in the case of sponsored access this has to be done at the trading platform level. It is therefore important that whenever direct market access of sponsored access firms implement pre-trade controls –either through a third vendor or offered by the trading platform– they should automatically have the ability to cancel a trade if it could possible pose a risk. On the post-trade level, the guidelines propose that direct market or sponsored access firms should monitor trades using real-time client data feeds and use client identities to monitor the clients' activity. These *firms should also apply the post-trade measure of terminating a direct market or sponsored client's access to the order book.*

In response to the direct market access or sponsored access clients' obligations, trading platforms should establish clear agreements concerning the provider's responsibility for all trades under its member/participant identity, and should require firms that offer direct market or sponsored access to have in place all appropriate systems for mitigating the risk that the clients may obstruct orderly trading or engage in market abuse practices. Nonetheless, whenever necessary trading platforms should be able to review their members/participants' or their users' internal risk control systems. They should also retain the right to decide who can access their market. In the case of sponsored access clients that are directly connected to the trading platform without passing their orders through the sponsor firm and its order management systems, a trading platform should refuse or withdraw access if it is not satisfied that the sponsored access client acts in compliance with the rules and procedures that govern fair and orderly trading. They should also have the capability of identifying and stopping orders from persons trading through sponsored access separately from their members by assigning unique client identities to clients that are accessing their market through sponsored access.

In accordance with article 16(3) of the ESMA Regulation, national competent authorities and financial market participants should make any possible effort to comply with the guidelines and recommendations. The guidelines will come into force by May 1st, 2012. Maintaining orderly market operation is one of the goals while setting the rules on automated trading. Therefore, ESMA's guidelines suggest that regulated markets and multilateral trading facilities should have arrangements in place for this purpose. These arrangements should include: (a) adequate pre-trade controls, such as the possibility to limit the number of orders that each member/participant or user can send to the trading platform; (b) conformance tests to ensure that the members/participants' or users' IT systems are compatible with the trading platforms' electronic trading systems; (c) automatic and discretionary mechanisms for constraining or halting trading in response to significant variations in price to prevent (disorderly) trading; (d) undertaking adequate due diligence of the member/participant or user prior to accepting their market access and the ability to check their respective controls and arrangements a posteriori; (e) clear organizational requirements for members that are not regulated entities; and (f) rules and procedures designed to prevent, identify and report instances of possible market abuse and market manipulation that are proportionate to the nature, size and scope of the business done through trading platforms.

Investment firms that use algorithms must, according to the ESMA guidelines, also have organizational arrangements for maintaining fair and orderly trading. This includes: (a) an appropriate governance process for developing or buying algorithms, deploying the live use of the algorithm in a cautious stage, having staff with the necessary up-to-date skills and expertise to run and monitor the behavior of their live algorithms; (b) "pre-trade controls which detect erroneous order entry and maintain preset risk management thresholds, including thresholds on maximum exposure to individual clients" (Annex I, Guideline 4); and (c) the "investment firms' responsibility for all order flow to venues from clients using direct market access or sponsored access, conduct adequate due diligence on clients using direct market access and sponsored access services and ability to immediately halt trading by these clients".

Moreover, regulated market, multilateral trading facilities and investment firms must maintain adequate data on their systems and controls that are covered by the guidelines in order to enable the competent authorities to assess their compliance with MiFID and other relevant regulatory obligations. ESMA's worl on automated trading will be carried on.

5. Investor Protection & Intermediaries Standing Committee

In April, the ESMA published a Q&A paper on the following issues: Client profile review; appropriateness; aggregated orders and trade allocations; tied agents; leveraged portfolio; due diligence on sub-custodians; tied agents; investment advice and investment research. In December, the ESMA issued a statement warning investors against dealing with unauthorized firms offering forex investments and notifying them about the main risks involved in forex trading.

6. Investment Management Standing Committee

In April, the ESMA published its final report on the guidelines on risk measurement and the calculation of the global exposure for certain types of structured UCITS. The report contains the policy approach agreed upon by the ESMA, along with the cost-benefit analysis, the feedback from the public consultation and the draft guidelines to be presented to the competent supervisory authorities and UCITS management companies.

The purpose of the guidelines is to develop, for certain types of structured UCITS, an optional regime for calculating global exposures. The specific approach that was adopted by ESMA consists of the calculation for each scenario to which investors can be exposed at any one time, of the global exposure, through the use of the commitment approach, where each scenario must always fully comply with the global exposure limit. ESMA believes that the scope of this alternative approach must be clearly defined. Thus, the guidelines of the report is setting compliance criteria for structured UCITS, in order to enable them to benefit from this specific approach.

In July, the ESMA published a consultation paper setting out its proposals for the detailed rules underlying the Alternative Investment Fund Managers Directive (AIFMD). This was its response to the request for assistance sent by the European Commission to ESMA's predecessor, the CESR, in December 2010. The ESMA delivered its final advice to the Commission in November 2011. The proposals published in ESMA’s consultation paper covered three areas:

General provisions for managers, authorization and operating conditions

The provisions clarify the scope of the Directive, as well as issues such as the proper and independent valuation of portfolios and the justified outsourcing of operations in accordance with the purposes of the management’s effective communication or on the basis of a general assessment.

Governance of alternative investment funds' depositaries

The provisions clarify the appointment, governance framework and obligations of AIF depositaries. It also includes reference to the circumstances in which a financial instrument held in custody should be considered as ‘lost’, specifying when a depositary must subsequently return this asset. It includes a clarification of the events that constitute external events beyond the reasonable control of the depositary, and examines the reasons that would allow a depositary to contractually discharge its liability.

Transparency requirements and leverage

ESMA's proposals cover issues related to leverage (e.g. definition and calculation of leverage, conditions for imposing limits on leverage). Given the wide range of organizations covered by the Directive and the varying nature of the assets these organizations are investing in, ESMA proposes two different methods for calculating leverage (commitment and gross methods), as well as a third option that can be used by managers on request and subject to certain criteria. Furthermore, the proposals of ESMA specify the form and content of *information to be reported to competent supervisory authorities and investors, and negotiate the content and form of the annual report prepared by each organization, recognizing the existence of various national and international accounting standards.*

Also in July, the ESMA published a consultation paper on the necessary guidelines for UCITS Exchange-Traded Funds (ETFs) and structured UCITS. The ESMA has reviewed the current regulatory regime applicable to such funds and believes that the existing requirements are not sufficient in order to take into account the specific features and risks related with these types of fund. ESMA examines the possible measures that could be adopted for mitigating the risk posed by the fact that highly complex products, which may be difficult to understand and evaluate, are made available to retail investors. ESMA also assesses the potential systemic risk arising by these types of undertakings and their impact on financial stability. The ESMA will use the feedback obtained through this paper in order to develop draft guidelines for such undertakings.

In regard to ETFs, the ESMA has specified the following issues on which guidelines should be developed and for which feedback is sought: (a) use of an identifier, in their name and in their fund rules, prospectus and marketing material; (b) clear and comprehensive description of the index to be tracked and the mechanism used to gain exposure to the index; (c) information provided to investors in the prospectus of synthetic ETFs, which should include information about the underlying of the investment portfolio or index, the type of collateral that may be obtained from the counterparty and the risk of counterparty default and the effect on investors' returns; (d) collateral received that complies with the criteria for OTC transactions, as well as the policy in relation to collateral; (e) disclosure of the main risks of actively-managed ETFs and the main sources of these risks; (f) the disclosure of the leverage policy used by ETFs in the prospectus, along with the method for the daily calculation of leverage; and (g) the establishment of UCITS ETFs to give all investors, including those that acquire units on the secondary market, the right to redeem their units directly from the UCITS. Finally, in regard to structured UCITS that gain exposure to complicated investment strategies, the ESMA believes the guidelines should be developed concerning the total return of swaps and strategy indices.

In August, the ESMA published a consultation paper setting out its proposals for the detailed rules on supervision and third country entities underlying the Alternative Investment Fund Managers Directive. These rules reflect the global nature of the alternative investment management industry and the need to adopt a framework for entities outside the EU. The ESMA proposals published in the consultation paper cover three broad areas: (a) supervisory co-operation and exchange of information; (b) delegation of portfolio or risk management functions to third country entities; and (c) assessment of equivalence of third country depositary frameworks.

The advice of ESMA covers four broad areas: (a) general provisions for scope, managers, authorization and operating conditions; (b) the governance of alternative investment fund depositaries; (c) transparency requirements and leverage; and (d) the smooth functioning of the new requirements with respect to third countries.

7. Credit Rating Agencies Technical Committee

In May, the ESMA issued guidelines for credit rating agencies, which specifies the implementation of stringent tests for ratings issued outside the European Union. These credit ratings are used by financial institutions to assess the risk of their exposures and in calculating their capital requirements. The condition for such use is that the credit rating activities performed by Credit Rating Agencies (CRAs) outside the European Union are subject to requirements established by law which are as stringent as those applicable in the European Union.

ESMA's Guidelines clarify that European credit rating agencies can continue to issue credit ratings produced outside the European Union after the 6th of June, 2011 at least until the point of their registration.

If at the point of a credit rating agency's registration, the credit ratings issued outside the European Union "are not considered endorsable in the European Union, because an appropriate regulatory regime has not entered into force in the relevant third country (or the other necessary conditions as set out in the Regulation are not in place), the use of such credit ratings for regulatory purposes by financial institutions will still be possible for three months from that date".

The ESMA will assess whether the use of such credit ratings can continue for another three-month period with the aim of avoiding any potential market disruption or financial instability. This will be known to the market as soon as the decision is reached.

8. Post-Trading Standing Committee

ESMA formed a Post-Trading Standing Committee, which comprises ESM experts, and works on post-trading activities in the European Union. This Committee is responsible for elaborating ESMA's technical advice to the European Commission, and technical standards and guidelines and recommendations relating to the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories. It is also responsible for developing ESMA's policy on the regulation of central securities depositories and for analyzing the regulatory and supervisory implications of the TARGET2-Securities project. In addition, this Committee supervises supervisory convergence among national supervisory authorities in its area of competence. In 2011, the Committee also dealt with submitting comments in a European Commission consultation paper on Central Counterparties and the alignment of certain settlement aspects, with issues such as the appropriate regulatory framework for Central Securities Depositories (CDSs) and the alignment of certain aspects of securities settlement in the EU (settlement discipline, the issue of TARGET 2 Securities).

9. Financial Innovation Standing Committee

The Financial Innovation Standing Committee of ESMA was established to assist ESMA in fulfilling its tasks and responsibilities relating to investor protection. The purpose of this standing committee is to achieve a co-ordinated approach to the regulatory and supervisory treatment of new or innovative financial activities through efficient coordination on policy-making in regard to financial innovation within ESMA. On the national level, the standing committee assesses domestic issues and risks that may potentially arise, whilst being cautious about the extent of work undertaken when it seems possible that issues may be best addressed by a national authority. The standing committee may make recommendations for the coordination of national responses to any issues that arises in the field of financial innovation. The standing committee also contributes to the Joint Committee of European Supervisory Authorities' work on consumer-related financial innovation issues (through the joint sub-committee on Consumer Protection).

The Review Panel of ESMA

The Review Panel of ESMA comprises high-ranking representatives from ESMA member-state regulators, and its mandate is to evaluate the practical implementation of European Legislation by ESMA members, and the transposition of ESMA standards into their national legislation.

In January, the ESMA published a summary report of a pan-European mapping on contingency measures. A similar exercise had been carried out in December 2009, in order to provide better information about the extent to which national authorities in the financial sector across Europe, are equipped to deal with crisis *situations and apply contingency measures available to them at national level at times of crisis. According to the ESMA, this work will help ensure better coordination in future crisis situations under ESMA's auspices. The mapping was carried out by the Review Panel, and enhances supervisory convergence among national authorities.*

The financial crisis revealed how important it is for the competent authorities to be able to undertake coordinated action and to intervene in crisis situations when market conditions raise potential systemic risks that may cause disruption in the securities markets, or, affect the stability of the whole or a part of the financial markets. Examples of such powers include the power to shut down the market, to suspend the redemption and repurchase of UCITS-units, to deal with market insolvencies, and major failures by market intermediaries, clearing houses or settlement systems.

The main conclusion of this exercise was that it is unlikely that national authorities can address a crisis situation on a common or comparable legal basis and therefore act in a fully coordinated manner. The availability of powers for national authorities in a crisis, with respect to the different areas of securities regulation, is diverse throughout Europe. The nature and scope of contingency powers, as well as the legal conditions governing their exercise, differ significantly. The availability of measures that may possibly be applied in a crisis situation had not been assessed before by national authorities in the financial sector, and, as a result, this may be the reason why national authorities reported practical experience mainly in regard to the prohibition of short-selling in specific financial instruments. Given that the empirical evidence of past crisis situations may not be exhaustive, this mapping has also dealt with a review of the legal provisions that grant national authorities powers without reference to a specific situation ("general clauses") or with reference to a more or less unspecified emergency situation.

According to the ESMA, the mapping exercise was carried out as a preparatory measure in the new framework for action in emergency situations set out in the ESMA Regulation. In accordance with the provisions of this Regulation, ESMA will play a major role in the event of adverse systemic developments and in case of emergency situations. The Regulation gives ESMA the general role of supporting and co-ordinating the actions that have to be undertaken on the national level, as well as the power of adopting individual decisions that apply across the European Union, in certain conditions of emergency situations specified as such by the Council of the European Union.

In July, the ESMA published a review of the use of discretions by regulators across Europe in accordance with the Transparency Directive. The review focused on those parts of the Transparency Directive and the implementation measures that the 29 participating EU and EEA member states are allowed to apply differently. The main purpose of the assessment was to ascertain the extent to which the member-states adopted discretions and options, additional requirements and/or more stringent rules in their national legislation regarding these issues. Overall, the report shows that a large number of member-states uses additional requirements. Since the review of the member-states is very detailed, it is not possible to adopt an overall conclusion (major findings are detailed in the report itself, with a breakdown of the various parts of the transparency directive). The key findings are the following:

(a) Good compliance with publication deadline rules. The Directive sets deadlines for the publication of annual financial reports (the latest four months after the end of each financial year) and requires member states to ensure that the reports remain publicly available for at least five years. The majority of member-states have pointed out that the deadline for publishing annual financial reports is not shorter than four months after the end of the financial year, while the period during which the annual financial reports should remain publicly

available is five years. The same finding is also valid for semi-annual financial reports, interim financial statements and quarterly financial reports.

(b) No additional requirements on public disclosure. The use of electronic means for conveying information to shareholders is not subject to additional requirements in the member-states. One third of the member-states reported that their supervisory authority, as the supervisory authority of the home member-state, has decided to publish regulated information on its website.

(c) Most regulators accept multi-language disclosure. Most of member-states stated that, as home member-states they have included in their laws, regulations or administrative provisions, a requirement that "the regulated information shall, depending on the choice of the issuer, be disclosed either in a language accepted by their Competent Authority or in a language customary in the sphere of international finance".

(d) The majority of regulators store information in a single officially appointed mechanism (OAM), and the member states reported that they have only one OAM for the storage of regulated information in accordance with the transparency directive. Nonetheless, in the case of larger markets, regulated information is also published in various types of media with national and European audiences.

(e) Differences in approach for publication of regulatory sanctions and infringements. Four member-states designated an authority other than the central supervisory authority for the examination of information in accordance with the relevant reporting framework and in order to take appropriate action where infringements were detected. It should be noted that within the EU, there is no unique model of financial supervision and none of the rules on the European level provides for a preferred model of national supervisory structure. Different policies are adopted by the competent supervisory authorities in relation to the publication of measures or sanctions. It is also noted that the publication of the measures and sanctions imposed by the competent supervisory authorities are key for the enhancement of transparency and the preservation of confidence in financial markets.

ESMA working groups

1. Committee for Economic and Markets Analysis (CEMA)

An ad hoc group of economists (financial experts' network) has been meeting at regular intervals, mostly to discuss issues pertaining to statistical data that could be collected in order to prepare reports on financial trends in securities markets, to be dispatched to the Economic & Financial Committee to enable the CESR deal with its increasing commitments to submit reports on market trend forecasts. The aims were to (a) improve CESR's capability to undertake economic analyses of market trends and key risks in the securities markets that are, or may become, of particular significance for its Members, and (b) to develop practical impact analysis methodologies regarding financial regulation and supervision.

This experts' network has evolved into CEMA: The Committee for Economic and Markets Analysis is an ESMA Standing Committee responsible for covering two areas: (a) financial markets monitoring and analysis: CEMA provides pro-active identification, monitoring, and assessment from a micro-prudential level of trends, potential risks and vulnerabilities in financial markets across borders and sectors, including a thorough focus on financial innovations, and incentives related to market practices both at the whole auction and retail level; and (b) impact assessment: The committee contributes to better regulation by actively supporting ESMA's commitment to Impact Assessments of existing and planned/proposed regulation and supervisory practice (ex ante and ex post Impact Assessments).

2. IT Management and Governance Group

ESMA's IT Management and Governance Group is responsible for handling IT-related issues. The group is supervising special projects that the ESMA undertakes in collaboration with the national regulators. It comprises ESMA representatives who have experience, knowledge and expertise in IT project management and financial market-related issues. The group's main objectives are to manage ESMA's pan-European IT projects and to provide the ESMA and the national authorities with IT services that help national regulators fulfill their obligations and prepare reports on IT issues of relevance to EU institutions. It also consults and advices the ESMA on IT-related issues.

3. Takeover Bids Network

Since March 2007, representatives of CESR members, specialized on takeover bid issues, started discussing practical matters that have risen from the implementation of Directive 2004/25/EC on Takeover bids. Therefore, the CESR set up a network of competent authorities that deal with takeover bids, which was later adopted by the ESMA, to discuss views, experiences and future developments. The Takeover Bids Directive covers two diverse areas: corporate law issues and securities or regulated markets law issues. Since the authorities that compose the network do not, in general, jurisdiction in corporate law issues, the object of the network is limited to securities or regulated market related issues, with the main aim of exchanging information and expertise.

4. Securities and Markets Stakeholder Group

The ESMA consultation policy is a standing ESMA commitment. To this end, ESMA has also formed a high-ranking consultation group (Securities and Markets Stakeholder Group), which comprises 30 members from various fields, of whom 5 represent retail investors and 5 are academics. This group advises ESMA on actions related to regulatory technical standards and the methods for implementing them.

The HCMC and IOSCO

The International Organization of Securities Commissions (IOSCO), which is based in Madrid, is the main forum of international cooperation among capital market regulators and is recognized as the international agency responsible for the establishment of security market standards. For the time being, IOSCO has 201 members (115 regular members) from more than 100 countries.

The world's securities and derivatives regulators and other members of the international financial community met in Cape Town in April, on the occasion of the 36th Annual Conference of IOSCO. During its 35th Annual Conference in Montreal, IOSCO reformulated its strategic mission leading up to 2015, with the purpose of enhancing its role in improving the international regulatory framework for securities markets by setting international standards, identifying and addressing systemic risks, and advancing the implementation of its principles and the full implementation of the IOSCO Multilateral Memorandum of Understanding.

The Executive Committee Task Force on Strategic Direction presented its proposals regarding the new committee structure and funding base that were submitted for approval to the Presidents' Committee. This decision ensures that IOSCO, as an international standard-setter for securities markets regulation, is structured and positioned to continue to provide leadership in the development of regulatory standards for capital markets, has the resources needed for engaging in the identification of emerging securities markets risks, and possesses the capability to meet the needs of its members and to respond to requests for targeted work by the G20 and the Financial Stability Board (FSB).

The Multilateral Memorandum of Understanding

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 the illegal use of securities and derivatives markets. Prior to signing IOSCO's Multilateral Memorandum of Understanding, the candidates must be submitted to a strict assessment process, designed to demonstrate their ability to co-operate on the basis of the memorandum's terms. A monitoring group, comprising representatives of all signatories of the memorandum of understanding, has been formed in order to monitor compliance of the memorandum's signatories with the terms of the memorandum. The HCMC is one of the first counterparties to the Memorandum, having signed the MMU on October 9th, 2002.

IOSCO's MOU, which was adopted in 2002, provides for improved enforcement-related cooperation and the exchange of information among regulators. IOSCO's Regional Committees, assisted by its General Secretariat, have worked alongside jurisdictions in their regions to encourage the necessary actions for joining IOSCO's MMOU. By the end of 2011, 80 countries have signed the MMOU and another 34 will be admitted to Appendix A after eliminating certain terms in their legislation.

Related to these developments is the IOSCO MoU Assistance Program which helps members throughout the application process. The Program, which is coordinated by the General Secretariat of IOSCO, provides experienced professionals that will work together with members seeking technical assistance, in order to help them comply with the necessary international regulatory standards. Many members have benefited from this assistance, which is still available for those remaining members that may be facing difficulties in preparing their MMOU applications.

In order to ensure the full implementation of the Multilateral Memorandum of Understanding, IOSCO required all ordinary and associate members, which have primary responsibility for securities regulation legislation in their countries, to apply for becoming full signatories to IOSCOS Multilateral Memorandum of Understanding by January 01, 2013. IOSCO pledges to ensure that this target will be achieved by providing technical assistance and advice to all members, in order to carry out the necessary changes required form becoming signatories to the Multilateral Memorandum of Understanding.

New Initiatives

IOSCO's initiative to work together with under-regulated or uncooperative jurisdictions continues to be a priority. Great progress has been made with certain uncooperative jurisdictions, some of which have now become fully compatible or are in the process of becoming compatible, in accordance with the provisions of IOSCO's MMOU. The cooperation initiative helped these jurisdictions make actual improvements to the level of cooperation that they can offer to their international partners regarding the information designed for cross-border enforcement. This means that there are fewer jurisdictions with international standards that are inferior to those required by IOSCO's MMOU.

The new IOSCO work mandates include (a) the Emerging Market Committee's working group on Disclosure and Accounting (b) the Emerging Market Committee's working group on Investment Management (c) the Emerging Market Committee's working group on the Financial Crisis.

Technical Committees

The SRO Consultative committee conducted a survey on the roles and functions of Self-Regulatory Organizations (SROs) and discussed issues faced by SROs in each state. The members of the committee discussed issues that arise from dark pools, high frequency trading and other recent development in the market, including those related to takeover bids. For one of the ongoing main mandates, the SRO Consultative Committee reviewed in depth the program of the fourth training seminar that took place in Taipei in early November 2011, following three successful seminars. The SRO Consultative Committee agreed to further enhance communication with the relevant IOSCO committees and provide its members with know-how on the establishment of standards, skill development and the promotion of activities under IOSCO's new strategic orientation.

During their meetings, the SRO Consultative Committee and the Emerging Market Committee approved reports such as the final report on the Principles on Dark Liquidity. Moreover, the following appointments were made in 2011 in regard to the committees: (a) Executive Committee: Ms. Maria Helena Santana, Chairperson of the Comissão de Valores Mobiliários of Brazil was appointed Chairperson of the Executive Committee, replacing Ms. Jane Diplock AO, Chairperson of the Financial Markets Authority of New Zealand, who resigned as Chairperson of the Executive Committee as she had resigned from her position in the financial Markets Authority of New Zealand. Mr. Shang Fulin, Chairman of the China Securities Regulatory Commission, remains in his place as Vice Chairman of the Executive Committee. (b) Technical Committee: Mr. Masamichi Kono, Vice Commissioner for International Affairs of the Financial Services Agency of Japan, was appointed Chairman of the Technical Committee, replacing by Mr. Hans Hoogervorst, Chairman of the Netherlands Authority for the Financial Markets, who resigned as Chairman of the Technical Committee, since he retired from the AFM in order to become Chairman of the International Accounting Standards Board (IASB). Mr. Fernando Restoy, Vice-Chairman of the Comisión Nacional del Mercado de Valores of Spain was appointed as Vice-Chairman of the Technical Committee. These appointments will be in effect until the annual conference of 2012, when IOSCO will merge some of its Committees in accordance with its articles of association.

New Members and Annual Conference

IOSCO announced the admission of the following new associate members: Financial Market Authority, Lichtenstein (ordinary member), Group of North American Insurance Enterprises, GNAIE (affiliate member), Securities Association of China, SAC (affiliate member). Its next annual conference will be held in Beijing from May 13-17, 2012. The Executive Committee has chosen Luxembourg as the venue for the 2013 Annual Conference, and Rio de Janeiro for the 2014 Annual Conference.

The European Regional Committee of IOSCO

The European Regional Committee of I.O.S.C.O. comprises 47 supervisory authorities, including the 27 supervisory authorities of European Union member-states. This Committee deals with the in-depth study of: the developments in the capital markets in its member states; the progress of the implementation of IOSCO's regulatory and supervisory standards by member-states; the activities of off-shore financial centers, and the harmonization of the regulatory standards in accordance with European Directives. By common statement of the participating countries, signed in 2009, the Partnership between the Securities Regulators from both Shores of the Mediterranean Sea was created, with the active participation of the HCMC. Its purpose is to develop additional actions, for example the actions of IOSCO's Africa and Middle East Regional Committee. It also aims at ensuring the implementation of IOSCO principles in the securities regulation of this region. This program also aims at expanding dialogue with the ESMA as part of the convergence program and the relationship of cooperation with the EU.

PART FIVE
APPENDICES

APPENDIX 1. HCMC RULES AND REGULATIONS

No. Of Rule / Gazette	Title	Summary
1/574/17.1.2011 (Gazette B/428/17.3.2011)	Evaluation of qualifying holdings in a regulated market operator and the persons managing it	Specification of the requirements, the procedure and definition of specific terms for the approval of the eligibility of the said persons
2/574/17.1.2011 (Gazette B/542/7.4.2011)	Amendment of HCMC Rule 23/530/10.10.2008 (Gazette B 2432/23.10.2008)	Authorization and withdrawal of authorization of central counterparty, clearing and settlement facilities
7/576/3.2.2011 (Gazette B/395/14.3.2011)	Amendment of HCMC Rule 1/462/7.2.2008 (GAZETTE B 297/25.2.2008)	Code of conduct for Mutual Fund Management Firms and Portfolio Investment Firms
33/577/15.2.2011 (Gazette B/943/24.5.2011)	Approval of the training program for individuals involved in the distribution of mutual fund units.	Approves the syllabus for the training of persons involved in the distribution of mutual funds units
1/578/26.5.2011 (Gazette B/542/7.4.2011)	Amendment of HCMC Rule 1/317/11.11.2004 (Gazette B 1746/26.11.2004)	Classification of mutual funds according to Law 3283/2004
2/578/24.2.2011 (Gazette B/493/31.3.2011)	Amendment of HCMC Rule 2/317/11.11.2004 (Gazette B 1746/26.11.2004)	Quarterly mutual fund investment lists according to Law 3283/2004
3/578/24.2.2011 (Gazette B/493/31.3.2011)	Amendment of HCMC Rule 3/378/10.10.2008 (Gazette B 608/16.5.2006)	Use of derivative financial instruments and selected securities, by mutual funds and portfolio investment companies, and portfolio risk management
34/586/26.5.2011 (Gazette B/1428/16.6.2011)	Due diligence in cases of outsourcing or representation	Definition of a procedure framework, of the minimum contents of the agreements and the adoption of a risk management plan in case due diligence is outsourced.
35/586/26.5.2011 (Gazette B/1428/16.6.2011)	Amendment of HCMC Rule 1/506/8.4.2009 (Gazette B 834/6.5.2009)	Prevention of the use of the financial system for the purpose of money laundering and terrorist financing
40/586/26.5.2011 (Gazette B/1064/31.5.2011)	Approval of the amendment of the Regulation of the "Athens Exchange Clearing House SA" (ETEK) for the Clearing of Transactions in Book-Entry Securities.	As decided in meeting no. 54/21.2.2001 and no. 58/23.5.2011 of the Board of Directors of «"Athens Exchange Clearing House SA" (ETEK)
41/586/26.5.2011 (Gazette B/1064/31.5.2011)	Approval of amendment to the Rulebook of the Athens Stock Exchange	As decided in meeting no. 10/ 23.5.2011 of the Board of Directors of the Athens Stock Exchange and included in the Annex.
6/587/2.6.2011 (Gazette B/1428/16.6.2011)	Classification of Mutual Funds	Classification of mutual funds depending on the type of financial instruments they are directly or indirectly investing their net assets in
14/593/8.8.2011 (Gazette B/1800/9.8.2011)	Amendment of HCMC Rule 1/509/15.5.2009	Short Sales of Shares listed in the Athens Stock Exchange (Gazette B 1076/2009)

594/19.8.2011 (Gazette B/1841/19.8.2011)	*Approval of amendment to the Rulebook of the Athens Stock Exchange*	*In accordance with decision No. 16/16.8.2011 of the Board of Directors of the Athens Stock Exchange.*
1/595/31.8.2011 (Gazette B/2237/6.10.2011)	*Approval of amendments to certain provisions of the Rulebook for the Electronic Secondary Securities Market*	*ANNEX to no. . 1/26/11.7.2011 Minutes of the Management Board of IDAT*
14/597/23.9.2011 (Gazette B/2179/29.9.2011)	*Amendment of HCMC Rule 7/513/18.6.2009*	*Transfer of responsibilities to the Executive Committee, the 1st and 2nd Vice-Chairpersons, the General Director and the Heads of Divisions, Departments, Offices and other Units of the HCMC*
1/599/29.9.2011 (Gazette B/2352/21.10.2011)	*Amendment of HCMC Rule 14/593/8.8.2011*	*The prohibition of short-selling is extended till December 9, 2011.*
605/8.12.2011 (Gazette B/2796/9.12.2011)	*Amendment of HCMC Rule 14/593/8.8.2011*	*The prohibition of short-selling is extended again till January 27, 2012.*
26/606/22.2.2011 (Gazette B/3053/30.12.2011)	*Amendment of HCMC Rule 9/459/27.12.2007 (Gazette B 2457/31.12.2007)*	*Credit institutions' disclosure of data and information on their capital adequacy, the risks they assume and the management thereof*
27/606/22.12.2011 (Gazette B/3053/30.12.2011)	*Amendment of HCMC Rule 4/459/27.12.2007 (Gazette B 2453/31.12.2007)*	*Calculation of capital adequacy requirements of investment firms against market risk*
28/606/22.12.2011 (Gazette B/3053/30.12.2011)	*Amendment of HCMC Rule 8/459/27.12.2007 (Gazette B 2456/31.12.2007)*	*Internal assessment of the investment firms' capital adequacy and its prudential supervision and assessment by the Capital Market Commission*
29/606/22.12.2011 (Gazette B/3053/30.12.2011)	*Amendment of HCMC Rules 1/459/27.12.2007 (Gazette B 2455/31.12.2007), 2/459/27.12.2007 (Gazette B 2457/31.12.2007), 3/459/27.12.2007 (Gazette B 2463/31.12.2007), 5/459/27.12.2007 (Gazette B 2454/31.12.2007)*	*"Rules for the calculation of the capital adequacy requirements of investment firms"," Specification of Own Funds of Investment Firms domiciled in Greece", "Calculation of the investment firms' minimum capital adequacy requirements for credit risk in accordance with the standardized approach" and "Credit Risk"*

APPENDIX 2. Participation in International Conferences and Meetings, 2011

- *January 11, 2011, Paris, ESMA Summit;*
- *January 11, 2011, Brussels, Meeting of the expert group on the proposal of the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories;*
- *January 18, 2011, Brussels, Meeting of the European Council for the adoption of a Directive on short-selling;*
- *January 19 to 20, 2011, Brussels, Meeting of the expert group on the proposal of the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories;*
- *January 20, 2011, London, Meeting of ESMA's Standing Committee on regulated markets;*
- *January 20, 2011, Frankfurt, Opening meeting of National Regulators for the European Systemic Risk Board;*
- *February 08, 2011, Paris, Conference of the ESMA Review Panel;*
- *February 10, 2011, Brussels, Meeting of the expert group on the proposal of the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories;*
- *February 17, 2011, Frankfurt, Meeting of the Advisory Technical Committee of the European Systemic Risk Board;*
- *February 21, 2011, Brussels, Meeting of the expert group on the proposal of the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories;*
- *February 22, 2011, Paris, ESMA Summit;*
- *February 23, 2011, Brussels, Meeting of member-state representatives concerning the preparation of a draft Securities Law Directive;*
- *March 04, 2011, Brussels, Meeting of the European Commission's Company Law Experts Group (CLEG);*
- *March 9-10, 2011, Paris, ESMA-Pol Meeting;*
- *March 15, 2011, Brussels, Meeting of the European Commission on central securities depositories legislation;*
- *March 18, 2011, Paris, Conference of the ESMA Review Panel;*
- *March 22, 2011, Milan, Meeting of ESMA's Investment Management Standing Committee;*
- *April 06, 2011, Paris, Meeting of the OECD Task Force on Investor Protection;*
- *April 12, 2011, Budapest, ESMA Summit;*
- *April 13, 2011, Brussels, Meeting of the European Securities Committee (ESC);*
- *June 16-21, 2011, Cape Town, IOSCO Annual Conference;*
- *April 19 to 20, 2011, Paris, OECD Meeting on Corporate Governance;*
- *April 29, 2011, Rome, Meeting of ESMA's Investment Management Standing Committee;*
- *May 04, 2011, Frankfurt, Meeting of ESMA's Standing Committee on Credit Rating Agencies;*
- *May 05, 2011, Frankfurt, Meeting of the National Regulators Body regarding the Moody's rating agency;*
- *May 06, 2011, Paris, Conference of the ESMA Review Panel;*
- *May 10, 2011, Brussels, Meeting of the expert group on the proposal of the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories;*
- *May 10 to 11, 2011, London, Meeting of ESMA's Standing Committee on regulated markets;*
- *May 12, 2011, Paris, Meeting of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *May 19, 2011, London, Conference on: "Prudential Regulation: the future", Financial Services Authority and Bank of England;*
- *May 25, 2011, Paris, ESMA Summit;*
- *May 31, 2011, Amsterdam, Meeting of ESMA's Corporate Finance Standing Committee;*
- *June 7-8, 2011, Frankfurt, Meeting on: "New European Regulatory & Supervisory Structure: Functioning and impact on national supervisors", (ESMA, EBA and EIOPA);*
- *June 7-8, 2011, Lisbon, Conference of the European Regional Committee of IOSCO;*
- *June 16, 2011, Paris, Meeting of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *June 20-21, 2011, Rome, Meeting of ESMA's Investment Management Standing Committee;*
- *June 21, 2011, Madrid, Meeting of ESMA's Corporate Reporting Standing Committee;*

- *June 22, 2011, Madrid, Meeting of the Sub-Committee of ESMA's Corporate Reporting Standing Committee on the Enforcement of International Accounting Standards (EECS);*
- *June 22, 2011, Frankfurt, 2nd meeting of National Regulators for the European Systemic Risk Board;*
- *June 27, 2011, London, Meeting of ESMA's Standing Committee on regulated markets;*
- *June 27, 2011, Paris, Meeting of the sub-committee of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *June 28, 2011, London, Conference on "The Financial Conduct Authority's approach to regulation", Financial Services Authority, (FSA);*
- *June 29-30, 2011, Frankfurt, Meeting of ESMA's Standing Committee on Credit Rating Agencies;*
- *July 05, 2011, Paris, Meeting of ESMA's IT Management and Governance Group;*
- *July 05, 2011, Paris, ESMA-Pol Meeting;*
- *July 07, 2011, Frankfurt, Meeting of the sub-committee of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *July 11-12, 2011, Paris, ESMA Summit;*
- *July 13, 2011, Paris, Conference of the ESMA Review Panel;*
- *July 17-23, 2011, Frankfurt, Bundesbank seminar on: "International financial stability: Thought leadership and best practice in addressing systematic financial risks";*
- *August 31- September 01, 2011, Brussels, Meeting of ESMA's Article 9 Task Force Committee on Financial Institutions;*
- *September 05, 2011, Paris, Meeting of the sub-committee of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *September 06, 2011, Paris, Meeting of ESMA's Standing Committee on regulated markets;*
- *September 6-7, 2011, Paris, Meeting of the Sub-Committee of ESMA's Corporate Reporting Standing Committee on the Enforcement of International Accounting Standards (EECS);*
- *September 6-7, 2011, Paris, Meeting of the National Regulators Body regarding the Moody's rating agency;*
- *September 7-9, 2011, Vienna, Meeting of the "Takeover Network" and the "International Takeover Regulators";*
- *September 7-8, 2011, London, 6th Greek Business Conference, Hellenic Exchanges;*
- *September 8-9, 2011, Amsterdam, Meeting of IOSCO's Implementation Task Force;*
- *September 20, 2011, Warsaw, ESMA Summit;*
- *September 26, 2011, Paris, Meeting of the sub-committee of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *October 3-4, 2011, Paris, Meeting of ESMA's IT Management and Governance Group;*
- *October 18, 2011, Nicosia, Meeting of the Sub-Committee of ESMA's Corporate Reporting Standing Committee on the Enforcement of International Accounting Standards (EECS);*
- *November 8-9, 2011, Paris, CESR Summit;*
- *November 09, 2011, Paris, Meeting of ESMA's Financial Innovation Standing Committee;*
- *November 11, 2011, Brussels, Meeting of the European Council and the European Commission for the negotiation of a Draft Regulation on Insider Trading and Market Manipulation;*
- *November 14, 2011, Paris, Meeting of the sub-committee of ESMA's Investor Protection and Intermediaries Standing Committee;*
- *November 14-16, 2011, Vienna, ESMA seminar on "High Frequency Trading";*
- *November 15, 2011, Paris, Meeting of the ESMA-Pol sub-working group on short-selling;*
- *November 16-17, 2011, Paris, OECD Meeting on Corporate Governance;*
- *November 17-20, 2011, Paris, Meeting of ESMA's Investment Management Standing Committee;*
- *November 22-23, 2011, Morocco, Meeting of the Mediterranean Partnership of Securities Regulators;*
- *November 25, 2011, Brussels, Meeting of the European Council's Working Party on Financial Services;*
- *November 28-29, 2011, Paris, Meeting of the ESMA-Pol sub-working group on short-selling;*
- *November 30, 2011, Paris, Meeting of ESMA's Standing Committee on Credit Rating Agencies;*
- *December 02, 2011, London, Meeting of ESMA's Standing Committee on regulated markets;*
- *December 02, 2011, Milan, Meeting of ESMA's Investment Management Standing Committee;*
- *December 6-7, 2011, Paris, Meeting of the ESMA-Pol sub-working group on short-selling;*

- *December 06, 2011, Paris, ESMA-Pol Meeting;*
- *December 07, 2011, Paris, Conference of the ESMA Review Panel;*
- *December 6-7, 2011, Frankfurt, BAFIN seminar on "Risk measurement for UCITS";*
- *December 07, 2011, Paris, Meeting of the CEMA sub-group on High Frequency Trading;*
- *December 09, 2011, Paris, Meeting of ESMA's Corporate Reporting Standing Committee;*
- *December 13-14, 2011, Madrid, Meeting of the ESMA-Pol sub-working group on short-selling;*
- *December 15, 2011, Brussels, Meeting of the European Regional Committee of IOSCO;*
- *December 15, 2011, Paris, Meeting of ESMA's Post Trading Standing Committee;*
- *December 20, 2011, Paris, ESMA Summit.*

TABLE I. International Stock Market Indices, 2011

Stock Exchange	**Indicators**						**Annual return***	
	Stock Exchange Indices		Market Capitalization	Value of Transactions1		Tradability index[2]		No. of listed companies
	Closing price.	Annualized Change (%)	Value (US$ billion)	Y-o-y % change	Value (US$ billion)	Annualized Change (%)	(%)	
London	5,572.28	-5.6%	2,516.12	-6.6%	2,021.19	-3.0%	80.3%	2,886
Germany	5,898.35	-14.7%	912.42	-14.4%	1,252.38	1.2%	137.3%	746
NYSE Euronext[3]	N/A	N/A	1,884.74	-13.7%	1,520.30	-0.8%	80.7%	1,112
Paris	3,159.81	-17.0%	-	-	-	-	-	-
Switzerland	5,936.23	-7.8%	1,018.80	-11.1%	776.88	-5.2%	76.3%	280
Amsterdam	312.47	-11.9%	-	-	-	-	-	-
Italy	16,974.24	-20.4%	-	-	-	-	-	-
Madrid[4]	857.65	-14.6%	794.16	-9.1%	873.00	-15.4%	109.9%	3,276
Stockholm[5]	307.04	-16.7%	2,475.4	-14.6%	590.44	3.9%	23.90%	773
Brussels	2,083.42	-19.2%	-	-	-	-	-	-
Athens	680.42	-51.9%	26.01	-48.4%	19.65	-39.7%	75.5%	272
Vienna	1,891.68	-34.9%	65.68	-30.1%	30.15	-18.1%	45.9%	105
NYSE-Euronext (US)	7,477.03	-6.1%	11,795.57	-11.9%	18,027.08	1.3%	152.8%	2,220
NASDAQ OMX	2,605.15	-1.8%	3,845.13	-1.1%	12,723.51	0.5%	330.9%	2,680
Tokyo	8,455.35	-17.3%	2,558.55	-17.6%	3,166.25	-4.2%	123.8%	2,291
Hong-Kong	18,434.39	-20.0%	1,753.72	-16.8%	1,124.06	-3.3%	64.1%	1,496

Source: World Federation of Exchanges, Financial Times (December 31/January 1 2012).

Note.

1 Because of differences in the presentation and estimation of transaction value, the figures are not totally comparable.

2 Value of trading in shares / market capitalization.

3 Includes data from Amsterdam, Brussels, Lisbon and Paris.

4 Includes data from the stock exchanges of Madrid, Barcelona, Bilbao, and Valencia.

5 Includes data from the stock exchanges of Stockholm, Copenhagen, Helsinki, Iceland, Tallinn, Riga, and Vilnius (NASDAQ OMX Nordic).

TABLE II. Market Share, Number and Total Assets of Mutual Funds, by Mutual Fund Management Firm, 2009-2011

MFMF	31.12.2011				31.12.2010				31.12.2009			
	Number of M/F	Assets (€ mil.)	Market share	Change in Share	Number of M/F	Assets (€ mil.)	Market share	Change in Share	Number of M/F	Assets (€ mil.)	Market share	Change in Share
METLIFE ALICO MFMF	19	216.16	4.13%	0.54	21	287.35	3.58%	0.42	25	337.43	3.16%	0.5
ALLIANZ	7	59.59	1.14%	-0.14	7	102.39	1.28%	0.02	7	134.61	1.26%	0.02
ALPHA ASSET MAN	27	815.05	15.59%	-0.95	27	1,326.50	16.55%	0.29	27	1,738.09	16.27%	-1.73
ALPHA TRUST MFMF	12	107.46	2.06%	0.18	12	150.56	1.88%	0.00	13	200.29	1.88%	0.17
T FUNDS MFMC	4	26.38	0.50%	-0.02	4	41.37	0.52	0.02	4	53.65	0.50%	-0.06
ATTICA WEALTH MAN	8	52.37	1.00%	0.18	8	65.84	0.82	0.02	8	85.52	0.80%	0.02
EFG MFMF	89	1,433.71	27.42%	3.32	75	1,931.73	24.10	-0.98	70	2,676.72	25.06%	2.05
HSBC (HELLAS)	8	124.59	2.38%	-1.71	9	328.17	4.09%	-0.74	11	515.05	4.82%	1.44
ING-MFMF	3	56.17	1.07%	-0.15	5	97.53	1.22%	0.00	5	130.61	1.22%	0.03
INTERNATIONAL	6	17.49	0.33%	-0.06	6	30.99	0.39%	-0.03	6	45.05	0.42%	-0.06
MARFIN GLOBAL AM	14	161.12	3.08%	0.15	11	235.17	2.93%	-2.94	8	626.69	5.87%	3.27
MILLENNIUM MFMF	9	43.63	0.83%	-0.21	9	83.43	1.04%	-0.04	9	115.36	1.08%	0.48
PROBANK MFMF	4	93.53	1.79%	-1.26	4	244.63	3.05%	2.80	4	27.20	0.25%	-0.17
PROTON MFMF	4	3,678.13	0.07%	-0.06	4	10.05	0.13%	-0.01	4	14.70	0.14%	-0.04
INSUR. ORG.	2	495.64	9.48%	-0.74	2	1,066.41	10.22%	0.23	2	1,066.42	9.98%	2.09
ATE MFMF	11	138.07	2.64%	0.16	11	198.51	2.48%	0.19	11	243.99	2.28%	0.04
ETHNIKI ASSET MGT	40	912.20	17.44%	0.16	44	1,384.67	17.27%	-0.50	45	1,902.43	17.81%	-8.73
AMUNDI MFMC	4	93.18	1.78%	-0.74	4	201.95	2.52%	-0.55	7	327.37	3.07%	-0.52
EVROPAIKI PISTI	10	35.86	0.69	0.13	10	44.55	0.56%	0.08	10	51.55	0.48%	0.14
CYPRUS ASSET MGT MFMF	9	27.99	0.54%	-0.20	10	59.21	0.74%	-0.08	10	87.43	0.82%	0.16
PIRAEUS ASSET M,	13	79.83	1.53%	0.23	13	103.79	1.29%	-0.37	13	177.59	1.66%	0.07
PSB GREEK POST MFMF	7	235.35	4.50%	1.16	7	267.74	3.34%	2.19	7	122.73	1.15%	0.8
TOTAL	310	5,229.08			303	8,015.63			306	10,680.47		

Source: Hellenic Fund & Asset Management Association.

TABLE III. Net assets of Mutual Fund Management Firms per MF classification, 31.12.2011

MFMF	Money market			Bond	Balanced	Equity	Funds of Funds	Index	Composite
	Short-term	Money Market	Total						
ALICO AIG MFMF	-	5.57%	5.57%	51.76%	10.63%	19.69%	6.92%	5.42%	-
ALLIANZ MFMF	-	7.2%	7.2%	21.25%	46.89%	24.65%	-	-	-
ALPHA AM MFMF	-	16.20%	16.20%	21.43%	9.80%	24.25%	17.68%	2.71%	7.93%
ALPHA TRUST MFMF	9.32%	-	9.32%	9.18%	13.43%	62.56%	5.52%	-	-
T FUNDS MFMC		29.30%	29.30%	56.10%	2.58%	12.02%	-	-	-
ATTICA W.M. MFMF	-	2.93%	2.93%	43.16%	42.09%	11.82%	-	-	-
EFG MFMF	1.84%	6.90%	8.74%	10.86%	1.29%	16.75%	13.64%	-	48.73%
HSBC (HELLAS)	37.83%	-	37.83%	6.54%	9.12%	46.51%	-	-	-
ING-MFMF	12.96%	-	12.96%	-	13.13%	73.91%	-	-	-
INT'L MFMF	-	10.46%	10.46%	27.98%	27.70%	33.86%	-	-	-
MARFIN G.A.M. MFMF	-	46.17%	46.17%	12.86%	3.39%	20.41%	17.18%	-	-
MILLENNIUM MFMF	-	11.00%	11.00%	4.28%	-	59.89%	24.83%	-	-
PROBANK MFMF	-	88.92%	88.92%	5.39%	0.47%	5.22%	-	-	-
PROTON MFMF	-	-	-	33.88%	21.73%	44.39%	-	-	-
SOCIAL SEC. FUNDS MFMF	-	-	-	36.34%	63.66%	-	-	-	-
ATE MFMF	3.38%	-	3.38%	23.12%	38.63%	31.59%	3.28%	-	-
NATIONAL MFMF	-	-	-	-	-	-			
AMUNDI MFMC	-	22.10%	22.10%	19.40%	10.67%	47.83%	-	-	-
EVROP. PISTI	-	-	-	53.27%	4.09%	42.64%	-	-	-
CYPRUS MFMF	-	7.56%	7.56%	29.34%	16.70%	37.04%	7.59%	-	1.76%
PIRAEUS ASSET M	35.13%	8.49%	43.62%	17.23%	7.34%	20.78%	11.03%	-	-
PSB HELLENIC POST	-	90.36%	90.36%	4.32%	4.52%	0.80%	-	-	-
MARKET SHARES	2.36%	13.22%	15.58%	23.04%	13.76%	20.74%	9.93%	0.72%	16.22%

Source: Hellenic Fund & Asset Management Association.

TABLE IV. Mutual Fund Returns, 2006-2011

M/F Classification	Annual return						Annual return*			
	2011	2010	2009	2008	2007	2006	2009	2008	2007	2006
BOND										
Domestic	_	-17.44%	3.70%	-1.68%	1.58%	0.89%	3.66%	-1.68%	1.58%	0.57%
Foreign	_	-0.42%	6.08%	-5.34%	-1.61%	4.05%	6.58%	-7.09%	-1.93%	-0.90%
MONEY MARKET										
Domestic	_	1.74%	2.44%	2.62%	2.87%	1.12%	2.55%	2.6%	2.87%	1.92%
Foreign		5.57%	-0.37%	4.02%	1.06%	4.55%	-0.37%	4.43%	1.06%	0.47%
EQUITY										
Domestic	_	-30.08%	21.31%	-55.56%	15.36%	29.21%	21.64%	-57.81%	15.76%	26.55%
Foreign	_	8.95%	21.15%	-33.02%	3.44%	20.02%	22.06%	-37.17%	4.03%	11.14%
BALANCED										
Domestic	_	-22.13%	8.85%	-27.14%	7.48%	14.03%	9.66%	-28.83%	7.72%	11.19%
Foreign	_	1.69%	22.56%	-24.99%	1.20%	6.49%	24.61%	-25.35%	1.14%	4.25%
FUNDS OF FUNDS										
Equity	-9.28%	14.42%	35.08%	-44.82%	1.47%	7.05%	39.68%	-45.96%	1.47%	10.97%
Balanced	-7.64%	4.10%	10.87%	-19.42%	-0.26%	5.60%	11.59%	-20.30%	2.05%	6.11%
Bond	1.10%	1.64%	3.80%	-3.75%	-0.07%	-	3.80%	-3.75%	-0.07%	-

Source: Hellenic Fund & Asset Management Association.
Note. Based on HCMC Rule 6/587/2.6.2011 the classification of mutual funds was amended and, therefore, returns are not anymore comparable.

TABLE V. Mutual Fund Returns, 2011

M/F Classification	***Annual return***
EQUITY	
US Equity M/Fs	*-0.63%*
Advanced Market Equity MFs	*-6.83%*
Emerging Market Equity MFs	*-20.54%*
Index Equity M/Fs	*-51.42%*
International Equity M/Fs	*-17.64%*
Greek Equity M/Fs	*-44.92%*
Euro zone Equity M/Fs	*-12.29%*
BOND	
International Bond M/Fs	*-1.87%*
Greek Bond M/Fs	*-38.42%*
Advanced Sovereign Bond MFs	*0.44%*
Emerging Sovereign Bond MFs	*-2.84%*
Investment Grade Sovereign Bond MFs	*-2.15%*
High Yield Sovereign Bond MFs	*-3.92%*
BALANCED	
Balanced Mutual Funds	*-28.91%*
MONEY MARKET	
Short Term Money market	*1.33%*
Money market	*1.79%*
SPECIALIST FUNDS	
Absolute Return MFs	*-4.06%*
Specialist MFs	*-10.50%*
FUNDS OF FUNDS	
Equity	*-9.28%*
Balanced	*-7.64%*
Bond	*1.10%*

Source: Hellenic Fund & Asset Management Association.

Note.

1. Based on HCMC Rule 6/587/2.6.2011 the classification of mutual funds was amended and, therefore, returns are not anymore comparable.
2. Excluding Money Market MFs, the further specification of individual MF categories, as presented on the above table, has been decided by the Hellenic Fund and Asset Management Association.

TABLE VI. Net Mutual Fund Assets and the General Index of the ASSE, 2009-2011

Month / Year	Total M/F Assets		Market Capitalization of ATHEX firms (€ million)	CSP Index / ATHEX	Return Change (%)
	Amount (€ mn)	Change (%)			
Dec-11	5,228.40	-4.01%	26,802.38	680.42	-0.26%
Nov-11	5,446.74	-7.57%	26,469.43	682.21	-15.63%
Oct-11	5,892.76	-0.88%	30,400.80	808.58	1.27%
Sept-11	5,945.21	-9.35%	31,108.71	798.42	-12.83%
Aug-11	6,558.71	-6.74%	36,515.63	915.98	-23.93%
Jul-11	7,032.90	-1.19%	45,333.79	1,204.15	-5.86%
Jun-11	7,118.06	-4.55%	48,618.23	1,279.06	-2.32%
May-11	7,457.41	-3.99%	48,005.29	1,309.46	-8.73%
Apr-11	7,767.86	-3.37%	54,387.32	1,434.65	-6.55%
Mar-11	8,039.14	-2.73%	58,803.95	1,535.19	-2.64%
Feb-11	8,265.61	0.25%	60,635.33	1,576.86	-1.03%
Jan-11	8,244.61	2.85%	60,985.25	1,593.30	12.68%
Dec-10	8,015.63	-1.76%	299,628.59	1,413.94	-0.40%
Nov-10	8,159.67	-3.14%	300,059.44	1,419.67	-8.26%
Oct-10	8,424.82	2.59%	305,158.86	1,547.43	5.19%
Sep-10	8,211.78	-0.74%	302,864.30	1,471.04	-5.42%
Aug-10	8,273.52	-2.35%	303,050.10	1,555.41	-7.53%
Jul-10	8,473.47	5.19%	309,682.32	1,681.98	8.46%
Jun-10	8,055.26	-6.07%	298,727.94	1,550.78	8.13%
May-10	8,576.23	-5.07%	313,637.87	1,434.22	-23.30%
Apr-10	9,035.01	-7.63%	335,126.31	1,869.99	-9.55%
Mar-10	9,781.98	0.86%	322,693.02	2,067.49	8.07%
Feb-10	9,697.72	-5.69%	317,340.46	1,913.16	-6.60%
Jan-10	10,283.00	-1.24%	273,947.48	2,048.32	-6.73%
Dec-09	10,412.37	8.52%	279,891.72	2,196.16	-2.97%
Nov-09	9,594.77	-16.40%	281,047.81	2,263.27	-15.74%
Oct-09	11,476.66	0.72%	296,045.31	2,686.21	0.93%
Sep-09	11,394.21	2.72%	295,167.73	2,661.42	7.91%
Aug-09	11,092.65	2.44%	288,834.73	2,466.41	4.40%
Jul-09	10,827.93	7.69%	285,055.46	2,362.35	6.89%
Jun-09	10,055.05	4.38%	285,723.34	2,209.99	-5.05%
May-09	9,632.93	0.82%	277,306.01	2,327.47	13.33%
Apr-09	9,555.01	5.57%	278,853.64	2,053.74	21.93%
Mar-09	9,050.86	-3.77%	265,671.64	1,684.37	9.67%
Feb-09	9,405.82	-5.95%	260,638.95	1,535.82	-13.69%
Jan-09	10,001.28	-4.02%	276,745.97	1,779.47	-0.39%

Source: Athens Stock Exchange, Hellenic Fund & Asset Management Association.

TABLE VII. The performance of Portfolio Investment Companies, 31.12.2011

Company	Share Price (€)	Book Value of Share (Euros)	Premium / Discount (%)	Internal Rate of Return (Euros)	Net Asset Value (€ million)
ALPHA TRUST ANDROMEDA PIC	*0.15*	*0.14*	*7.14%*	*-32.68%*	*3,670,969.79*
EUROLINE INVESTMENT SA	*1.41*	*0.19*	*642.11%*	*1.10%*	*2,065,429.29*
INTERINVEST SA	*1.12*	*0.18*	*522.22%*	*-1.16%*	*2,045,205.67*
AEOLIAN INVESTMENT FUNDS SA	*0.95*	*1.53*	*-37.91%*	*-34.82%*	*17,139,769.92*
TOTAL					*24,921,374.67*

Source: Hellenic Fund & Asset Management Association, HCMC.

TABLE VII. Net mutual fund assets in EU member-states, 30.09.2011

Member States	Total Assets (€ mn)		UCITS members net assets (€ mn)		Non-UCITS members net assets (€ mn)	
	30.9.2011	**30.9.2010**	**30.9.2011**	**30.9.2010**	**30.9.2011**	**30.9.2010**
Austria	*139,182*	*146,660*	*75,788*	*85,679*	*63,394*	*60,981*
Belgium	*85,043*	*95,475*	*79,131*	*89,375*	*5,912*	*6,100*
Bulgaria	*228*	*200*	*226*	*197*	*2*	*3*
Czech Republic	*4,456*	*4,878*	*4,375*	*4,820*	*81*	*58*
Denmark	*131,695*	*124,009*	*62,373*	*64,699*	*69,322*	*59,310*
Finland	*54,107*	*59,440*	*46,969*	*51,276*	*7,138*	*8,164*
France	*1,383,895*	*1,406,409*	*1,080,382*	*1,223,059*	*303,513*	*183,350*
Germany	*1,104,292*	*1,106,153*	*221,914*	*236,937*	*882,378*	*869,216*
Greece	*7,075*	*8,299*	*5,140*	*7,222*	*1,935*	*1,077*
Hungary	*11,887*	*13,448*	*7,856*	*9,680*	*4,031*	*3,768*
Ireland	*970,574*	*885,710*	*754,903*	*708,472*	*215,671*	*177,238*
Italy	*204,589*	*239,973*	*149,371*	*182,173*	*55,218*	*57,800*
Lichtenstein	*30,188*	*28,786*	*25,769*	*24,964*	*4,419*	*3,822*
Luxembourg	*2,032,077*	*2,083,740*	*1,704,978*	*1,786,332*	*327,099*	*297,408*
Netherlands	*70,352*	*80,800*	*58,591*	*67,700*	*11,761*	*13,100*
Norway	*59,614*	*54,258*	*59,614*	*54,258*	*0*	*0*
Poland	*24,181*	*27,170*	*15,197*	*18,766*	*8,984*	*8,404*
Portugal	*22,309*	*26,955*	*6,565*	*9,354*	*15,744*	*17,601*
Romania	*3,417*	*2,864*	*1,871*	*1,219*	*1,546*	*1,645*
Slovakia	*3,358*	*3,669*	*3,011*	*3,484*	*347*	*185*
Slovenia	*1,752*	*2,179*	*1,752*	*1,927*	*0*	*252*
Spain	*159,704*	*177,310*	*152,792*	*169,953*	*6,912*	*7,357*
Sweden	*137,927*	*150,443*	*134,790*	*147,047*	*3,137*	*3,396*
Switzerland	*262,072*	*240,451*	*205,222*	*189,226*	*56,850*	*51,225*
Turkey	*18,216*	*17,567*	*11,569*	*14,510*	*6,647*	*3,057*
Un. Kingdom	*744,740*	*741,192*	*602,269*	*624,983*	*152,471*	*116,209*

Source: E.F.A.M.A.

TABLE IX. Structure of mutual fund assets in EU member-states, 2010-11

Type of M/F	30.9.2011		30.6.2011		31.12.2010	
	Total Assets (€ billion)	% of Total (%)	Total Assets (€ billion)	% of Total (%)	Total Assets (€ billion)	% of Total (%)
Equity	1,753	32%	2,087	35%	1,919	37%
Balanced	888	16%	989	17%	897	17%
Funds of funds[1]	59	1%	91	2%	78	1%
Bond funds	1,389	25%	1,404	24%	1,256	24%
Money Market	1,124	21%	1,107	19%	825	16%
Other	260	5%	273	5%	256	5%
Total	5,472	100%	5,921	100%	5,231	100%

Source: E.F.A.M.A.

Note: 1. Excluding Funds of Funds in France, Luxembourg, Italy and Germany, which are included in other MF categories.

TABLE X. Share Capital Increases in the ASE, 2011

No	Company	Trading category	Date of approval by HCMC	Right Coupon Cut-off Date	SCI Period	Initial Trading Day for new shares	Funds raised (Euros)	Initial Share Price (€)	Number of shares	Beneficiaries	Adviser
1	PIRAEUS BANK ([1])	Large Cap	4/1/2011	10/1/2011	17/1 – 31/1/2011	10/2/2011	807,054,045.00	1.00	807,054,045	12N – 10E	
2	ANEK [(2)]	Low Dispersion and Specific Features	15/2/2011 & 18/4/2011	28/2/2011	4/3 – 18/3/2011	11/5/2011	16,271,669.70	0.30	54,238,899	5N – 1E	
3	HIPPOTOUR SA[(3)]	Probation	18/3/2011 & 18/4/2011	30/3/2011	5/4-19/4/2011	30/11/2011	2,791,896.00 17,500,000.00	1	2,791,896 17,500,000	1N-1E Capitalization of liabilities	Pegasus Securities SA
4	IMPERIO-ARGO GROUP[(4)]	Low Dispersion and Specific Features	26/5/2011 & 24/6/2011	6/6/2011	14/6 - 28/6/2011	1/8/2011	2,002,928.55	0.35	5,722,653	1N – 1E	-
5	AGRICULTURAL BANK OF GREECE[(5)]	Large Cap	2/6/2011	6/6/2011	10/6 – 24/6/2011	7/7/2011	1,039,767,253.79	1.07	971,745,097	13N – 1E	Alpha Bank, Eurobank EFG Equities, NBG, MARFIN Popular, PIRAEUS
6	Hellenic Duty Free Shops[(6)]	Large Cap	24/6/2011	-	-	4/7/2011	84,588,000.00	13.30	6,360,000	Abolition of preemptive rights	Emporiki Bank
7	GE DIMITRIOU SA[(7)]	Main market	8/8/2011 & 15/9/2011	18/8/2011	24/8 – 7/9/2011	-	10,843,350.04	713.66	15,194	1N bond- 2,497 E shares	Bank of Cyprus Ltd
8	KORRES NATURAL PRODUCTS[(8)]	Middle & Small Cap	8/8/2011	-	-	12/8/2011	9,500,000.00	5.00	1,900,000	Abolition of preemptive right in favor of strategic investor	National Bank of Greece SA
9	ALPHA GRISSIN SA[(9)]	Probation	15/9/2011	26/9/2011	3/10/2011-17/10/2011	21/11/2011	1,479,040.00	0.40	3,697,600	1N-2E	
10	HYGEIA[(10)]	Main market	23/9/2011	28/9/2011	4/10-18/10/2011	8/11/2011	64,935,392.50	0.50	129,870,785	1N – 1E	Investment Bank of Greece, EFG Eurobank

											Equities
11	*M. I. MAILLIS SA(11)*	*Probation*	*11/10/2011*	*-*	*-*	*18/10/2011*	*74,924,562.60*	*0.30*	*249,748,542*	*Contribution of creditor banks and bondholder claims with abolition of the preemptive rights of existing shareholders*	*-*
12	*HELLAS ONLINE SA(12)*	*Probation*	*26/10/2011*	*1/11/2011*	*7/11-21/11/2011*	*29/11/2011*	*27,787,106.15*	*1.15*	*24,162,701*	*1N – 5E*	*Alpha Bank*
13	*GENERAL BANK (13)*	*Low Dispersion*	*6/12/2011*	*8/12/2011*	*14/12/2011-28/12/2011*	*10/1/2012*	*575,097,829.20*	*0.40*	*1,437,744,573*	*10.125N-1E*	*Bank of Cyprus Ltd*
14	*AGRICULTURAL BANK OF GREECE(14)*	*Main market*	*6/12/2011*	*8/12/2011*	*14/12 – 28/12/2011*	*10/1/2012*	*260,762,106.60*	*0.60*	*434,603,511*	*0.38129130816 68490N - 1E*	*EFG Eurobank Equities*
15	*SAOS ANE SAMOTHRAKI(15)*	*Suspension*				*25/11/2011*	*214,915.00*	*1.00*	*214,915*	*Abolition of preemptive rights*	
	GRAND TOTAL OF FUNDS RAISED						***€2,995,520,095***				

Source: HCMC

Notes:

1. The share capital increase through payment in cash and by way of preemptive rights in favor of the bank's existing shareholders was initially subscribed by 97.15% by shareholders who exercised their preemptive right paying €784,053,107.00 which corresponds to 784,053,107 new common registered shares. Pursuant to the resolution of the bank's BoD, reached on 3.1.2011, the remaining 23,000,938 new shares were used to cover subscription applications. As a result of the above, the share capital increase was 100% subscribed, raising a total of €807,054,045 through the issuance of 807.054.045 new common registered shares.
2. The share capital increase through payment in cash and by way of preemptive rights in favor of the company's existing shareholders was initially subscribed by 3% by shareholders who exercised their preemptive right paying €763,502.1 which corresponds to 2,545,007 new common registered shares. Pursuant to the resolution of the company's BoD, reached on 23.03.2011, an additional 1,690,559 new common registered shares were offered to shareholders who exercised their oversubscription right, corresponding to an amount of €507,167.70. Pursuant to the resolution of the company's BoD, reached on 15.04.2011, from the unsold shares 50,003,333 new common registered shares, corresponding to €15,000,999.9, were allocated, according to the Board’s judgment, to existing shareholders. As a result of the above, the share capital increase was 100% subscribed, raising a total of €16,271,669.70 through the issuance of 54,238,899 new common registered shares.
3. The share capital increase through payment in cash and by way of preemptive rights in favor of existing shareholders was initially subscribed by 63.92% (1,906,896 common registered shares) . Afterward, 885,000 of the 1,076,231 unsold shares were allocated according to the judgment of the company's Board. Thus, the final subscription ratio reached 93.59% and the total funds raised reached €2,791,896.00. The share capital increase through the capitalization of liabilities was 100% subscribed (17,500,000 new common bearer shares) and the capitalized amount reached €17,500,000.

4. The share capital increase through payment in cash and by way of preemptive rights in favor of existing shareholders was initially subscribed by 0.025% (7,653 common registered shares) . Afterward, 5,715,000 of the 31,035,438 unsold shares were allocated according to the judgment of the company's Board to Casa Magna Holdings Ltd. Thus, the final subscription ratio reached 18.43% and the total funds raised reached €2,002,928.55.

5. The share capital increase through payment in cash and by way of preemptive rights in favor of the bank's existing shareholders was initially subscribed by 82.56%, given that the shareholders who exercised their preemptive right paid €1,039,767,253.79 which corresponds to 971,745,097 new shares. Pursuant to the resolution reached by the Bank's BoD on 29.06.2011 the unsold shares were allocated as follows: i) 1,541,000 new shares were offered to the investors that who exercised oversubscription rights, i.e. 0.13% of the increase; ii) 639,603 shares were offered to the persons who exercised ATE employee and pensioner rights, i.e. 0.05% of the increase; iii) 860,000 new shares were offered to the investors who participated to the book-building exercise through written letters, i.e. 0.07% of the increase; iv) the Greek State was offered a further (following the contribution of €973,722,659.39 due to the full exercise of its preemptive rights) 159,579,960 new share, i.e. 13.56% of the increase; v) the subscription guarantors, Alpha Bank, Eurobank EFG Ergasias, NBG, MARFIN Popular, Piraeus Bank, were offered a total of 42,712,012 new shares, i.e 3.63% of the increase pursuant to the Subscription Guarantee Agreement. As a result of the above, the share capital increase was 100% subscribed, raising a total of €1,259,473,216.04 through the issuance of 11,177,077,772 new common registered shares.

6. The share capital increase through payment in cash took place with abolition of preemptive rights in favor of new investors, and more specifically the companies "FOSUN INTERNATIONAL LIMITED" and "PRAMERICA - FOSUN CHINA OPPORTUNITY FUND, LP". The total funds raised amount to €84,588,000.

7. The issue of series B of the Convertible Bond (of up to €15,015,406.40) through payment in cash and by way of preemptive rights in favor of existing shareholders was initially subscribed by 21.211% by shareholders who exercised their preemptive right paying €3,185,064.58 which corresponds to 4,463 new bonds. Pursuant to the resolution reached by the company's Board on 12.9.2011, the investors who exercised their oversubscription rights were offered 10,731 new bonds from those unsold, of a total value of €7,658,258.46, and as a result, the issue was subscribed by a further 15,194 new bonds, of a total value of €10,843,350.04, corresponding to 72.214% of the total amount of the issue.

8. The share capital increase was fully (100%) subscribed (13,450,000 new common registered shares) through payment in cash with elimination of the preemptive rights of existing shareholders in favor of the strategic investor “Arneta Ltd”, a Cyprus-based Special Purpose Vehicle, owned by Alexia David interests. The total funds raised amount to €5,245,500.00. The trading of the new shares in the ATHEX started on 12.8.2011.

9. The Company's share capital increase was partially subscribed through the payment of a total amount of €1,479,040.00. More specifically, 5.5% of the total increase was covered by the exercise of preemptive rights corresponding to 203,336 new common registered shares, which raised € 81,334.40, while 5,382,914 shares remained unsold. Of the unsold shares, 3,494,264 were allocated to the persons who exercised their oversubscription right, raising the amount of €1,397,705.60. Thus, the total number of shares asked both by the persons that exercised preemptive rights and the persons that exercised oversubscription rights amounted to 3,697,600, and the corresponding amount raised stood at €1,479,040.00, bringing the subscription ratio to 66.19% and the total amount raised to €1,479,040.00.

10. The share capital increase through payment in cash and by way of preemptive rights in favor of existing shareholders was initially subscribed by 48.71% (85,660,251 common registered shares) . Afterward, of the 90,201,600 unsold shares, 44,210,534 were proportionately distributed to investors who exercised their oversubscription rights, raising the final subscription ratio to 73.85%. The total funds raised amount to €64,935,392.50.

11. The company's share capital increase was carried out through the elimination of the right in favor of existing shareholders and the contribution of claims in favor of the company's lender banks and bondholders. The total capital contributed amounts to € 74,924,562.60.

12. The share capital increase through payment in cash with preemptive rights in favor of existing shareholders was initially subscribed by 65.43% through the payment of €23,407,523.20 which corresponds to 20,354,368 new common registered shares, while 10,754,646 shares remained unsold. Of the initially unsold shares, 3,808,333 were sold to Intracom Holdings, a shareholder of the company, raising the total subscription rate to 77.67% (24,162,701 new common registered shares). The total funds raised amount to €27,787,106.15.

13. The Bank's share capital increase through payment in cash with preemptive rights in favor of existing shareholders was initially subscribed by 88.45%. More specifically, the persons that exercised preemptive rights paid €508,660,249.20, which corresponds to 1.271.650.623 new common registered shares. Afterward, pursuant to the resolution reached by the Bank's BoD on 28.12.2011, the 166,093,950 unsold shares were allocated to Societe Generale, bringing the final subscription ratio of the share capital increase to 100%, and the total amount raised to €575,097,829.20.

14. The share capital increase through payment in cash and by way of preemptive rights in favor of the bank's existing shareholders was initially subscribed by 89.9%, given that the shareholders who exercised their preemptive right paid €260,762,106.60 which corresponds to 434,603,511 new shares. Pursuant to a resolution reached by the Bank's BoD on 28.12.2011 the aforementioned unsold shares were allocated as follows: i) 3,123 new shares were offered to the investors that who exercised oversubscription rights, i.e. 0.001% of the increase; ii) a further 48.726.699 new shares were allocated to the Greek State (following the contribution of €260,712,377.40 due to the full exercise of its preemptive rights), i.e. 10.081% of the increase. As a result of the above, the share capital increase was 100% subscribed, raising a total of €289,999,999.80 through the issuance of 483,333,333 new common registered shares.

15. The share capital increase through payment in cash with elimination of preemptive rights in favor of existing shareholders was 4.3% subscribed by 5 new investors. The date the new shares would be credited in the Dematerialized Securities System (DSS) of HELEX on November 25, 2011. Trading on the new shares will begin after the suspension of trading for all the company's shares has been lifted.

TABLE XI. Public offering of securities without listing in the ASE, 2011

No.	Company	Date Of approval by HCMC	SCI Period	Funds Raised (€)	Number of shares	Share Price (€)	Beneficiaries	Inv. Firm Advisor / Underwriter
1	COOP. BANK OF EVROS	15/2/2011	17/2-16/4/2011	1,867,520.00	23,344	80	1N-2E	-
2	COOP. BANK OF THESSALY	11/3/2011 & 7/7/2011	15/3 - 15/6/2011	4,632,100.00	46,321	100	2N-5E	-
3	SUPPORTERS CLUB.	16/6/2011	20/6 – 20/10/2011	599,430.00	59,943	10	abolition of preemptive right for existing shareholders	-
4	REA HOSPITAL SA	8/8/2011	10/8 - 24/08/2011	3,365,885.00	2,692,708	1.25	1N -10.42E	ATTICA BANK
Total				€10,464,935.0				

Notes:

1. The company capital increase through payment in cash with preemptive rights in favor of existing shareholders was subscribed by 26.67% (17,009 new shares) while 6,335 new shares were allocated to new shareholders. Thus, the increase was 36.61% subscribed (23,344 shares), and the amount raised stood at €1,867,520.00.
2. The company capital increase through payment in cash with preemptive rights in favor of existing shareholders was subscribed by 38.21% (39,663 new shares) while 6,658 new shares were allocated to new shareholders. Thus, the increase was 44.63% subscribed (46,321 shares), and the amount raised stood at €4,632,100.00.
3. The share capital increase through payment in cash with elimination of preemptive rights in favor of existing shareholders was subscribed by 24.98% through the payment of a total of €599,430.00.
4. The share capital increase through payment in cash and by way of preemptive rights in favor of the company's existing shareholders was initially subscribed by 53.5% by shareholders who exercised their preemptive right paying €3,208,248.00 which corresponds to 2,566,598 new common registered shares. Afterward, pursuant to a resolution by the company's Board an additional 126,110 unsold new shares, i.e. 2.6% of the total increase, were allocated to new shareholders, bringing the final subscription ratio to 56.1%, which corresponds to €3,365,885.00 and 2,692,708 new common registered shares.

TABLE XII. Trading Status of ASE-listed companies, 2011

	Under regular trading	Under Suspension	To be de-listed	Total
Main market	*180*	-	-	-
Low Dispersion	*16*	-	-	-
Under Probation	*40*	-	-	-
Total	***236***	***25***	***3***	***264***
Companies whose shares were de-listed from the ATHEX	***Date***			
VIVARTIA HOLDING SA	*24.01.2011*	*Par. 5 article 17 Law 3371/05*		*Low Dispersion*
HITECH SNT SA	*16.03.2011*	*Par. 5 article 17 Law 3371/05*		*Under Suspension*
MARFIN EGNATIA BANK SA	*01.04.2011*	*Merger by absorption*		*Low Dispersion*
VARDAS SA	*30.9.2011*	*Par. 5 article 17 Law 3371/05*		*Under Suspension*
DIAS INVESTMENT CO	*30.9.2011*	*Merger by absorption*		*Small & Mid Cap*
ALYSIDA SA	*20.09.2011*	*Par. 3 article 17 Law 3371/05*		*Under Suspension*
VIVERE ENTERTAINMENT TR & HOLDING SA	*20.09.2011*	*Par. 5 article 17 Law 3371/05*		*Under Suspension*
CROWN HELLAS CAN PACKAGING SA	*03.10.2011*	*Merger by absorption*		*Low Dispersion*
COMMERCIAL BANK OF GREECE SA	*31.10.2011*	*Article 27 of Law 3461/2006.*		*Under Suspension*
Companies to be de-listed	***Date***			***Date***
EUROHOLDINGS CAP & INV SA	*10.10.2011*	*ELFIKO SA*		*10.10.2011*
WOOL INDUSTRY TRIA ALFA SA	*10.10.2011*			
Companies under suspension	***Date***			***Date***
LAN-NET SA	*30.06.2008*	*EMPORIKOS DESMOS SA*		*01.06.2010*
ASPIS PRONIA GENERAL INSURANCES SA	*30.07.2008*	*KON. KARDASILARIS & SONS SA*		*01.12.2010*
DIEKAT SA	*28.11.2008*	*EUROLINE INVESTMENT SA*		*18.01.2011*
MESOCHORITI BROS Corp	*28.11.2008*	*INTERINVEST INT. INV. SA*		*18.01.2011*
SHEET STEEL Co	*01.12.2008*	*A.G. PETZETAKIS SA*		*31.01.2011*
BETANET SA	*31.03.2009*	*TEXAPRET SA*		*01.03.2011*
SAOS ANE SAMOTHRAKI	*01.04.2009*	*ATLANTIC SUPER MARKET SA*		*28.03.2011*
ALTIUS SA	*29.04.2009*	*ELEFTHERI TILEORASI SA*		*30.03.2011*
MICROLAND COMP SA	*15.07.2009*	*KLONATEX GROUP OF COMPANIES SA*		*20.05.2011*
"MAXIM" KON. PERTSINIDIS SA	*01.12.2009*	*PROTON BANK SA*		*10.10.2011*
UNITED TEXTILES	*25.02.2010*	*T BANK SA*		*30.11.2011*
ATERMON SA	*01.04.2010*	*IKONA-IHOS SA*		*06.12.2011*
PRAXITELIO HOSPITAL SA	*01.04.2010*			
Companies under probation	***Date***			***Date***
PAPOUTSANIS SA	*07.03.2003*	*NUTRIART SA*		*08.04.2011*
KERAMICS ALLATINI	*14.03.2006*	*SATO SA*		*08.04.2011*
EVLIEMEK	*04.04.2006*	*OLYMPIC CATERING SA*		*08.04.2011*
HIPPOTOUR SA	*04.04.2006*	*YALCO - SD CONSTANTINOU & SON SA*		*08.04.2011*
AEGEK SA	*27.06.2008*	*ALPHA GRISSIN INFOTECH SA*		*08.04.2011*
ALTEC SA	*20.10.2008*	*MICHANIKI SA*		*08.04.2011*
HELLENIC FISHFARMING SA	*21.10.2008*	*PEGASUS PUBLISHING SA*		*08.04.2011*
KOUMBAS HOLDING	*06.04.2009*	*TECHNICAL PUBLICATIONS SA*		*08.04.2011*
M.I. MAILLIS SA	*06.04.2009*	*TELETYPOS SA*		*08.04.2011*
COMPUCON COMPUTER APPLICATIONS SA	*21.04.2009*	*LAMBRAKIS OPΓ. PRESS*		*08.04.2011*
HELLAS ONLINE SA	*03.07.2009*	*MARAC ELECTRONICS SA*		*23.05.2011*
VARVARESSOS SA	*21.12.2009*	*H.K. TEGOPOULOS EDITIONS SA*		*23.06.2011*
VARAGIS SA	*12.04.2010*	*DOUROS SA*		*06.09.2011*
RIDENCO SA	*12.04.2010*	*SANYO HELLAS SA*		*06.09.2011*
ATTI-KAT SA	*12.04.2010*	*ALAPIS SA*		*25.10.2011*
EDRASIS – C. PSALLIDAS SA	*12.04.2010*	*FORTHNET SA*		*25.11.2011*
MEDIMEK SA	*03.05.2010*	*HELLENIC FABRICS SA*		*25.11.2011*
MARITIME COMPANY OF LESVOS (NEL)	*06.05.2010*	*IMPERIO ARGO GROUP SA*		*12.12.2011*
ELECTRONIKI ATHINON SA	*08.10.2010*	*PC SYSTEMS SA*		*29.12.2011*
NEORION HOLDING SA	*22.02.2011*	*J.BOUTARIS & SON HOLDING S.A.*		*29.12.2011*

Source: HCMC

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