CAPITAL MARKET COMMISSION

ANNUAL REPORT 1998

ATHENS, GREECE
1999

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The second Annual Report of the Capital Market Commission provides an overview of a year that represents an historical turning point for the capital market in Greece. Serving both as a pole of attraction of domestic and foreign savings and a source of investment finance for firms, the Hellenic capital market constitutes a competitive financial system of large size and depth. In 1998, the size of capital raised directly and indirectly through the capital market exceeded 3 trillion GRD, thus elevating the Greek capital market to a position comparable to that of other advanced markets.

The realization of substantial returns during 1998, the expansion of the market's size and depth and the attraction of new investors reflect the firm establishment of market credibility. Both at the microeconomic and the macroeconomic level, the credibility of the Greek finacial system was clearly demonstrated. The achievement of fiscal adjustment, the stability of monetary policy and the rebouncing of investment in an environment of falling inflation constituted the central elements in the foundation of the Greek economy's credibility. More specifically, the sound improvement of the capital market's future prospects and the reduction of interest rates raised the appeal of securities traded in the Athens Stock Exchange. The continuous presence of active supervision and the effective enforcement of compliance to rules and regulations also contributed significantly to the establishment of credibility. The reajdustment of the rate of exchange of the drachma against the Ecu in March 1998, and the clearly professed political intention to meet the relevant criteria have decisively paved the way for the introduction of Greece to the European Economic and Monetary Union. This prospect constitutes a source of optimism for the future of the Greek economy and the capital market. At the same time, this prospect highlights the urgency for the Greek economy and the capital market to be properly and timely prepared in order to confront the new and higher competitive challenges in many areas.

During the last three months of 1998, a serious financial crisis unfolded, which originated in the insolvecy problems of the Russian economy. The contagion effects of the crisis on both the developed and the less developed world were considerable, leading to a substantial slide in world stock market indices. The impact of the crisis to countries with endemic financial problems was immediate, resulting in rising pessimism for a possible prolongation of the crisis. However, the successful activation of international stabilizing mechanisms, essentially through interest rate reductions, succeeded in containing any harmful effects. Confidence was restored and the markets recovered quickly. The Greek capital market also felt the impact of the exogenous crisis, manifested in a fall in share prices. However, the reaction of investors was calm, resulting in a diminution of unfavorable effects and a rapid recovery of the capital market. The possibility of the appearance of a new crisis is still present and the world financial order is still not immune to that. The reinforcement of capital markets supervision on a global scale is both necessary and desirable. It is, therefore, obvious that the successful prevention of a new crisis requires the collective decision-making and co-ordinated action by all agents in the market.

1998 was a year of multifaceted improvement in the supervision of the capital market in Greece. The Parliament passed Law 2651/98 which modernized the requirements for the listing of firms on the Athens Stock Exchange. Two important acts of regulation were introduced: the code of conduct for institutional investors and the regulation of underwriters and the underwritings process. Moreover, during 1998, the Commission proceeded with the institution of the framework pertaining to the dematerialization of securities in the Athens Stock Exchange. Active enforcement was a firm priority and was exercized with diligence and intensity in the areas of compliance to rules and regulations, manipulation of share prices, guarantee of transparency and the systemic protection of transactions and settlement procedures. It is an encouraging result that, despite the enormous increase in the volume of transactions and the number of participants in the capital market and in the mutual funds industry, the operational and safety systems of the capital market functioned properly and effectively. The companies providing investment services expanded their capital base and speeded up their internal reorganization. On the whole, the Greek capital market absorbed the increased demand and supply for securities in a smooth manner.

In the coming year, two major innovations, already under way, will be realized in the capital market: the dematerialization of securities and the effective operation of the derivatives market. The enrichment of the capital market with new possibilities constitutes a necessary step for its progression toward maturity. At the same time, the introduction of new financial instruments compounds the needs for effecive supervision within a wider and more sophisticated environment. The Capital Market Commission will continue more intensively its work for the enhancement of capital market supervision and the effective compliance to rules and regulations that secure the smooth functioning of the market, the transparency of transactions and the protection of investors.

STAVROS THOMADAKIS

PART ONE

OBJECTIVES AND TASKS OF THE CAPITAL MARKET COMMISSION

The Capital Market Commission (CMC) is an independent decision-making body, in the form of a Public Legal Entity, operating under the supervision of the Ministry of National Economy. It is established in Athens and its operation is regulated by the laws 148/67, 1969/91, 2166/93, 2324/95 and 2396/96.

The CMC sets the general terms and conditions governing the organization and operation of the capital market and issues instructions on compliance procedures. It applies those measures that are useful for ensuring the proper functioning of the market. Its main objective is to promote the establishment of sound conditions for the functioning of the capital market, and enhance public confidence both in the quality of supervision and market behavior.

The CMC is responsible for ensuring that the operation of supervised entities, as referred to in the relevant laws, complies with the laws, decrees, regulations and guidelines issued by the authorities. The CMC is entitled to oversee the activities of supervised entities by issuing regulations and guidelines. These regulations take the form of general rules that are binding on supervised entities. Supervision involves the granting of licence of operation, solvency control, capital adequacy, risk concentration, compliance to the codes of conduct of firms providing investment services, mutual funds management firms and portfolio investment firms. The CMC may issue supervision guidelines to any supervised financial market participant. It also makes decisions on the licensing or suspension of supervised entities.

The CMC evaluates through regular and special audits the economic position and adequacy of the supervised entities' risk management systems and helps to ensure that they do not undertake excessive risks in relation to their risk-bearing capacity. For this purpose the CMC may request market participants to provide all relevant information in order to analyze the financial status of a supervised entity, and it may carry out on site investigations. If it comes to the attention of the CMC that a supervised entity no longer complies with existing regulations, it shall formally request it to rectify the situation within a period it defines.

All financial market participants have access to reliable information to support their decision making process. The CMC monitors the developments in the markets and submits opinions and proposals to other authorities. It also monitors financial market participants' behavior, the marketing methods and the standard contractual terms. The CMC approves, in conjunction with the ASE, the prospectus for the initial public offering of shares.

The management and supervisory functions of CMC have been entrusted to different bodies within the CMC: the Board of Directors and the Executive Committee (see page 2).
The funds of CMC come from contributions by new issuers, a portion of transaction fees paid by the members of the Athens Stock Exchange, a percentage of the net profits of the Central Securities Depository and licensing fees.

The budget of the CMC is drafted by the Board of Directors and submitted for final approval to the Minister of National Economy.

ORGANIZATION OF THE CAPITAL MARKET COMMISSION

Board of Directors

The seven member Board of Directors of the CMC is entrusted with the following tasks: The general policy of the CMC, the management of CMC, the adoption of regulations applicable to the markets. Among them, the Minister of National Economy appoints the Chairman and the two Vice-Chairmen. The other four members are selected by the Minister of National Economy from lists of candidates submitted by the Bank of Greece, the Board of Directors of the Athens Stock Exchange, the Union of Institutional Investors and the Federation of Greek Industries. As of 31st December 1998, the composisiton of the Board of Directors was as follows[1]:

Chairman:	Dr. Stavros Thomadakis
First Vice-Chairman	Mr. George Floros
Second Vice-Chairman:	Mr. Alexandros Vousvounis
Members:	Mr. Spiridon Kouniakis, Athens Stock Exchange
	Dr. Dimitrios Moschos, Bank of Greece

[1] . During 1998, the composition of the Board of Directors underwent certain changes. Thus, according to the Ministry of National Economy Decision 6631/B.360/26.2.98, Mr. G. Floros replaced Mr M. Minoudis as first vice-chairman of the Board, Mr Vousvounis was appointed as second vice chairman and Ms Campell replaced

Mr. Dimitrios Hatzigrigoriadis, Union of Institutional Investors
Ms. Vassiliki Campell, Federation of Greek Industries

Secretary: Mr. George Kallias

Where laws specify or require a decision of the CMC, these are a mandate of the Board of Directors, except when the specific responsibility has been granted to the Executive Committee. The Board of Directors may set up the internal administration and operation. It convenes at least twice a month to discuss and issue decisions on an agenda drawn up by the Executive Committee.

Executive Committee

The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions taken by the Board of Directors. It also represents the CMC judicially in Greek and foreign courts. Finally, it carries out all operating responsibilities.

The structure of CMC is as follows:

Chairman's office

Vice-Chairmen's offices

Legal Department

Administration and Accounting Department
Administration Division
Accounting Division
Secretariat and Public Relations Division

Department of Supervision and Audit of supervised Entities and Markets
Division of Supervision and Audit of Stock Exchange and its members
Division of Supervision and Audit of Institutional Investors, Listed Companies and other Companies

Department of Research, Monitoring of the Capital Market and International Relations
Division of Research and Monitoring of the Capital Market
Division of International Relations and Monitoring of International Developments

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Mr. Drylerakis as a member of the Board. In addition, according to the Ministry of National Economy Decision 19891/B.1100/15.6.98, Mr. S. Kouniakis replaced Mr. E. Xanthakis as a member of the Board.

PART TWO

Macroeconomic Developments in the Greek Economy During 1998

The solid improvement of Greek macroeconomic indicators continued during 1998. Real output increased at an estimated rate of 3.5% against 3.2% in 1997 (see Table 1). During the years 1997 and 1998, the growth rate of real Gross Domestic Product (GDP) in the Greek economy achieved the highest levels of the past decade, outperforming the average growth rate of the European Union (2.7% in 1997 and 2.8% in 1998).

During 1998, investment activity continued along the upward trend of recent years, contributing steadily to the continuation of the growth momentum of the country. Particularly important was the contribution of public investment, which rose by 13.7% in 1998 against 7.2% in 1997. Private sector investment expenditure also rose by 8.4% in 1998 against 7.2% in 1997. The growth rate of private consumption slowed down from 2.5% in 1997 to 1.8% in 1998, as a result of the slowdown in the growth rate of real wages, whereas public consumption recorded a 0.6% decline. Thus in 1998, for the first time in the last four years, overall domestic demand rose at a lower rate (3.3%) than the rate of growth of real GDP. It is thought that the improvement in competitiveness that followed the readjustment of the exchange rate of the drachma *vis-à-vis the ECU in* March 1998, lead to increases in exports of goods and services at a rate of 7.1% against 5,3% in 1997. At the same time imports of goods and services increased only by 4.9% against 5.4% in 1997.

The positive macroeconomic developments and the subsequent improvements in the level of business are also reflected in the evolution of the general index of industrial production which rose during the period January to September 1998 by 6.9%, representing the highest growth rate in this index for the past decade. However, the acceleration of investment activity and growth was accompanied by a slight only decrease in the rate of unemployment, from 10,3% in 1997 to 10,1% in 1998.

The rate of inflation continued its downward trend during 1998. The year-average general Consumer Price Index (CPI) fell from 5.5% in 1997 to 4.8% in 1998. It is worth noting that the fall in the inflation rate was achieved despite the inflationary pressures that followed the devaluation of the drachma. The fall in inflation was mainly due both to the containment of increases in total demand. This containment was caused by the substantial reduction in the growth rate of unit labor costs to 2.9% in 1998 against 7.1% in 1997. Another factor was the tight monetary policy which was adopted during that period. More specifically, during the twelve months between November 1997 and November 1998, the growth rate of money supply (M3) decreased to 5.6%, against forecasts of 6-9% for 1998. The Bank of Greece attributes this deceleration to the substitution of M3 components by investments in short-term derivative products, Greek government bonds with expiration over one year and deposits in currency, respectively. The broad level of liquidity (M4) for the Greek economy, which includes investments in short-term Greek government bonds, increased during the period November 97-November 98 by 1.0% against a decrease of 1.6% at the end of 1997.

Nominal interest rates followed the downward trend of inflation. In December 1998, the rate for the 1-year government bond was 10.3% against 11.4% in the same period of 1997. It should be mentioned that, after the entry of the Drachma in the Exchange Rate Mechanism (ERM) and despite the recent financial strains brought about by the Russian crisis (August 1998), the average interest rates on 10-year government bonds declined in December 1998 to 6.9% against 11.2% in the same period of the past year.

The reduction in inflation during 1998 was reinforced also by the substantial reduction in the general government deficit at an estimated 2.2% of GDP in 1998, from 4.0% of GDP in 1997 and 7.5% in 1996. At the same time, the primary surplus of general government increases over time as a percentage of GDP, reaching 6.9% in 1998 against 5.7% in 1997 and 4.5% in 1996. The fiscal adjustment that took place during 1998 contributed to the reduction in public debt as a percentage of GDP. Thus, during 1998, and despite the substantial influence of the drachma exchange rate devaluation and the Russian crisis, the ratio of debt-to GDP, declined by four percentage points, from 109.5% in 1997 to 105.5% in 1998.

The most important foreign exchange development in 1998 was the entry of the drachma from the 16th March in the ERM of the European Union and the readjustment of the central exchange rate by 14,1% against the ECU, at 357 drachmas per ECU. The entry of the drachma in the ERM was followed by a significant inflow of funds in the Greek capital market which was mainly placed in Greek government bonds and equity and this resulted in the revaluation of the drachma with respect to its new central exchange rate. In term of average annual levels, the index of weighted exchange rate that is issued by the Bank of Greece, fell in by 5.9% against a decrease of 1.9% in 1997. Finally, it is estimated that in 1998 the level of trade deficit corresponded to 12.8% of GDP, against 12.3% of GDP in 1997, whereas the current account deficit reached 2.9% of GDP against 2.6% of GDP in 1997.

During 1998 the Greek economy showed remarkable endurance to the pressures exercised during the period of the international financial turmoil that started in August from Russia. Despite the transitional negative influence that the crisis had on interest rates and the service of public debt, the improvement in the basic macroeconomic variables continued.

The result of the above positive macroeconomic developments was the upgrade during the past two years of the international credit status of the country to foreign investment houses and the steady increase of investment interest for Greece.

Table 1.

Macroeconomic Indicators of the Greek Economy, 1995-98

	1995	1996	1997	1998
Agreggate Demand & GDP				
(constant prices, % change over previous year)				
Private Consumption	2,7	1,9	2,5	1,8
Public Consumption	5,6	1,0	-0,4	-0,6
Gross Fixed Private Investment	2,0	9,9	10,5	8,4
Gross Fixed Public Investment	10,9	5,9	7,0	13,7
Final Domestic Demand	3,9	2,9	3,4	3,3
Exports of Goods & Services	0,5	3,0	5,3	7,1
Imports of Goods & Services	9,2	4,9	5,4	4,9
GDP	2,1	2,4	3,2	3,5
Production – Employment				
General Index of Industrial Production (% y-o-y)	1,8	1,2	1,1	6,9[(1)]
Nominal Unit Labor Cost (% y-o-y)	11,6	10,6	7,1	2,9
Real Average Wage (% y-o-y)	3,7	3,3	5,2	1,5
Unemployment Rate	10,0	10,3	10,3	10,1
Prices & Monetary Aggregates				
Inflation (C.P.I., year-average % change)	8,9	8,2	5,5	4,8
Πληθωρισμός (C.P.I., Dec./Dec.$_{-1}$ % change)	7,9	7,3	4,7	3,9
M3 (% annual change)	10,3	9,3	9,6	5,6[(2)]
M4 (% annual change)	8,2	12,0	-1,6	1,0[(2)]
Total Credit Expansion (% y-o-y)	7,9	5,9	9,7	10,2[(2)]
Deposits in Commercial Banks & Specialised Credit Institutions (% y-o-y)	14,7	14,2	9,8	-2,5[(3)]
Credit to Private Sector (% y-o-y)	22,0	17,0	15,3	13,9[(2)]
Interest Rates on 12-month Treasury Bills	14,2	11,2	11,4	10,3[(4)]
Budget Data (% of GDP)				
Net Borrowing Requirement of General Government	-10,6	-7,5	-4,0	-2,2
Primary Surplus of General Government	2,3	4,5	5,7	6,9
General Government Debt	110,1	112,2	109,5	105,5
Exchange Rate & External Balance				
Nominal Effective Exchange Rate (% annual change)	-3,5	-1,1	-1,9	-5,9
Trade Balance (% of GDP)	-12,8	-12,6	-12,3	-12,8
Current Account Balance (% of GDP)	-2,4	-2,6	-2,6	-2,9

Sources: *Ministry of National Economy*, "Current Developments & Prospects of the Greek Economy", December 1998. *Bank of Greece*, "Bulletin of Conjunctural Indicators", January 1999.

Notes : [(1)] Jan. – Oct. 98, [(2)] Nov. 97 – Nov. 98, [(3)] Oct. 97- Oct. 98, [(4)] Dec. 98.

THE GREEK CAPITAL AND MONEY MARKETS

A General Overview

In continuance of the impressive performance during 1997, the positive expectations for the rate of GDP growth combined with the also positive developments in the de-escalation of inflation and interest rates contributed to the preservation of intense activity during 1998 in the markets for money and capital.

During the first quarter of 1998 the premium paid against the risk of a devaluation of the drachma contributed to the prolongation of interest rates at high levels and to the limited increase of the general index of the ASE. However, straight after the re-adjustment of the drachma exchange rate, activity in the ASE increased rapidly, with the general index advancing by 25% just in the first week.

The entry of the drachma in the ERM along with the simultaneous readjustment of its exchange rate, contributed decisively to the improvement of the fundamental macroeconomic conditions and of the international picture of the Greek capital market. The sustained reduction in interest rates, intensified investment interest towards Greek bonds and equity, since it increased the net present value of expected firm profitability. At the same time, the prospect of the country being incorporated in the European Economic and Monetary Union was decisively strengthened and this attracted many foreign institutional investors to the Greek capital market. The incorporation of the Drachma to the ERM constituted the first step of a process of international re-assessment of the importance of the Greek capital market. This process will result in the re-definition of the capital market as developed, rather than emerging. This development was further reinforced by the remarkable effectiveness of policies aiming to limit the inflationary pressures that unavoidably followed the readjustment of the drachma.

The formation of a positive climate in the Greek capital market owes a great deal to the decisive policies of securitization and privatisation of state companies, which have been announced and are under realisation. At the same time, the private offering of securities is expanding significantly with the turn of new productive sectors and firms to the capital market for raising investment capital and this also means that the choice of investors widens.

1998 was characterised by the successful privatisation of important state enterprises and organisations. The proceeds of the State from the securitization and privatisation during 1998 exceeded one trillion drachmas, whilst the proceeds obtained by the privatised firms and organisations themselves as well as by other non-state shareholders exceeded 120 billion drachmas.

The pace of privatisation in Greece has been one of the strongest in the OECD. According to the latest data of the Organisation, the relevant proceeds of the Greek State increased by 228% from 1996 to 1997, whilst the increase is expected to have been higher for 1998 (Table I in the Appendix). This dynamism along with relevant trends that can be observed in the area of mergers and acquisitions confirm the intense and systematic efforts for a structural transformation of the Greek economy, the results of which is the gradual approach towards the morphological characteristics of capital markets in advanced economies.

1998 was, midst important restructuring and volatility, a year of significant rise in the prices of shares in the Greek stock market to the extent that one of highest returns world-wide was realised. The gradual reduction of the uncertainty that characterised previous years, the firm improvement of the regulatory framework and the supervisory environment of the Greek capital market, the increase in investment confidence with respect to the positive progress of Greek companies in an environment of falling interest rates, demonstrated conclusively the positive picture for the medium-term prospects of the Greek capital market, thus leading to a significant increase in financial returns and securitization activity.

These developments contributed to the expansion of both the role and the liquidity in the Greek capital market during 1998. The total value of transactions in the ASE more than doubled in relation to 1997, exceeding 18.5 trillion GRD. The massive placement of investment funds contributed to the doubling of the total market value of the shares that are traded in the ASE, which at the end of the year reached 22.8 trillion GRD, something that was an important development for the capital market but also for the Greek economy in general. Thus, during 1998 the total market value of the traded shares increased over two times, as a percentage of GDP, and even more as a percentage of the total liquidity level of the Greek economy (M4) and of the total value of private bank deposits and repos.

During 1998, the structural changes in the ASE and the capital market more generally and the significant increase in the reserves of the Supplementary Fund and the Common Guarantee Fund, contributed to the further reduction in transactions costs and to the significant reinforcement of the security of the transactions and trading systems.

During the international crisis of October the general index of the ASE Index fell by 24%. Several other factors contributed to this fall, such as the postponement of the sale of the state-owned Ionian and Polular Bank (at the beginning of the crisis) and the temporary increase in inflation as a result of the devaluation of the drachma. The eventual smoothing-out of the international crisis during the last two months of 1998, in which major role played the successful functioning of the international safety systems, brought about an inversion of the existing price decline in the ASE and the General Index of the ASE exhibited fast and impressive increase, closing at the end of the year at 2737 units, a level that represents an 84.7% increase against 1997. Thus, despite any seasonal losses, the annual return of the ASE General Index was exceptionally high, exceeding by far the average returns of the European Union (25.3%), the Scandinavian states (19.1%), the Asian states (2.7%), the North America states (29.5%) and the World Index (28.1%) issued by the Financial Times.

The continuous improvement and modernisation of the regulatory framework and the rigour of the supervision environment of the capital market contributed also to the preservation by firms of a high confidence level with respect to the growth of the capital market and the strengthening of their equity base via the ASE, thus creating the positive requirements needed for the transformation of the corporate governance systems.

During the process of maturation and expansion of the capital market, mergers and acquisitions between firms constitute an essential mechanism for efficiency improvement and, therefore, a central target of economic policy concerns. The merger and acquisition activity has wider implications for the reorganisation of the entire structure of production and it may lead to an increase in the concentration of production or to the enhancement of national competitiveness.

The policy of encouraging mergers and acquisitions requires the efficient functioning of capital markets in order to guarantee improvements in the productivity of firms and their international competitiveness. Moreover, the mechanism of mergers and acquisitions will be successful if it is accompanied by the necessary transformation of corporate governance systems. The process of gradual change in the structure of governance systems is already underway in the Greek economy.

During 1998, a set of procedures was initiated for the liberalisation of pension funds investment policies and this is predicted to further enhance the capital market. The investment of a portion of pension funds reserves, which are estimated at over 3 trillion GRD in the ASE, is anticipated to bring a great improvement in level of market liquidity. However, it is necessary that this transfer of capital should take place gradually and in ways that will safeguard the smooth functioning of the market.

The intense activity in the ASE during 1998 was characterised by the smooth operation of the market and of all the supporting systems. During 1998, the process of modernisation of the regulatory framework of the Greek capital market continued steadily with the protection of individual investors being the central concern. The enhancement of the supervisory processes of the capital market during 1998 was accompanied by the emphasis on the introduction of codes of conduct and other rules and regulations. Thus, a new important aspect was added to the effort of improving the conditions of supervision of the capital market, which started in 1997, with main aims the consolidation of market credibility, the safeguarding of transparency and the promotion of efficiency for the trading system, in both tangible and a intangible environment. The improvements in the regulatory-supervisory structure of the capital market played a essential role in the consolidation of confidence to the institutions and contributed to essentially to the impressive enhancement investments in the stock market during 1998.

The Developments in the Capital Market

The ASE General Index

The positive developments in the capital market during 1998 are reflected on the course of the ASE General Index, the total value of transactions and the total market capitalisation. Thus, during 1998, the annual return of the ASE General Index was 84.7% compared with 58,7% in 1997 and an average of 33,2% during the last four years (Table 2). This performance is the highest among the OECD states (Table II in the Appendix). During 1998, the average level of the ASE General Index was 2167 units, whilst on July 21st the Index closed at 2825 taking its highest value for the year. The average standard deviation of daily returns of the ASE General Index was 2.51% whilst the average difference between high and low daily price of the Index was 37.4 units.

Table 2.

Average Yearly Percentage Change of the ASE General Index, 1983-97*

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1987	162.3%											
1988	64.1%	2.6%										
1989	64.2%	29.9%	64.3%									
1990	73.1%	50.7%	82.6%	102.9%								
1991	50.8%	31.3%	42.5%	32.8%	-13.1%							
1992	36.5%	19.8%	24.5%	13.5%	-15.1%	-17.0%						
1993	37.4%	23.3%	27.9%	20.2%	0.9%	8.8%	42.6%					
1994	30.4%	18.0%	20.8%	13.6%	-1.7%	2.4%	13.7%	-9.4%				
1995	27.3%	16.3%	18.4%	12.2%	-0.4%	3.1%	10.8%	-2.3%	5.2%			
1996	24.6%	14.7%	16.3%	10.7%	0.0%	2.9%	8.6%	-0.9%	3.6%	2.1%		
1997	27.3%	18.4%	20.3%	15.7%	6.8%	10.6%	17.1%	11.5%	19.4%	27.2%	58.7%	
1998	31.3%	23.3%	25.6%	21.9%	14.4%	19.0%	26.4%	23.4%	33.2%	44.2%	71.3%	84.7%

Source: ASE, CMC
* The results are based on the followind relation: $(X_t / X_0)^{1/t} - 1$, where X_t and X_0 represent the closing prices of the ASE General Index at the year-base 0 and year t, respectively

The uncertainty regarding the impact of the financial crisis on the real economic variables resulted in a considerable increase of volatility for stock prices during 1998. In general, as shown by Figure 1 and 2, the ASE General Index exhibited strong fluctuations during the March-April period, reflecting the immediate consequences of the devaluation of the drachma, during the August-September period, reflecting the Russian financial crisis and, finally, during the period November-December, reflecting the dynamic recovery.

Figure 1.

Monthly Volatility of the ASE General Index, 1998

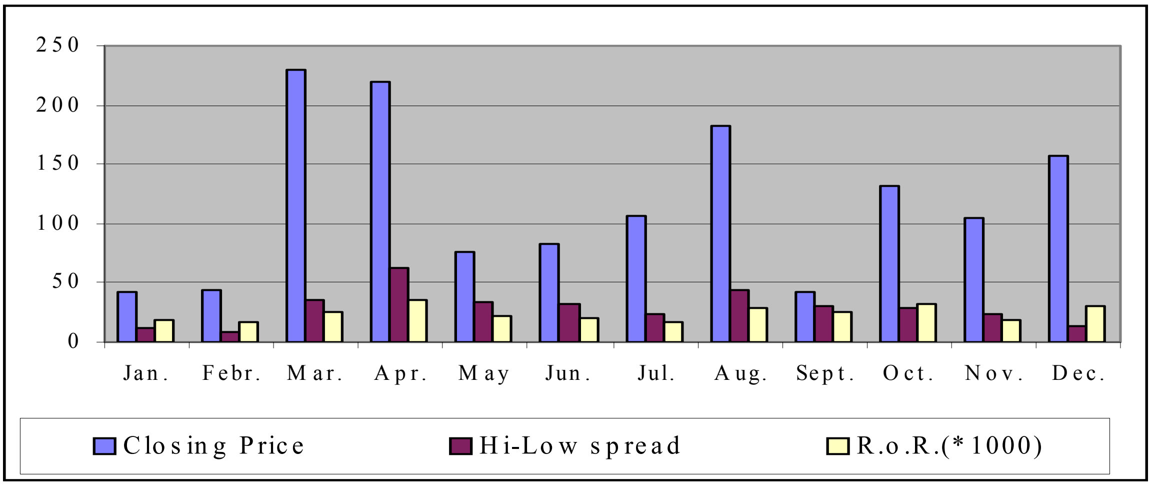
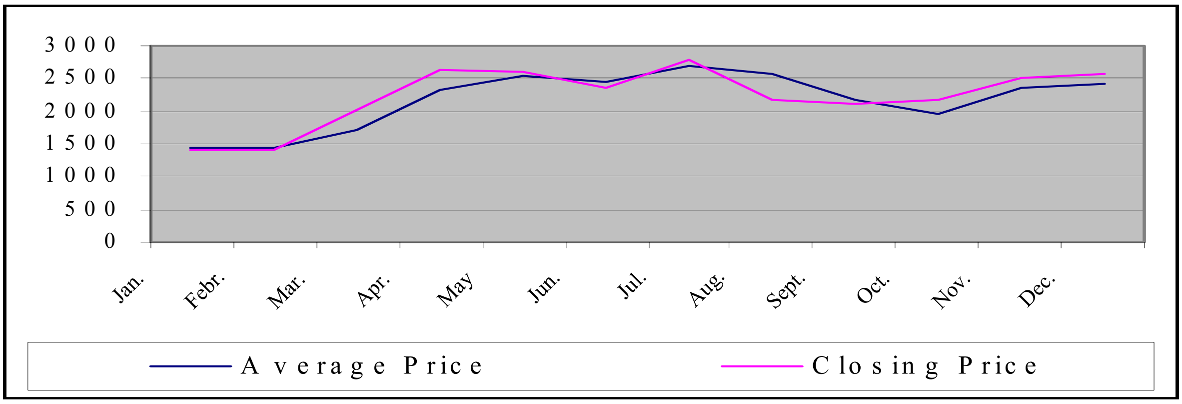


Figure 2.

Monthly Closing Price and Mean of the ASE General Index, 1998



Sectoral Share Price Indices in the ASE

During 1998, the movements in the sectoral share-price indices of the ASE Main Market highlight the banking sector as the most dynamic sector, showing a 152% increase in the sectoral index (Tables 3 and 4). A strong upward trend in the sectors of Miscellaneous Companies (92.1%), Insurance Companies (72.6%) and Holding Companies (65.2%) followed. However, these sectors where characterised by the largest variations during the year. The Industrial sector index followed a smooth rising trend, characterised by milder fluctuations. Finally, the index of the Parallel Market showed remarkable growth during 1998 achieving a 164.8% increase.

Table 3.

Sectoral Share-Price Indices in the ASE, 1998

Sectoral Share-Price Indices	Closing Price 31/12/98	Lowest Price of the Year	Highest Price of the Year	% Change since 02/01/98
ASE General Index	2737.6	1380.1	2825.5	84.7
Banks	5799.4	1956.1	5799.4	152.1
Insurance	1290.9	712.5	1291.7	72.6
Leasing	343.1	197.9	478.1	32.8
Investment	876.5	565.5	925.1	46.4
Industrial	1714.1	1162.8	2013.1	47.4
Various	1897.3	988.1	2019.9	92.1
Construction	502.2	346.4	610.9	10.4
Holding	2156.0	1273.4	2520.8	65.2
Parallel Market	208.7	78.4	209.0	164.8
FTSE/ASE20	4159.0	755.2	4214.0	92.6

Source: ASE

Table 4.

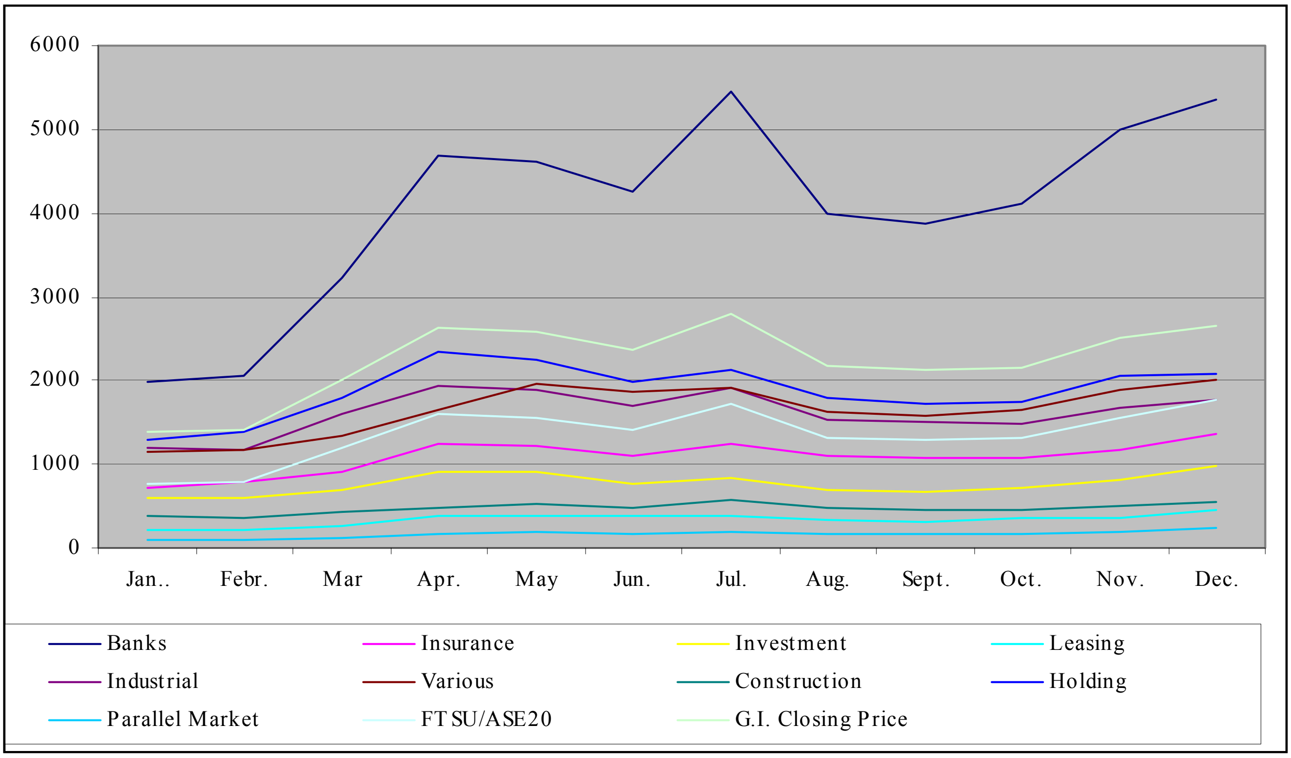
Sectoral Share-Price Indices in the ASE by Month, 1998

	Banks	Insurance	Investment	Leasing	Industrial	Various	Construction	Holding	Parallel Market	FTSU/ XAA 20	ASE GI Closing Price	Lowest Price	Highest Price
Jan.	1974	721	599	226	1205	1158	376	1294	86	761	1395	1374	1531
Febr.	2056	777	602	214	1174	1174	353	1387	96	788	1419	1356	1542
Mar	3229	905	701	266	1592	1350	437	1783	112	1187	2006	1356	2117
Apr.	4693	1249	903	393	1938	1650	474	2333	158	1590	2621	1356	2778
May	4621	1215	900	375	1897	1958	517	2246	186	1555	2591	1356	2778
Jun.	4249	1095	763	385	1697	1862	475	1980	179	1413	2365	1356	2778
Jul.	5440	1244	838	390	1908	1914	577	2127	188	1715	2797	1356	2829
Aug.	3985	1105	704	330	1520	1624	486	1795	167	1312	2176	1356	2829
Sept.	3869	1085	676	300	1503	1568	449	1710	165	1281	2121	1356	2829
Oct.	4118	1064	710	361	1485	1646	444	1751	172	1318	2163	1356	2829
Nov.	4987	1177	816	359	1674	1883	492	2050	199	1560	2512	1356	2829
Dec.	5343	1356	987	456	1768	2003	542	2090	231	1768	2654	1456	2943

Source: ASE

Figure 3.

Sectoral Share-Price Indices in the ASE by Month, 1998



The Value of Transactions in the ASE

The seasonal fluctuation in share prices during 1998 affected considerably the volume of transactions in most world markets. More specifically, the daily volume was affected significantly by the broader domestic and foreign social developments but also by economic factors, such as the increased hedging positioning due to the expiration of contracts on derivative products prior the end of the year, especially in European capital markets.

On a global scale, the volume of transactions was characterised by especially large transactions in technology shares, especially those of advanced-technology electronics. During 1998, the four most heavily traded stocks in the FTSE index of Standard & Poor, belonged to the technology sector. Furthermore, a large increase in the volume of transactions was observed in the energy sectors, due to the relatively high level of the dollar and the considerable reduction in oil prices.

A similar course was followed by the volume of transactions in the ASE. Continuing the large increase of 1997, the total volume of transactions in the ASE during 1998 exceeded

18.5 trillion GRD, representing an increase of 218.8% from (Table 5). The total volume of transactions in the Main Market of the ASE increased by 215.7% with respect to 1997, approaching 17.5 trillion GRD.

Strong upward trends took also place in the Parallel market of the ASE. Even though the value of transactions in the shares of the Parallel market is relatively limited, since it constitutes about 5.5% of the total value of transactions, it exceeded one trillion GRD, representing an increase of 284.6% in 1998, against 51.8% in 1997 and 14.4% in 1996.

However, the volume of transactions during 1998 was coupled with considerable fluctuations. The total monthly value of transactions was low during the first two months of the year (about 2.4% of the total value), reached the highest level of the year in April (12.9%), followed a downward trend during the May-October period, and finally, recovered in November (10.7%) and peaked again in December (12.7%).

During 1998, the volume of transactions in the Thessaloniki Stock Exchange Centre also increased considerably, reaching 795 billion GRD, an amount that represents an increase of 213.4% with respect to 1997.

Table 5.

The Volume of Transactions in the ASE, 1990–98

Year	Main Market		Parallele Market		General Total	
	Amount (billion GRD)	% change	Amount (billion GRD)	% change	Amount (billion GRD)	% change
1990	606.9		1.8		608.7	
1991	435.3	-28.3%	2.3	29.7%	437.6	-28.1%
1992	305.3	-29.9%	2.4	-10.1%	307.3	-29.8%
1993	624.3	104.5%	12.8	526.5%	637.1	107.3%
1994	1225.6	96.3%	35.8	180.1%	1262.1	98.1%
1995	1257.7	2.6%	150.8	321.3%	1408.5	11.6%
1996	1817.6	44.5%	172.4	14.4%	1990.1	41.3%
1997	5540.3	204.8%	261.7	51.8%	5802.1	191.6%
1998	17490.8	215.7%	1006.6	284.6%	18497.4	218.8%

Source: ASE, CMC

The ASE Price: Earnings Ratio (P/E)

The average valuation of the companies listed in the ASE, as represented by the ratio of price to earnings (P/E), increased in relation to 1997. Among the different sectors, the Banking sector was characterised by the highest increase in the P/E ratio, followed by the Industrial sector, with main players the Pharmaceutical and Cosmetic firms, the Containers' and Paper industry and the Chemical industries. The increase in the P/E of the Industrial sector was largely expected as a result of its exceptional level of realised profitability during 1998. On the other hand, the sectors of Holding Companies, Insurance and Miscellaneous Companies showed a decrease in the P/E Ratio.

Net Profits and Dividends of the ASE Listed Companies.

The continuously improving prices of stocks listed in the ASE reflect mainly the increasing profitability observed in recent years, which in view of the prospect of the country being incorporated in the EMU, consolidates positive expectations for the profitability in the future. The net profits of listed companies, based on the 1997 financial statements, amounted to 730 billion GRD, representing an increase of 47.8% in relation to 1996 and a fivefold increase in relation to 1991 (Table 6). The high growth of profits is to a large extent due to the new listings in the ASE, especially that of the Hellenic Telecommunications Organisation (OTE), whose net profits reached the levels of 187.3 billion GRD in 1997 and 147.9 billion GRD in 1996.

The distributed dividends from the profits of 1997 reached 344 billion GRD, representing an increase of 37.8% in relation to 1996. The dividends correspond to a 47.1% of total profits for 1997 against 50.5% for the previous year.

According to all available evidence the rising trend in profits has continued in 1998 and it is expected that distributed dividends will also increase.

Table 6.

Net Profits and Distributed Dividends of the ASE Listed Companies, 1990-96

Year	Net Profits (million GDR)		Distributed Dividends (million GDR)		Percent of Profit Distribution
	Amount	% change	Amount	% Change.	Percent
1990	155,356		93,688		60.3%
1991	236,594	52.3%	127,489	36.1%	53.9%
1992	179,999	-23.9%	89,147	-30.1%	49.5%
1993	311,186	72.9%	120,343	35.0%	38.7%
1994	347,249	11.6%	171,408	42.4%	49.4%
1995	365,422	5.2%	193,628	13.0%	53.0%
1996	684,355	80.6%	249,899	29.1%	50.5%
1997	730,776	47.8%	344,286	37.8%	47.1%

Sources: ASE, CMC.

Market Capitalization of the ASE Listed Shares

The positive course of the developments in the Greek Stock market is also reflected in the evolution of the total market capitalisation of listed shares which exhibited an impressive increase in terms of both absolute terms and as a percentage of GDP (Table 7).

Table 7.

Total Market Capitalization of the ASE Listed Shares, 1991-1997 (Billion GDR)

Year	Main Market				Parallel Market	Grand Total	
	Financial Sector[a]	Manufacturing Sector	Miscellaneous	Total for the Main Market			
	Amount	Amount	Amount	Amount	Amount	Amount	% change
Dec. 1991	1,137.1	949.9	249.5	2,336.5	18.7	2,355.2	
Dec. 1992	916.9	836.3	273.0	2,026.2	18.1	2,044.3	-13.2%
Dec. 1993	1,194.9	1,625.0	287.5	3,107.4	9.6	3,117.0	52.5%
Dec. 1994	1,230.3	1,882.4	381.0	3,493.7	84.1	3,577.8	14.8%
Dec. 1995	1,391.1	2,077.4	403.8	3,872.3	153.7	4,026.0	12.5%
Dec. 1996	1,669.1	1,940.6	2,143.2	5,752.9	191.9	5,944.8	47.7%
Dec. 1997	3,058.6	3,222.5	3,202.1	9,483.2	328.1	9,811.3	65.1%
Dec. 1998	8,712.9	5,404.6	7,744.0	21,861.5	977.2	22,838.7	132.8%

Sources: ASE, CMC.
Notes: [α] Banks, Insurance, Portfolio Investment Compnaies Leasing Companies.

Total market capitalisation for listed companies amounted to 22.8 trillion GRD at the end off 1998, representing an increase of 132.8% in relation to 1997 and of 5.7 times of the total market capitalisation during three years between 1996-98. This increase is due to the rise in share prices of listed companies, the new issues of shares by listed companies and the new issues in the ASE by large companies such as OTE in 1996, Hellenic Petroleum and Panafon Hellas in 1998. The participation of the broader financial and insurance sector in the total capitalisation of the ASE is especially important, reaching about 38% of the total capitalisation in 1998. Although the capitalisation of the broader industrial sector decreased as a percentage of the total capitalisation in the ASE, it increased in absolute terms by around 70% during 1998, reaching 5.4 trillion GRD at the end of the year. Given the high profitability of the industrial sector during the period 1997-98, the figures reflect the rapid restructuring process in the sector and the achievement of higher productivity levels.

These tendencies reflect the basic structural developments in the Greek economy, which are characterised by the large increase of the tertiary sector (particularly the provision of financial and insurance services) with respect to the manufacturing sector, and the wider resort to the capital market for raising investment funds by new sectors, such as telecommunications, advanced technology and energy.

The continuing process of maturation of the Greek capital market is also reflected in the growth of total market capitalisation in relation to other macroeconomic variables. Indeed, by the end of 1998, the total market capitalisation of listed companies corresponded to 64.3% of the GDP against 31.7% in 1997 and 20.0% in 1996. At the same time, total market capitalisation corresponded to 93.1% of the broad index of liquidity of the Greek economy (M4), representing an increase of about 2.4 times with respect to 1997. Finally, total market capitalisation corresponded to 122.1% of the total value of private bank deposits and repos.

Table 8.

Total Market Capitalization in Relation to Macroeconomic Variables, 1991-98

	Market Capitalization (% GDP)		Market Capitalization (% M4)		Market Capitalization (% Commerc. Deposits & Repos)	
	Level	% Change	Level	% Change	Level	% Change
Dec. 1990	18.5		22.1		29.5	
Dec. 1991	14.5	-21.4%	17.4	-21.3%	25.4	-13.9%
Dec. 1992	10.9	-24.9%	12.7	-27.1%	19.3	-24.3%
Dec. 1993	14.8	35.4%	16.8	32.2%	25.4	32.2%
Dec. 1994	14.9	1.2%	16.9	0.8%	27.6	8.5%
Dec. 1995	15.0	0.4%	17.6	4.0%	28.3	2.5%
Dec. 1996	20.0	33.6%	23.2	31.8%	38.5	35.9%
Dec. 1997	31.7	58.4%	38.9	67.8%	58.4	51.8%
Dec. 1998	64.3	102.7%	93.0	139.1%	122.1	109.2%

Source: ASE, CMC

The continued placement of investment funds in the Greek capital market and the rapid increase in total market capitalisation in the ASE listed companies reflect an unusual performance among the OECD member-states. The increase in total capitalisation of the Greek stock market as a percentage of GDP was the sixth best in the OECD for 1997, reaching the level of 74.1%, whilst for 1998 it is expected to be even higher. However, total market capitalisation in the ASE is still lower for 1997, as a percentage of GDP, than that of other developed markets. The difference reflects the relative delay with which Greek firms resorted to the capital market for raising investment funds. With the remarkable increase in total market capitalisation in relation to GDP, ASE is already approaching the levels of many advanced countries.

New Issues in the Capital Market

1. Initial Public Offerings

In conditions of economic stability and capital market growth, an increasing number of companies tend to satisfy their needs for investment capital not only through borrowing from banks, but also through the public offering of new shares. During 1998, initial public offerings increased significantly, in terms of both their number and the amount of the capital raised. This was encouraged by a shift of investors towards shares and also by market liquidity.

The significant increases in capital market returns during 1998 and the first half of 1998, established a positive climate of confidence among investors and this resulted in a massive inflow of domestic and foreign capital, which contributed to the acceleration of the developments in the capital market and the broadening of new issues in the ASE. The entry of new firms in the ASE was enhanced by the increased demand for shares which resulted form the expectations of significant surplus-value from the price increase of initial public offerings after the initiation of transactions. On the basis of data for the past few years, the price initial public offerings exceeds substantially their official entry price. For 1998 the average return in shares of initial public offerings in the ASE reached 97.3% for the first three days of trading. However, the large difference between initial entry price and the market price subsequently established is associated with certain risks, the importance of which is limited if the companies carry on consistently their investment programs.

The decrease of the General Index of the ASE during the period of August-October did not deter the dynamism of initial public offerings activity. Furthermore, this dynamism is expected to assume new momentum as a result of the passing by Parliament of the Law 2651/98, which specified more flexible requirements for the listing of shares in the Main and Parallel markets of the ASE. Provisional estimates consider that the number of companies that currently meet the new criteria exceeds 150.

The activity during 1998 is characterised by an increase in both the number of initial public offerings, which reached 30, and the level of capital raised. The total amount of capital raised from the Main and Parallel market and from the transfer of firms from the Parallel to the Main market, was 417 billion GRD. Characteristically, the 394 billion GRD that were raised from the Main and Parallel market of the ASE constitute the 72% of the total for the four years 1995-98. At the same time the capitalisation of new firms contributed by around

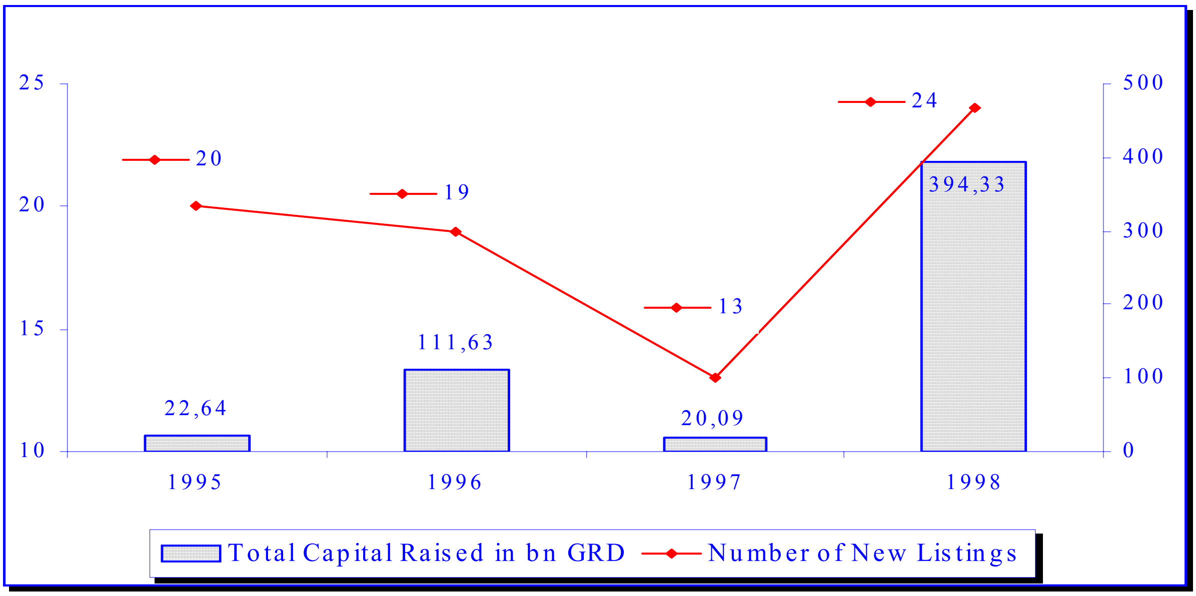
25% (3.3 billion GRD) to the 13 billion GRD increase of total ASE capitalisation during 1998. In this year, 307 billion GRD were raised by the third securitization of OTE.

The largest portion of the total funds raised was absorbed during the second quarter of 1998, a period that reflects the large rise in share prices following the devaluation of the drachma, and during the fourth quarter of 1998, due to the special weight of the listing of Panafon Hellas.

From the 30 new listings and share-transfers, 11 companies were listed in the Main market, from which they raised 376.6 billion GRD (95.0% of the total amount), whilst 13 companies were listed in the Parallel market of the ASE, from which they raised 17.8 billion GRD. Finally, 5 companies were transferred from the Parallel to the Main market, from which 22.8 billion GRD was raised.

Figure 4.

Number of Initial Public Offerings and Total Capital Raised Through the ASE, 1995-98



With the entry to the ASE of the companies of Hellenic Petroleum, Journalist Organisation Labraki and Teyopoulos Publications, two new sectors were created in the ASE, that of Energy and Publications and these concentrated 22% and 6% of the raised capital, respectively. A high participation as a percentage of the total was accomplished by the sectors of Telecommunications (49%) and Passenger Shipping (9%), which was strengthened by the two largest firms in the sector (Minoan Lines and ANEK), respectively.

Table 9.

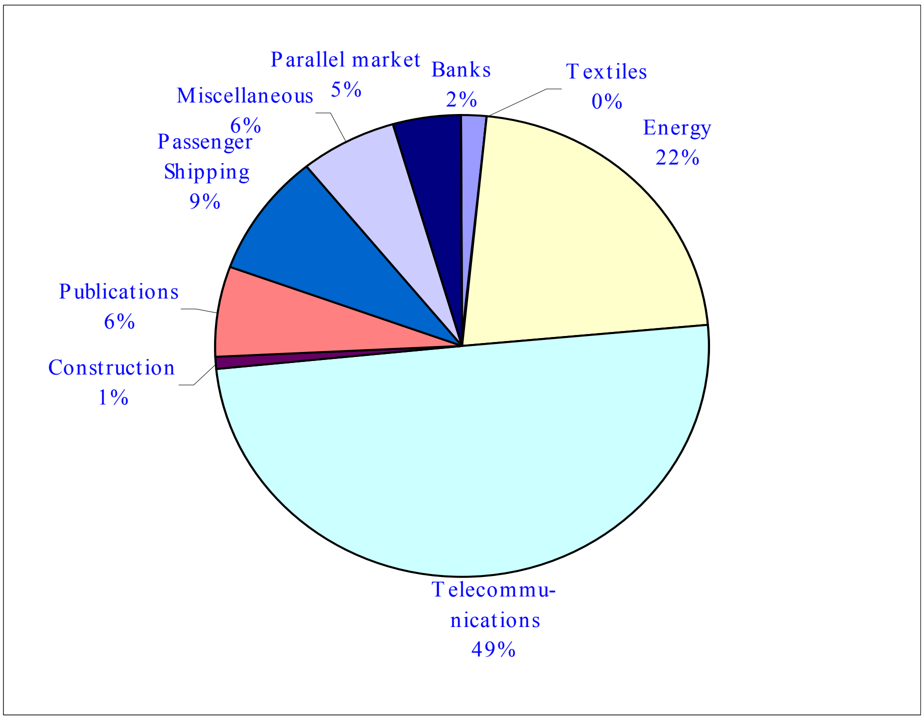
Yearly Distribution of Initial Public Offerings in the ASE, 1998 (excluding the HTO)

Quarter	Number of Listings	Capital Raised (mill. GRD)	% of the Total
1º	3	24,998.5	6.9%
2º	4	103,043.9	13.8%
3º	11	36,325.3	37.9%
4º	12	252,737.3	41.4%
Total	30	417,105.0	100.0%

Source: Various Prospectuses, CMC

Figure 5.

Initial Public Offerings by Sector, 1998



During 1998, there was a strong shift towards the private placement of shares as an effective means for the offering of new shares. However, private placement was primarily confined to the large offering of shares by Hellenic Petroleum and Panafon Hellas, the shares of which were distributed, through book building procedures, to domestic and foreign institutional investors. Thus, from the total funds raised, a percentage of 55.1%, that is 219 billion GRD, was raised through private placement, whilst an amount of 175 billion GRD was raised from individual investors. The offering of the majority of shares of Hellenic OTE, Hellenic Petroleum and Panafon Hellas through private placement procedures is consistent with standard international practices, according to which the complete absorption of shares from a company with large capitalisation, and therefore the successful entry in the stock market, requires the participation of institutional investors with large capital base and absorption ability.

2. Increases in Share Capital by the ASE Listed Companies

During 1998, 49 listed companies increased their share capital. Among them, 42 were listed in the Main Market and 7 in the Parallel market of the ASE. The total capital raised was 483 billion GRD with the corresponding amount for 1997 being 503 billion GRD. However, if the amount of 190 billion GRD which was raised by the OTE is excluded from the 1997 increase in share capital, then a positive increase of 54.5% is obtained in the amount raised by the ASE listed companies during 1998. The largest portion of capital was raised by companies listed in the Main Market, which collected 469 billion GRD, that is 97.0% of the total.

More that half of the amount raised by increases in share capital took place during the second quarter of 1998, since firms took advantage of the increased investment interest for shares that followed the re-adjustment of the drachma and the subsequent decrease in interest rates. As a consequence of the international financial problems, the relevant percentages for the third and fourth quarters were relatively small.

As in 1997, the largest portion of capital wasraised by the large increases in the share capital of banks. Indeed, the banking sector raised 204 billion GRD or about 42% of the total capital. In the wider financial sector, increases in share capital were made by six portfolio investment companies, these raised 60 billion GRD (12% of the total), and by one a leasing company. Considerable funds were also raised by 7 metallurgical companies, raising 56 billion GRD, and by the two passenger shipping companies, raising 30 billion GRD (Table V in the Appendix).

Figure 6.

Increases in the Share Capital and Total Amount of Capital Raised by the ASE Listed Companies, 1996-98

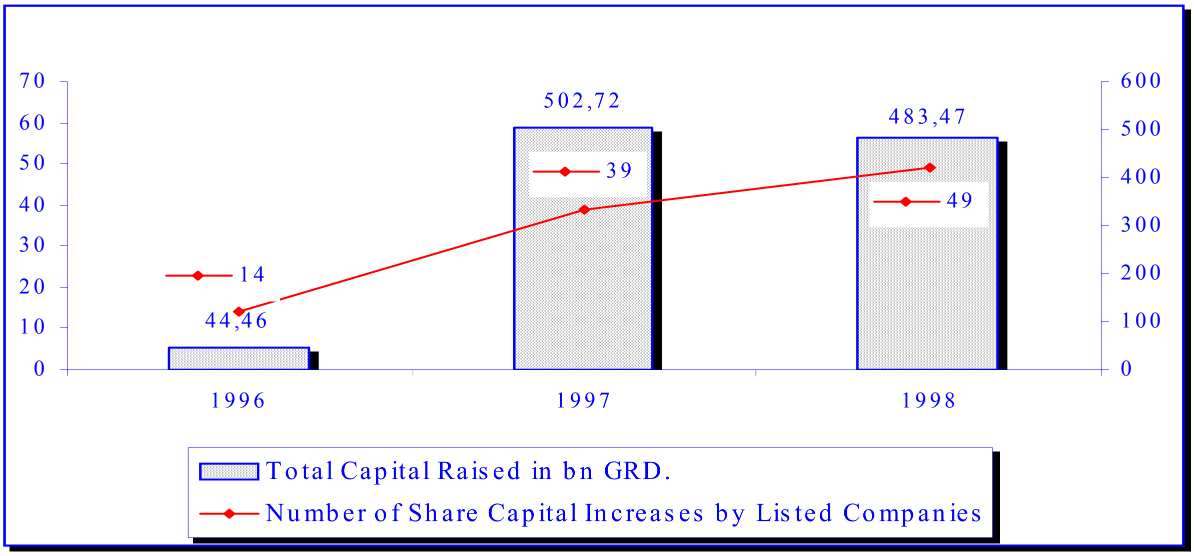
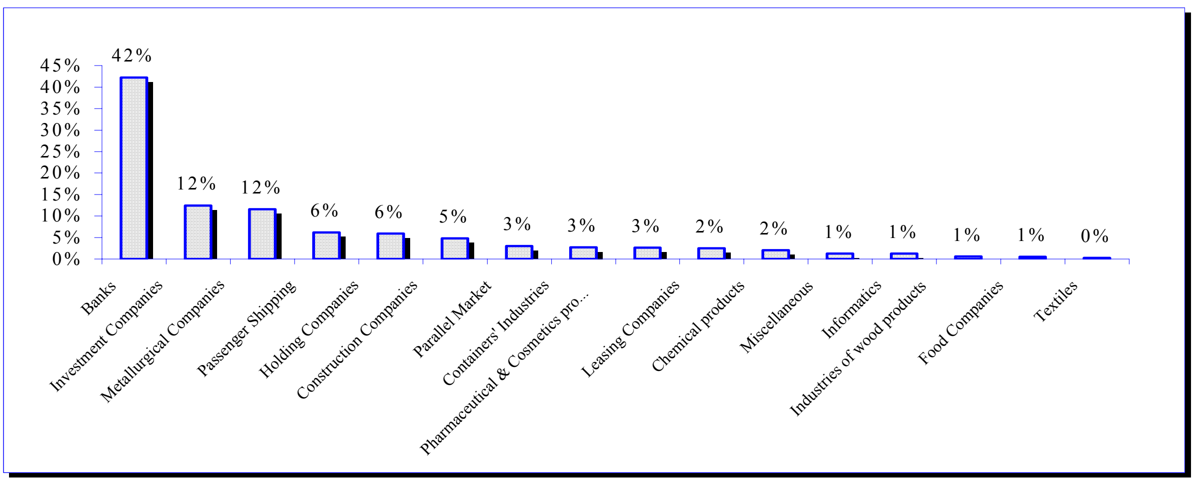


Table 10.

Yearly Distribution of the Increases in Share Capital of the ASE Listed Companies, 1998

Quarter	Number of Increases	Capital Raised (mill GRD)	% of the Total
1°	8	47,448.9	9.8%
2°	16	269,721.9	55.8%
3°	16	114,099.5	23.6%
4°	9	52,199.7	10.8%
Total	49	483,469.9	100.0%

Figure 7
Increases in Share Capital by Sector, 1998 (as percentage of the total)



New Issues from the Public Sector

During 1998, the Greek Government met its borrowing requirements mainly through domestic borrowing. Characteristic is the offering of a significant variety of new titles. Thus, borrowing needs were met through the issuing of long-term and short-term Treasury Bills, fixed- and variable-rate government bonds, zero coupon bonds and the issuing for the first time of "Prometocha". Most of the issues were in intangible form.

In general, 1998 was characterised by relatively volatile Treasury Bill rates, mainly as a result of the readjustment of the national foreign exchange policy on the basis of the domestic and international developments. The average weighted interest rate during the first public offering of 1-year Treasury Bills in February was 13.1%. In the public offerings that followed, the interest rate followed a downward trend, which after March was reversed and then stabilised at 13.2% in August. The interest rate of government bonds was also volatile. The average weighted interest rate of the 2-year bonds during the first public offering reached 14.0%, whilst the rate of the 3-year bond was in August was limited 9.9%. The interest rate of 10-year bond increased in March by 7.9% and in August by 8.3%.

By the end of September, the Government issued a new series of titles, called "Prometocha". These new titles pay a tax-free interest rate if they are kept until maturity, or are exchanged with shares of public enterprises. In the case of exchange, the carriers of the titles will be given priority against the rest of the investors. Two kinds of prometocha have been issued: (a) 3-year zero-coupon bonds in national currency, paying an interest rate of 9.4%, and (b) 5-year bonds in ECU, paying an interest rate of 3.0%. The first offering raised 170 billion GRD and the second offering raised 500 billion ECU. The strong demand by domestic and foreign institutional investors and the public is an indication of the confidence towards the privatisation program.

The offering by the state of a wide variety of new titles enriched the products of the Greek capital markets. These developments highlight the need for the development of an organised secondary market for government securities and their derivatives, something that will benefit the State as an issuer as much as the investment community.

CAPITAL MARKET ENTITIES

Brokerage Firms, Investment Services Companies *and Firms for the Reception and Transmission of Orders.*

Overview

The effective supervision of financial intermediaries by the Capital Market Commission continued with vividly during 1998. The basic legal framework, which had been already established from 1996-97 with Law 2396/96, the Code of Conduct for Brokerage Firms and the Investment Services Companies (which also applies to the Firms for the Reception and Transmission of Orders) and the other regulations issued by the Capital Market Commission. The above were further enriched in 1998 as a result of the fundamental reform and increase in reserves of the Common Guarantee Fund, the expansion of the Supplementary Fund and the issuing of a number of new regulations by the Capital Market Commission aimed at the adaptation of the market to the new conditions. These developments, in combination with a series of continuous audits made by the Department of Supervision and Audit of the Capital Market Commission, as well as a set of protection measures taken by the supervised firms themselves (expansion of their capital base, adoption of risk-insurance policies, operational restructuring, etc.), contributed to the smooth operation of the capital market and the clearing of transactions, despite the dramatic increase of transaction activity.

With respect to the Firms for the Reception and Transmission of Orders (FRTOs), the Capital Market Commission accelerated the rate of their supervision, by applying regulation 123/20-01-98, which establishes the general terms and conditions for the co-operation between brokerage firms and their representative firms, and by taking out special audits in order to certify that firms do not exceed their legal limits of activity. Furthermore, on the basis of Law 2651/'98, all FRTOs were compelled to expand their capital base by raising the minimum amount of share capital from 30 million to 60 million GRD. At the same time, the collection and statistical analysis of data concerning the ownership and geographical distribution of FRTOs was successfully concluded. Finally, in December 1998 the Capital Market Commission organised a seminar with the purpose of informing FRTO members about their obligations, the procedures that they should follow and the proper implementation of the Code of Contact. One could note the impressive increase in the number of FRTOs, which exceeded 250 by the end of 1998 from about 50 in 1997. These firms contributed significantly to the expansion of investment activity in Greece, by operating complementary to the network of brokerage firms and other Investment Services Companies.

Since the end of 1995 up to the end of 1998, the Capital Market Commission has granted license to several foreign firms for the provision of a full range of investment services in Greece, according to the European Community Directive 93/22. Already, 511 foreign firms have expressed their interest in operating in the Greek capital market. Among them 455 are from the United Kingdom, 28 are from Ireland, 8 from Netherlands, 4 from Belgium, France and Denmark, 3 from Austria and Norway, and 1 from Sweden and Luxembourg. It is worth mentioning that the firms from Austria, Belgium, Luxembourg and Norway were given license in 1998 to operate in the Greek capital market.

A prime target of brokerage firms and investment services providing firms, with the direct and indirect encouragement of the Capital Market Commission, was the protection of investors - their customers against various risks. This target seems to get achieved through the triplet “expansion of the capital base, insurance and expansion of the scope of the Common Guarantee Fund and the Supplementary Fund”. With respect to the first component, about 35% of brokerage firms and more than half of the Investment Services Companies increased their share capital during 1998. Thus, the total value of capital owned by brokerage firms reached 70 billion GRD (provisional data) in October 1998, from 50 million GRD at the end of 1997, whilst further increases are expected when the relevant financial data is published. With respect to the second component, all members of the ASE along with Investment Services Companies have been insured, with the encouragement of the Capital Market Commission and the Common Guarantee Fund, against dangers such as those associated with deficiencies in the clearing and settlement procedures, electronic fraud and breach of trust. Finally, the level of the Common Guarantee Fund has reached 20 million GRD with the prospect of it being increased substantially during the present year, whilst for the Supplementary Fund the relevant amount reaches 5 million GRD.

Positive progress has also been achieved during 1998 in the areas of organisation and functioning of brokerage firms and Investment Services Companies. Firms towards the direction of upgrading internal audit procedures, whilst at the same time increasing their personnel, improving their IT infrastructure and expanding their network of subsidiaries and representative offices.

With respect to the services offered, both brokerage firms and Investment Services Companies, excluding intervention activities, extended their co-operation with FRTOs, activated themselves stronger in the areas of advisory and asset management services to investors and expanded their presence as underwriters. Characteristically it can be mentioned that during 1998, 19 brokerage firms participated in the underwriting procedures for the new listing of shares in the ASE and gained a market share of 21.1% of total, corresponding to 32.5 billion GRD in funds raised through the ASE, as opposed to 6 billion GRD in 1997. Brokerage firms and investment services companies became main underwriters in 4 new listings and advisors in 15 new listings (half of the total).

Finally, both the turnover and profitability realised by brokerage firms in 1998 are expected to rise above those of the previous year, which amounted to 54.5 billion GRD and 22 billion GRD, respectively. This is due to the increase in transaction activity in the ASE and to the realisation of economies of scale.

The above developments, in combination with the drastic reduction in transaction costs during recent years, will not only benefit investors but will also contribute significantly to the widening of the participants in the capital market.

Volume of Transactions in the ASE Executed by Brokerage Firms.

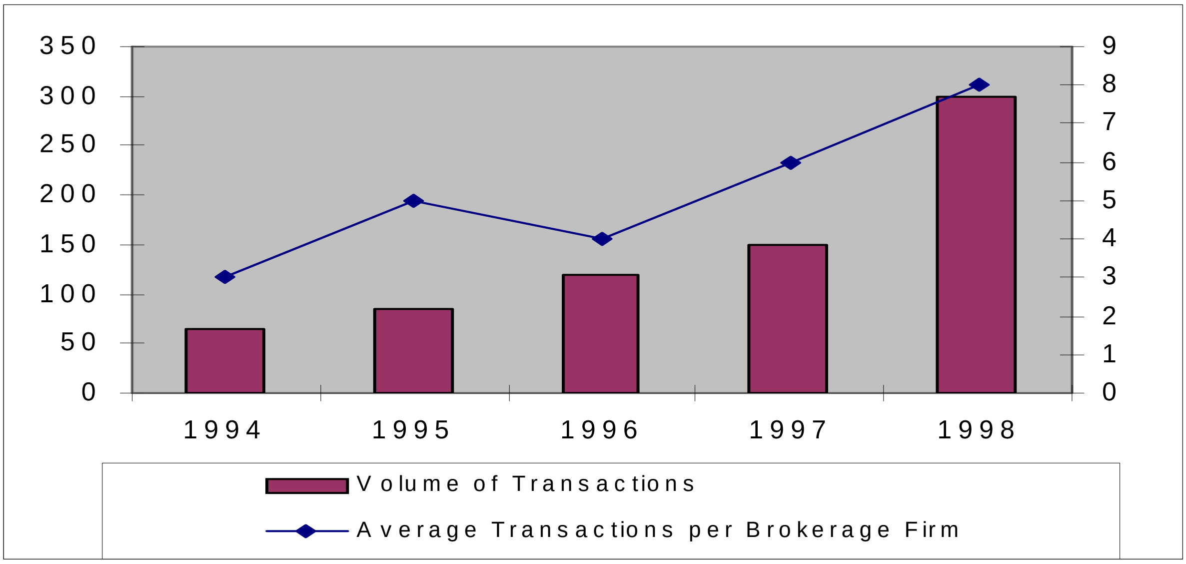
The positive developments in the national economy in recent years, combined with the reinforcement of the transparency and credibility of the capital market from the continued improvements in the institutional and supervisory framework, resulted in the transfer of savings towards the ASE. The total value of transactions executed by brokerage firms has grown by more than tenfold during the last four years (figure 7), achieving on average an annual increase of 81.8%, the main portion of which was realised in the period 1997-98. (figure 8)

In particular for 1998, the value of transactions exceeded 27,6 trillion GRD against 10,4 trillion GRD in 1997 and 4 trillion GRD in 1996, thus representing a rate of increase of over 160% for both years. This amount corresponds to 87% of the expected GDP level for 1998. Transactions tripled during the period that followed the realignment of the drachma, reaching peak levels in April, July and December.

About 5.8% of transactions took place through the Thessaloniki Stock Exchange Centre, reaching the level of 1.6 trillion GRD, an amount that represents a 214% increase relative to 1997 (0.5 trillion GRD in 1997).

Figure 8.

The total value of transactions executed by brokerage firms, 1997-98



During 1998, 65 brokerage firms operated in the Athens Stock Exchange (21 of them were also active in the Thessaloniki Stock Exchange Centre), 3 of which were first established during that year. The average volume of transactions per brokerage firm reached 424 billion GRD, even though only 20 firms (about 30% of the total) exceeded this amount (Table 11). This high rate of concentration can be attributed to the higher than average increase that took place in the volume of transactions executed by medium–large size firms. On the other hand, the share in the total volume of transactions of the four highest (in terms of transactions) brokerage firms declined in 1998 to 30% from 36% in 1997. Nevertheless, deviations between small and large size firms remained high. Thus, the ten companies with the lowest market share executed merely 2% of the total volume of transactions. Brokerage firms that are subsidiaries of credit institutions executed 45.2% of total transactions. The relative percentage increase is due to the effective take-over of two high-raking brokerage firms by credit institutions.

Table 11.

Volume of Transactions in the ASE Executed by the Brokerage Firms, 1996-98
(amounts in million GRD)

	1996	1997	1998	Δ 97/96	Δ 98/97
Total Transaction Volume[1]	3.979.498	10.375.920	27.552.230	160,73%	165,54%
Percentage of the first four brokerage firms	38,97%	35,58%	29,38%	-8,70%	-17,44%
Average transaction volume per brokerage firm	61.223	159.630	423.880	160,74%	165,54%
Transaction volume of the first brokerage firm	674.411	1.218.712	2.354.999	80,71%	93,24%
Transaction volume of the last brokerage firm	3.771	10.676	31.148	183,11%	191,76%
Percentage of transaction volume by bank subsidiaries	35,19%	38,82%	45,33%	10,32%	16,78%
Net Transaction Volume [2]	2.947.323	7.959.679	22.862.612	170,06%	187,23%
Percentage of the first four brokerage firms	27,11%	24,48%	22,14%	-9,70%	-9,55%
Average transaction volume per brokerage firm	45.343	122.457	357.228	170,07%	191,72%
Transaction volume of the first brokerage firm	282.434	653.822	1.450.744	131,50%	121,89%
Transaction volume of the last brokerage firm	3.771	10.676	31.146	183,11%	191,74%
Percentage of transaction volume by bank subsidiaries	21,79%	30,85%	40,91%	41,58%	32,60%
Block Trades & Repurchase Agreements	1.032.175	2.416.241	4.689.618	134,09%	94,09%
Percentage of the total transaction volume	25,94%	23,29%	17,02%	-10,22%	-26,91%
Percentage of the first four brokerage firms	78,81%	72,92%	64,64%	-7,47%	-11,35%
Number of firms involved in block trades or rep. agr.	43	49	60	13,95%	22,45%
Percentage of transaction volume by bank subsidiaries	73,43%	65,07%	66,92%	-11,38%	2,84%

[1]: The transactions for 1997 and 1996 do not include the amounts of Grd. 614.946 million and 1.228.704 million, for transfers of OTE shares.
[2] : Block trades and repurchase agreements (ar. 16, L. 2324/95) are excluded from total transaction volume.

The net volume of transactions increased in 1998 faster (187%) than total transactions, reaching 23 trillion GRD, as compared with 8 trillion GRD in 1997. A portion of 1.5 trillion GRD, that is 6.3% of the total, was executed through the Thessaloniki Stock ExchangeCentre. The net volume corresponded to 83% of total transactions in 1998, against 77.0% in 1997. This reinforces the belief that, even though foreign institutional investors were remarkably active, the growth in total transactions during 1998 was mainly due to individual investors which did not participate in transactions in block trades and repurchase agreements. Substantial differences exist in the concentration of net transactions, the level of which is lower than the level of total transactions, mainly as a result of the loss of market share by the first four brokerage firms, from 24.0% in 1997 to 22.1% in 1998. In 1998, brokerage firms that are subsidiaries of credit institutions expanded their market share to 41.1% from 30.0% in 1997.

Total transactions in block trades and repurchase agreements, even though they were double in absolute terms, showed a decline in relative terms. Their share is reduced to 17% in 1998, from 23% in 1997 and 26% in 1996. As the number of firms participating in these kinds of transactions increased from 49 in 1997 to 60 in 1998, the level of concentration of the first four brokerage firms, even though still high, reduced to 65% in 1998 from 73% in 1997. Brokerage firms that are subsidiaries of banks executed about 2/3 of total transactions in block trades, mainly because of their unique position in taking advantage of the clientele base of their parent companies.

The steady expansion during 1998 in the owned capital base through capital increases, but also higher profit retention during 1997, raised the number of brokerage firms of more than 1 billion GRD in equity capital to 23 (35% of the total). These firms were particularly benefited since in 1998 they executed 62% of total transactions and 58% of net transactions. However, the unprecedented rise in the volume of transactions in the last two years did not encourage the competitive reconstruction of the sector because the realised high levels of profitability impeded any attempts to proceed with the necessary alliances and take-overs which could contribute to the competitive shrinking of their number.

Mutual Funds Management Firms and Portfolio Investment Companies

During 1998, there were considerable developments in the operational framework and the growth of the market of Institutional Investors. Continuing the effort for continuous improvement of the regulatory framework, the Capital Market Commisssion introduced important regulations, with most prominent the Code of Conduct for Mutual Fund Management Firms and the Portfolio Investment Companies (PIC).

Moreover, based on Law 2651/1998, the Capital Market Commission in co-operation with the Bank of Greece and in consultation with the Ministry of Finance set out the basis for the prompt implementation of valuation for portfolios of bond mutual funds according to mark-to-market procedures. This development constitutes a necessary and important step in the promotion of transparency in the mutual fund market and will solve an important chronic problem, something that is possible under the present system of electronic management of securities in intangible form from the Bank of Greece. The valuation of bonds according to mark-to-market procedures will be initiated in the beginning of 1999 and will be completed by the first half of the year.

The Market of Domestic Mutual Funds

The developments in the area of mutual funds continue to be important insofar mutual funds manage an increasing percentage of the national savings (Table 12). Thus, in the end of October 1998, the value of total assets of mutual funds corresponded to 46.2% of total private deposits and repos in commercial banks and credit institutions, against 38.3% in the end of 1997 and only 9.8% in the end of 1994.

Table 12.

Total Bank Deposits – ASE Capitalization – Total Net Assets of Mutual Funds
(billion GDR)

	Total Bank Deposits	Capitalization of ASE	Assets of Mutual Funds
Dec. 1991	9,234	2,355	172
Dec. 1992	10,149	2,045	223
Dec. 1993	11,085	3,117	867
Dec. 1994	13,747	3,578	1,344
Dec. 1995	15,766	4,026	2,454
Dec. 1996	17,997	5,945	3,873
Dec. 1997	19,755	9,811	7,325
Oct. 1998	18,700	16,384	8,640

Sources: Bank of Greece, Athens Stock Exchange (ASE), Union of Greek Institutional Investors.

The relation between the level of total assets of mutual funds with respect to bank deposits is already comparable to that of other advanced countries. However, the Greek mutual fund market is characterized by a peculiarity, when compared to international standards, in that there is a relatively high share of the Money Market Funds and Bond Mutual Funds assets in total assets. The assets of these two types of mutual funds correspond to 85.0% of total assets, while the market share of the Equity Funds and Mixed Mutual Funds correspond to 5.5% and 9.2%, respectively. In contrast, in the international mutual funds market, Equity Funds correspond to 40.0%, Mixed Funds correspond to 14.1% whilst Bonds Funds and Money Market Funds correspond to 39.5% of the total value. This peculiarity of the Greek market is due mainly to the high-level low-risk returns offered by Bonds Funds and Money Market Funds the last few years, due to the high interest rates that prevailed in the Greek economy and the fact that specific mutual funds were used as a substitute of bank deposits by banking groups.

The number of mutual funds operating in the Greek market in the end of 1998 were 178 against 160 in1997. In 1998, the composition of mutual funds involved 64 bonds mutual funds, 42 money market funds, 40 equity funds, 30 mixed funds and 2 special-type funds. The value of their total assets in the end of 1998 was 8.9 trillion GRD, representing an increase of 22.8% relative to 1997. However, this increase is lower than the 89.1% increase during 1996-1997 and the 57.9% increase during 1995-1996 (Table 13).

Table 13.

Total Net Assets and number of Mutual Funds based on their Classification (1995-1998)

	1998		1997		1996		1995	
	Amount billion GDR	Number	Amount billion GDR	Number	Amount Billion GDR	Number	Amount billion GDR	Number
Money Market Funds	5,967	42	4,405	36	2,299	35	1,259	21
Bond Mutual Funds	1,680	64	2,063	64	1,435	60	1,029	48
Equity Mutual Funds	492	40	237	32	78	29	91	24
Mixed Mutual Funds	828	30	619	26	59	22	69	21
Special Type Funds	31	02	4	02	3	02	5	01
Total	8,998	178	7,327	160	3,874	148	2,453	115

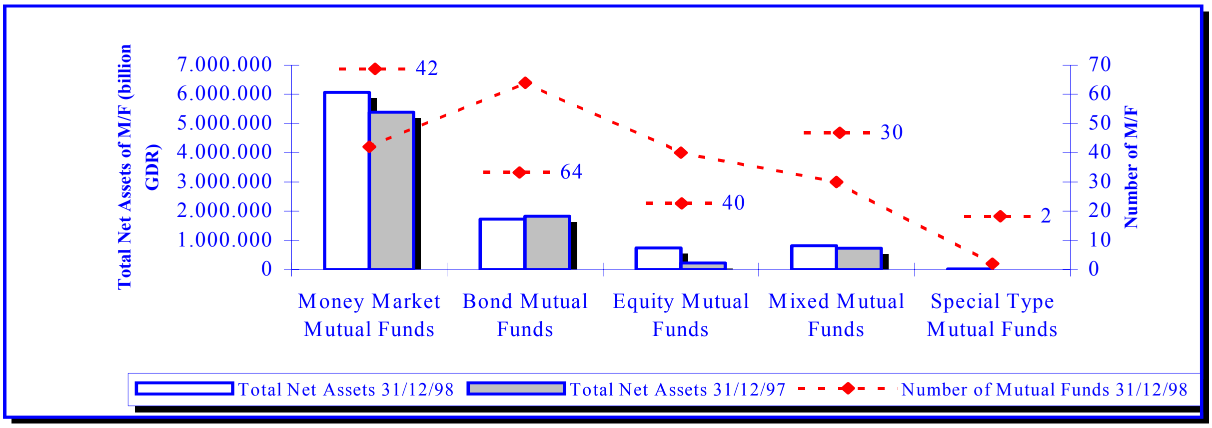
Source: Union of Greek Institutional Investors. Calculations: Capital Market Commission, Department of Research, Monitoring of Capital Market and International Relations.

Also, during 1998 the number of mutual fund management firms that were active in the Greek capital market increased to 30 from 29 in 1997. In addition to the increase in the number of mutual fund management firms, important changes took place in the composition of their share capital as a result of the take-over activity in the market. Among the 30 mutual fund management firms, 21 are bank subsidiaries, 5 are subsidiaries of insurance companies, 3 are co-operative schemes of banks and insurance companies and one is a subsidiary of a firm providing investment services.

The degree of concentration of the Greek mutual funds market was quite high since 5 mutual funds management firms managed total funds of 5.2 trillion GRD, which represented 58.3% of the mutual funds total assets.

Figure 10.

Total Net Assets and number of Mutual Funds based on their Classification (1997-1998)



Regarding the different types of domestic mutual funds, the following observations can be made:

- ✓ In 1998, the money market mutual funds had the largest market share and managed the 66.3% of total assets against 60.1% in 1997. Their total asset value was 5.97 trillion GRD in 1998 against 4.41 trillion GRD in 1997, representing an increase of 35.5%. In 1998 there were 42 mutual funds of this type against 36 in 1997, among which 37 were domestic money market mutual funds, 2 were foreign money market mutual funds and 3 were international money market mutual funds. Following the national currency's readjustment in 1998, domestic money market mutual funds showed remarkable growth of assets (36.4%), accompanied by a simultaneous reduction in foreign and international money market mutual funds assets by 77.5% and 61.2% respectively.
- ✓ The Bond Mutual Funds managed 18.7% of total fund assets against 28.2% in 1997. Their total assets were 2.1 trillion GRD, representing a reduction of 18.5% relative to 1997. The reduction is due to the transfer of funds from Bond to Equity and Money Market funds. Among the 64 active Bond Funds at the end of 1998, 41 were domestic, 14 were foreign and 9 were international bond funds.
- ✓ The Equity Funds showed remarkable growth during 1998 of their total assets and their returns. Their total assets approached 492 billion GRD, while their market share increased to 5.5% of the total from 3.2 % in 1997. The increase is caused by both the rise in the prices of their portfolio stocks and the new cash inflows. By the end of 1998 in the Greek market there existed 40 active Equity Funds whilst the number in 1997 was 32. Among

them, 33 were domestic equity funds, 4 were foreign equity funds and 3 were international equity funds.

- ✓ Finally, Mixed Funds were characterized by considerable growth too. Their total assets reached the level of 827 billion GRD, representing an increase of 33.8% relative to 1997. Their market share rose to 9.2% in 1998 from 8.4% in 1997. The number of Mixed Funds rose to 30 in the end of 1998 from 26 in 1997. Among them, 21 were domestic, 2 were foreign and 7 were international mixed funds.

The Market of International Mutual Funds

According to the European Union of Institutional Investors (FEFSI), in June 1998 operated 37,532 mutual funds internationally managing 7.7 trillion ECU in assets. Among them, 17,289 mutual funds, managing assets of 2.1 trillion ECU operated in EU countries. The USA-based mutual funds owned 61.0% of world assets whilst the EU-based mutual funds owned 27.2% of total assets, followed by Japan with 3.8%, Canada with 2.6%, Brazil with 1.4% and the other countries with 4.0% (Table 14).

Table 14.

The International Mutual Fund Market, 30.6.1998

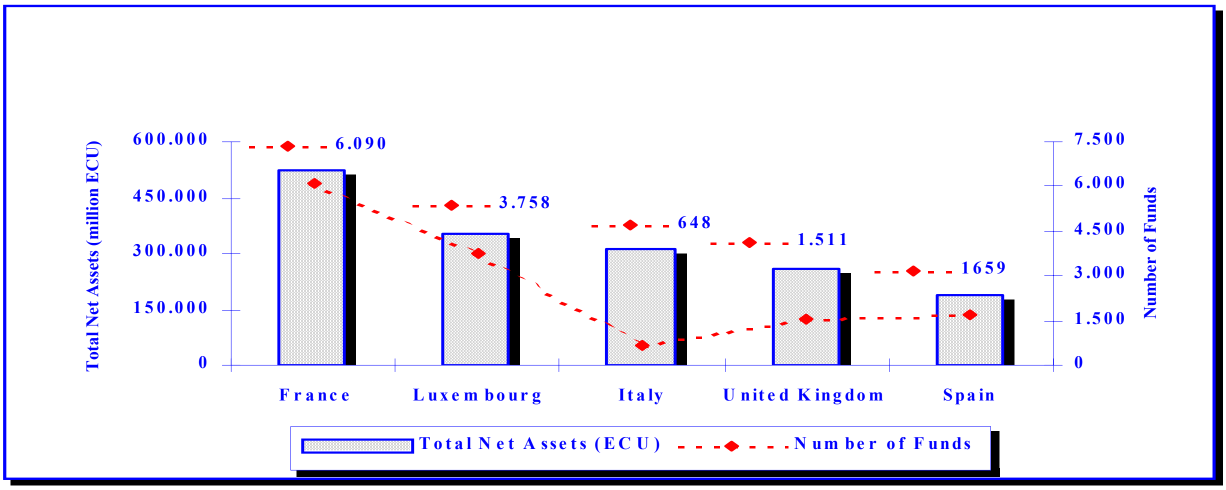
FEFSI	Total Net Assets (billion ECU)	Percentages
USA	4.702	61,0%
Europe	2.157	27,2%
Japan	292	3,8%
Canada	201	2,6%
Brazil	109	1,4%
Other Countries	240	4,0%
Total	7.700	100,0%

Source: FEFSI.

Equity Mutual Funds represent 47.0% of the world total assets, the Mixed Mutual Funds 9.0%, the Bond Mutual Funds 22.9%, the Money Market Mutual Funds 1.0% and the other categories 0.1%.

Figure 11.

The First 5 EU Countries in Total Net Assets and Number of Mutual Funds (30.6.1998)



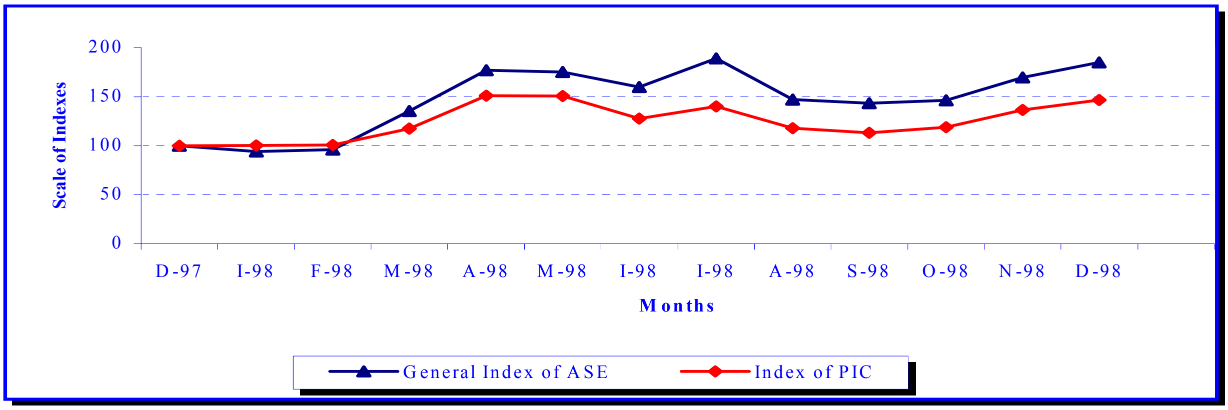
More specifically, on June 30th 1998, in the EU countries existed 17,289 Mutual Funds managing 2.1 trillions ECU in assets. The Equity Funds owned 33.1% of total assets, the Mixed Funds owned 13.2%, the Bond Funds owned 34.1%, the Money Market Funds owned 19.4% and the other types owned the rest of 1.0%. The distribution, by country, of the Mutual Funds assets in European Union is as follows: France has 6,090 Mutual Funds commanding 524 billion ECU in assets, Luxembourg ranks second with 3,758 Mutual Funds and 350 billion ECU in assets, followed by Spain with 1,659 Mutual Funds and 190 billion ECU in assets and Great Britain with 1,511 Mutual Funds and 256 billion ECU in assets. However in the European Union also, the development of mutual fund markets is characterized, as is the case in Greece, by a low market share, in relation to the intercontinental trends, of Equity Funds and a high market share of Bond and Money Market Funds.

Portfolio Investment Companies (PIC)

The rapid development of the capital market had a positive impact on the growth of the net asset value of the Portfolio Investment Companies and the prices of stocks comprising their portfolios. As a result, net profits are expected to increase considerably in 1998 and, therefore, the amount of dividends distributed to their shareholders.

Figure 12.

The Movement of the ASE and PIC Indices (1998)



On December 31st, 1998 in the Greek capital market 16 Portfolio Investment Companies were listed in the Athens Stock Exchange (ASE) along with one Portfolio Investment Company which was not yet listed. Total market capitalization of these 16 companies amounted to 323 billion GRD in 1998, representing a 93.0% increase relative to 1997 (173 billion GRD). At the same time, total net asset value of PIC doubled from 168 billion GRD in 1997 to 336 billion GRD in 1998.

Moreover, it should be noted that, during 1990, the increases in the PIC's share capital amounted to 60 billion GRD, representing a share of 12.0% in the total value raised through share capital increases of all listed companies.

On December 31st, 1998, the portfolios of PICs consisted of equity by 82.3% (81.7% in 1997), of fixed income bonds by 5.3% (10.6% in 1997) and of cash by 12.4% (7.7% in 1997).

Table 15.

Changes in the PIC Sector, 1997–1998

		31/12/1998	30/6/1998	3112/1997	30/6/1997	1998 Μεταβολή
Stock Exchange Value (million drx)		322.968	250.308	173.477	155.806	86,2%
Premium (Discount) %		-3,7	-10	3,4	-6,3	-108,8%
General Index of ASE		2.737,55	2.365,45	1.497,63	1.518,51	82,8%
Index of PIC		876,48	763,14	597,33	532,63	46,7%
Portfolio Composition of PIC		(%)	(%)	(%)	(%)	
Equities	Domestic	77,1	75,5	73,6	68,9	4,8%
	International	5,2	7,4	8,1	7,7	-35,8%
Bonds	Domestic	4,7	5,7	9,5	11,1	-50,5%
	International	0,6	0,5	1,1	1,4	-45,5%
Money Market	Domestic	11,2	8,6	6,8	7,9	64,7%
	International	1,2	2,3	0,9	3,0	33,3%

Source: Union of Greek Institutional Investors, Athens Stock Exchange (ASE), Capital Market Commission.

International Capital Market Performance

Capital Market Developments

During 1998 a series of significant developments took place which greatly influenced the capital markets behaviour. Among these, the most important are listed below :

➢ The overall pessimism characterising the capital markets of Southeast Asia, a legacy of 1997 crisis, mostly reflected by the weak performance of Japan's economy.

➢ The Russian crisis which started in the August of 1998 after the devaluation of the domestic currency.

➢ A series of scandals and allegations related to the US presidency.

➢ Fears of economic turmoil in Latin American region.

➢ The identification of mergers and acquisitions and the creation of large conglomerates in all the major sectors globally.

➢ The preparation for the use of Euro among the Member-States of the European Union.

At the beginning of 1998 the capital markets showed signs of restrain and reacted with precaution due to the recent crisis in the Asian markets. In the ensuing period there was a reverse in expectations and the US and European markets followed an upward trend that continued in an increasing pace, reaching historic peaks in many occasions, until the start of the crisis in Russia. Before the outbreak of that event most of these markets had shown spectacular gains with stock and bond prices bloom despite the current economic cycle or the prospects of their economies, the sole exception being Japan.

In the fall of 1998 there was a sharp decline in equity prices creating instantly a sense of panic in all stock exchanges, thus creating fears of a major economic crash. The side effects of that fear are still evident in the decisions of governments and organizations. That crisis affected mostly the emerging markets but it was equally felt by the most developed ones. Within two months (August – September 1998) all the major stock exchanges suffered significant losses. For instance Dow Jones lost 16%, NIKKEI lost 22,3%, DAX lost 35,2%, CAC 29,5% and finally MIBTEL lost 34,8%.

The new crisis caused further skepticism and accumulated losses undermining investors confidence. In response the most developed countries reached an agreement for interest rate reduction on international basis, the start being made by the US Federal Bank. That reduction was made possible due to the fact that the developed economies had successfully controlled their inflation rate through the reduction of public deficit and labor cost. The result was a spectacular improvement of investor confidence without the creation of inflation expectations. Soon afterwards the capital markets recovered from the early shock and returned to their upward momentum achieving new and better results, leaving though some unsettled matters in the international economy that may always destabilize it and cause frictions.

Coordinated action proved successful but a further effort should be made for the development joint actions that will ensure the prevention of a possible future crisis.

It can not be stated that the danger is over and a possible global recession is out of question but the mere fact of the introduction of a single currency in the European Union provides a sense of stability and creates expectations for economic growth allowing the European capital markets to be optimistic about future developments.

From a macroeconomic point of view the average GDP of the E.U. Member-States was 2,8% showing a marginal improvement of 2,7% compared to 1997 (Table 16) while the inflation rate dropped slightly from 2,1% in 1997 to 1,9% in 1998. In the US and Japan the GDP increased at a lower rate than that of the previous year, being 2,8% instead of 3,8% in 1997 for the USA and 0,4% instead of 1% for Japan. As for the inflation rate it remained the same in the US (2%) and decreased in Japan from 1,7% to 0,9% in 1998.

Table 16.

Evaluation of Key Macroeconomic Variables 1996-1998[1]

Countries	Gross Domestic Product [2]			Exchange rates[3]			Inflation rate[4]			Government gross debt [5]		
	1996	1997	1998	1996	1997	1998	1996	1997	1998	1996	1997	1998
YEAR												
Austria	1,6	2,5	2,8	13,43	13,82	13,77	2,50	1,80	1,50	69,5	66,1	64,7
Belgium	1,5	2,7	2,8	39,3	40,53	40,37	2,30	1,60	1,30	126,9	122,2	118,1
Denmark	2,7	2,9	2,7	7,36	7,48	7,45	2,10	2,30	2,10	70,6	65,1	59,5
Finland	3,6	5,9	4,6	5,83	5,88	5,95	1,60	1,40	2,00	57,6	55,8	53,6
France	1,5	2,4	3	6,49	6,61	6,56	1,90	1,10	1,00	55,7	58	58,1
Germany	1,4	2,2	2,6	1,91	1,96	1,96	1,90	1,90	1,70	60,4	61,3	61,2
Greece	2,6	3,5	3,8	3,06	3,09	3,3	8,50	5,50	4,50	111,6	108,7	107,7
Ireland	8,6	10	8,7	0,79	0,75	0,78	1,10	1,40	3,30	72,7	66,3	59,5
Italy	0,7	1,5	2,4	1,96	1,93	1,94	4,30	2,40	2,10	124	121,6	118,1
Luxembourg	3	4,1	4,4	39,30	40,53	NA	1,60	1,40	1,60	6,6	6,7	7,1
Netherlands	3,3	3,3	3,7	2,14	2,21	2,20	1,30	2,20	2,30	77,2	72,1	70
Portugal	3,6	3,7	4	1,96	1,99	2,01	2,60	2,10	2,20	65	62	60
Spain	2,3	3,4	3,6	1,61	1,60	1,66	3,40	2,50	2,20	70,1	68,8	67,4
Sweden	1,3	1,8	2,6	8,51	8,65	9,46	1,20	2,20	1,50	76,7	76,6	74,1
U.K.	2,3	3,5	1,9	0,81	0,69	0,70	2,60	2,30	2,30	54,7	53,4	52,3
EU15	1,8	2,7	2,8	1,00	1,00	1	2,60	2,10	1,90	73	72,1	70,5
U.S.A.	2,8	3,8	2,5	1,27	1,13	1,17	2,40	2,00	2,00	65,2	66,5	NA
Japan	3,9	1	0,4	1,38	1,37	1,35	0,10	1,70	0,90	80,7	88	NA

Source: European Economy, BIS and national data

Notes: [1] Annual percentage change, unless other stated.

[2] At 1990 prices

[3]Annual average, national currency units per ECU. For Greece, Portugal, Spain and Japan the exchange rate concerns 100 GRD, PTE, ESP and YEN respectively, whereas for Italy it concerns 1000 ITL

[4] Price deflator private consumption (ESA)

[5] General government gross debt (end of period: percentage of GDP)

As of March 1998 price/earnings ratios for most capital markets including the US were above the 1997-1998 average and were at record levels in US and Switzerland (Table 17). On the contrary the dividend yield in most countries remained at low levels (Table 18). The structural changes that occured in these economies possibly explain the great range of variance observed in the dividend yields. It can be said that the steady decline of inflation globally during the last decade and the benefits that come from the increased credibility of monetary policy in general led to the limitation of volatility in inflation rate and short-term interest rates, thus augmenting equities value. Nevertheless, the maintenance of such high levels was put under pressure at the beginning of fall. During that period international capital markets and especially those of the developing countries faced strong turbulence. The recent developments of securities markets are shown in the Table XVIII of the Appendix.

Table 17.

Price / Earnings Ratios[1]

Countries	Sept. 1987[2]	Peak Level	Peak year	Average 1986-95	Dec. 1996	March 1997	March 1998
U.S.A.	22	27	1998	16 (41 years)	21	21	27
Japan	70	100	1996	51 (17 years)	57	51	43
Germany	15	25	1993	13 (25 years)	17	20	21
France	14	30	1973	12 (25 years)	17	18	20
Italy	15	29	1994	17 (12 years)	17	19	26
U.K.	17	23	1994	13 (28 years)	16	16	22
Canada	18	33	1994	20 (42 years)	20	21	32
Netherlands	15	26	1997	10 (25 years)	18	20	24
Greece	NA	NA	NA	NA	14	19	28
Switzerland	14	29	1998	13 (25 years)	20	23	29
Belgium	15	29	1967	16 (37 years)	16	18	25

Sources: Datastream, OECD, BIS and national data
Notes: [1]Ratio of price to reported earnings per share
[2] Month preceding the global stock market crash.

Table 18

Dividend Yields

Countries	Minimum Level	Minimum year	Average	March 1998
U.S.A.	1,5	1998	4 (51 years)	1,5
Japan	0,4	1989	3 (36 years)	1,1
Germany	1,3	1998	2,8 (25 years)	1,3
France	1,7	1998	4,5 (34 years)	1,7
Italy	0,8	1981	2,3 (1 year)	1,1
U.K.	2,8	1998	4,7 (35 years)	2,8
Canada	1,4	1998	3,4 (42 years)	1,4
Netherlands	1,8	1998	4,8 (25 years)	1,8
Greece	NA	NA	NA	2,9
Switzerland	1	1995	2,9 (25 years)	2,4
Belgium	1,6	1998	4,3 (37 years)	1,8

Sources: Datastream, OECD, BIS and national data

The recent crisis posed important issues for debate in international forums and organisations in an effort to create a framework capable to forecast and handle any future crises in an effective way. The particularities of the recent crisis and all the factors related to it were the main issue in a series of international conferences and meetings. The main conclusions were:

➢ The inadequate coverage of market participants against exchange rate risk created pressure on their current account balances and exchange rates.

➢ The increased level of external short-term borrowing and speculative investments augmented uncertainty.

➢ Wide exposure of credit institutions in highly risky investment schemes combined with the lack of disclosure and sufficient prudential legislation in the foreign exchange market are important factors which contributed to the creation of turmoil.

The main conclusion derived from the recent crisis is that the deregulation of capital markets increases the possibilities of a crisis thus making essential the necessity of increased supervision. In order to achieve this target, supervisory authorities should increase their efforts towards the strengthening of collaboration among them.

In September 1998, at a time of significant financial turbulence the 23rd Annual Conference of the International Organisation of Securities Commissions (IOSCO) took place in Nairobi. Panel discussions were held on a variety of issues of interests to both regulators and practitioners, such as:

➢ International co-operation among supervisory authorities

➢ The year 2000 computer problem and its consequences on the electronic systems of stock exchanges, clearing houses and other supervised entities

➢ Cross-border investment flows and markets' stability and development

New elements concerning recent international financial disturbances are the velocity of contagion effects as well as their spread. The conditions that contribute to the contagion of crises are, among others, the short-run external borrowing by domestic banks and the insufficient coverage of market participants from exchange rate risk. The liberalisation of capital movements and the abolition of protection measures constitute a necessary precondition for the reinforcement of liquidity but it also increase the risk involved and the possibility of a crisis. Especially for the emerging capital markets it was stressed the need of a continuity and balance between liberalisation procedure and supervisory policy, in order to reassure the establishment of a healthy and balanced financial development. The promulgation of regulation and the existence of sufficient supervision and transparency constitute an effective way to avoid crises.

During the Annual Conference of IOSCO, its members adopted unanimously an important document posing the objectives and principles of securities regulation. They also established disclosure standards to facilitate cross-border offerings and listing of multinational issuers. A common belief among regulators is that smoothness and stability in international financial markets will be further improved if the following fundamental features apply to the markets:

- Equal treatment of investors
- Markets' efficiency
- Liquidity
- Transparency

To this end, international collaboration and co-ordination of practices of national competent authorities is necessary. Another important issue greatly discussed during the Conference is securities activity on the Internet. Supervising authorities should cooperate and share information in order to monitor securities activity on the Internet effectively and strive for transparency and consistency regarding how their rules apply in an Internet environment.

PART THREE

ACTIVITIES OF THE CAPITAL MARKET COMMISSION

Rules and Regulations Issued by the Capital Market Commission

During 1998 the Commission's board of directors issued several rules and regulations and contributed significantly to the Ministry of National Economy's legislative work on capital markets. During 1998, the Commission's regulatory activity was mainly directed at the enhancement of investors assistance and protection procedures, the transparency and protection of the systems of trading and clearing as well as the enactment and enforcement of codes of conduct for institutional investors and the underwriters procedures.

Assistance and Protection of Investors

The Capital Market Commission issued the following decisions:

- ✓ Decision 126/24-2-98, on «Advertising and Provision of Information by Mutual Funds Managing Firms». The decision rules that every advertising message regarding the sale of mutual fund units must be clearly recorded or transmitted, at the firms' responsibility, stating at the outset that: 'The realization of past returns by mutual funds investment do not guarantee future returns.
- ✓ Decisison 129/14-4-98, on «The Classification of Mutual Funds by Name.» The decision specifies stricter rules regarding the consistency of the composition of mutual funds portfolios with their CMC-licensed name and with the timely information of mutual fund unit holders.
- ✓ Decision 129/14-4-98, on «The Offering of Units by Foreign Collective Investment Institutions". According to the Article 49c of the Law 1969/91 and the Responsibilities of the Representatives of OSEKA of the European Union Member-States, Subject to the EEC Directive 85/611.» The decision defines the terms and conditions for the lisencing of foreign collective investment institutions, registered either to non-EU states or to EU member-states not subject to the EEC Directive 85/611, to offer and advertise units in

Greece In addition, the decision specifies the responsibility in Greece of the representatives of all licensed foreign collective investment organizations.

- ✓ Decision 123/20-1-98, on «The Terms and Conditions of Collaboration Between Members of the Athens Stock Exchange and Other Firms according to the Art. 3, § 1i of Law 2396/96 and With Firms Acting as their Representative.» The decision determines the terms and conditions for the collaboration of all ASE members with the Firms for the Reception and Transmission of Orders as well as for the collaboration of all ASE members and other Firms Providing Investments Servises with the firms acting as their representatives.

Safeguarding the system of Trading and Clearing.

The Capital Market Commission in order to meet this target issued the following decisions:

- ✓ The «Regulation for the Clearing System of Intangible Securities» (128/31-3-98). This regulation sets the general framework and specifies all the details for the realization of the dematerialization procedures in the ASE
- ✓ Decision 129/14-4-98, on «The Accommodation of the Transactions Clearing Procedures» The decision specifies the financial and other penalties to be imposed on brokerage firms causing any delays in the clearing procedures.
- ✓ Decision 129/14-4-98, on «Rules for the Transactions Clearing System.» The decision specifies rules for the accommodation of clearing procedures following financial transactions by foreign investment houses, which are facing practical difficulties to timely notify the Central Depository for the final owners of the titles.

Enactment and Enforcement of the Codes of Conduct.

During 1998, the Capital Market Commission has enacted the following two codes:

- ■ The «Code of Conduct for the Mutual Funds Management Firms and Portfolio Investment Firms” (132/19-5-98).

This code of conduct specifies rules governing the relations and behavior of the firms and the activity of their representatives in order to secure the smooth function of the capital market, to support the development of the market and to protect investor interests. This code of conduct sets and analyses seven principles, which are the following:

- ✓ The establishment of the normal function of the market.
- ✓ The guarantee of the firms' autonomous portfolio management procedures.
- ✓ The determination of the boundaries of share rights.
- ✓ The conditions governing the firms' advertising procedures.
- ✓ The organization and efficiency of internal control procedures.
- ✓ The establishment of equal treatment of investors.
- ✓ The organization of the network for the promotion of mutual funds units.

The Code was enacted on the basis of authorization granted to the Capital Market Commission by Law 2533/97, and constitutes a very important step in the effort to secure the transparency and protection of investors in a market in which during the last few years the Mutual Funds Management Firms and Portfolio Investment Firms have become central players.

Following the opinions and proposals by the Capital Market Commission (Decision 145/subject 5th/10-11-98) and the Bank of Greece (based on the Law 2651/98), the Minister of National Economy issued a Decision (Gazette 1257B/15-12-98) on the

- ■ "The Regulation of Underwriters Procedures."

The regulation specifies the obligations of the main underwriters, other underwriters and consultants, based either in Greece or abroad, as well as the general code of behavior regulating their activity in the following cases:

- ✓ Listing of shares in the ASE through private placement.
- ✓ Listing of shares in the ASE without private placement.
- ✓ Offering of shares of already listed companies with or without private placement.
- ✓ Public offering of shares of a Greek company without prior listing in the ASE.

The regulations contained in The Code of the Underwriters Procedures are summarized below:

- ✓ The underwriters and the consultants should comply with legal rules in order to provide correct, complete and objective information to investors as well as the correct calculation of public offering share price.
- ✓ The underwriters should treat all investors equally and secure the distribution of shares according to exisitng rules and regulations.

- ✓ The underwriters and the consultants should have developed adequate control procedures for matters related to the process of underwriting, including efficient internal control measures, and take the necessary steps for the prevention of information release to unauthorized persons. (Chinese walls).
- ✓ The underwriters and consultants should take all the necessary measures in order to deter any conflict of interest during the provision of services, paying special attention to the avoidance of becoming involved in transactions of securities which constitute an object of underwriting. The Regulation also specifies the terms and conditions for compliance to transparency rules, according to the Law 2657/1998, by the main underwriters if they get involved in transactions aiming at the stabilization of the share price of large-scale issues.
- ✓ Finally, the Regulation sets out clearly the obligations of the underwriters and the consultants with respect to advertising and more generally any announcement aiming at the promotion of the issue.

Measures for the Adequate Disclosure of Information

Aiming at the promotion of financial trasactions and following a recommendation by the Capital Market Commission, the Minister of National Economy issued the decision 7834/B/424 (Gazette 284B-24/3/98) which determines the conditions for trading and disclosure of information by all persons covered by art. 81 of the Law 2533/97. The law covers a wide range of persons, such as the members of boards of directors and staff of the Capital Market Commission, the ASE and its subsidiaries, the members of boards of directors and management of brokerage firms, firms providing investment services, mutual funds management firms and portfolio investment firms as well as other important participants in the capital market, such as journalists reporting on capital market issues. The responsibility for effective compliance of all of the above rests with the Capital Market Commission. The rate and quality of compliance for the first year was very good.

Licensing of Supervised Entities.

The intense activity in the Greek capital market is also reflected in licensing work of the Capital Market Commission. Thus, the Board of Directors of the Commission proceeded with the following:

Brokerage Firms

- ✓ Granted license for the operation of three new firms.
- ✓ Granted license modifications to four firms in order to expand their activities as Firms Providing Investement Firms
- ✓ Granted license for the operation of 18 subsidiaries and representative offices.
- ✓ Granted license for share capital increases to 27 firms.
- ✓ Granted license for the tranfer of shares to 7 firms.
- ✓ Granted license for the appointment of new board members to 23 firms.

Firms Providing Investment Services that are not ASE Members

- ✓ Approved of share capital increase in 5 firms.
- ✓ Granted lisence of operation to two news firms.
- ✓ Approved of the transfer of shares in 2 firms.
- ✓ Granted license for the operation of subsidiaries to 2 firms.
- ✓ Approved of the replacement of board members in 5 firms.
- ✓ Approved of the expansion of license to a firm in order to operate as a brokerage firm too.
- ✓ Approved of the change of the objective of operation in 1 firm.

Mutual Funds Management Firms

- ✓ Approved of the operation of 31 new mutual funds.
- ✓ Approved the establishment of 2 new firms.
- ✓ Approved of the modification of internal regulations of 26 firms.
- ✓ Approved of the modification of the charter of 8 firms.
- ✓ Approved of the transfer of shares in 4 firms.

- ✓ Approved of the appointment of new board members in 11 firms.

Portfolio Investment Firms.

- ✓ Approved of the modification of the charter of 11 firms.
- ✓ Granted license to one new firm.

Initial Public Offerings

- ✓ Approved of the public offering of shares of 12 new firms in the ASE's main market.
- ✓ Approved of the public offering of shares of 13 new firms in the ASE's parallel market
- ✓ Approved of the transfering of shares, through public offering, of 5 firms from the parallel market to the main market.
- ✓ Approved of the public offering of additional shares of a listed firm (Hellenic Telecommunications Organisation).

Enforcement and Compliance

The Supervisory Framework.

For the purpose of supervision of market entities, the Capital Market Commission monitors and analyzes any developments in the capital market and, moreover, intervenes preventively as well as punitively when it is considered necessary. The responsibility for the first task rests with the Department of Research, Monitoring of the Capital Market and International Relations, whilst the responsibility for the second task rests with the Department of Supervision and Audit of the Capital Market. The Department of Supervision and Audit acts on the basis of regular and special audits concerning the functioning procedures of all supervised entities, with the purpose of ascertaining the degree of compliance to rules and regulations issued by the Commission, including the Codes of Conduct.

Administrative Sactions

The Board of Directors of the Commission took the following measures against supervised entities and indidividuals whose actions violated existing rules and regulations:

- ✓ Revoked the license of one brokerage firm, under the power of the article 4 of law 1806/88.
- ✓ Imposed fines on 3 brokerage firms for failing to comply with their code of conduct.
- ✓ Imposed a fine on a brokerage firm for failing to comply with the terms and conditions specified by the Commission's decision 32/1/7-2-1995, on «The Terms and Conditions of Co-operation of Brokerage Firms with other Intermediaries».
- ✓ Imposed fines on 7 individuals under the power of the article. 72, par. 2 of the law 1969/91
- ✓ Imposed fines on 9 brokerage firms and 2 firms that receive and transmit orders for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- ✓ Imposed fines on 5 Mutual Funds Management Firms for violating the Commission's decision 129/4/4-7-98, on «The Classification of Mutual Funds by Name.»
- ✓ Imposed fines on 4 Mutual Funds Management Firms for violating the articles 28 and 30 of the law 1969/91, regarding the sufficient protection of investors.
- ✓ Imposed fines on 8 individuals under the power of Presindential Decree 51/92 for the omission of the timely disclosure to the ASE of a change in the the share of ownership in the listed companies' share capital.

Monitoring and Investigation of Investors Complaints.

Within its duties as a supervisory authority, the Board of Directors of the Capital Market Commission has set up a task force which receives and examines investors complaints regarding compliance of supervised entities to rules and regulations pertaining to investors protection and transparency. In some cases, complaints are settled on the basis of short procedures, whilst in some other cases complaints lead to special investigations and, if necessary, the taking of approopriate corrective measures. During 1998, 60 cases were investigated and completed.

Supervision of Capital Adequacy and Large Financial Exposures

An important means for exercizing supervision on brokerage firms and firms providing investment services is the monitoring of their capital adequacy, under the Commission's decisions 104/8-4-97 and 123/20-1-98. The monitoring is effected electronically on a continuous basis since the second quarter of 1998. The Commission has the capability, through electronic monitoring, to check timely and consistently the level of capital adecuancy, the solvency ratio, and the large financial exposures of the brokerage firms and the firms providing investment services.

The Capital Market Commission's Contribution to the Legislative Work in 1998

The Commission played an active role in the drafting of law 2651/1998. The law imposes certain modifications on the Presidential Decree 350/1985, regarding the terms and conditions for the listing of shares in the ASE, along with other matters of the capital market.

The terms and conditions for the listing of shares in the ASE became more flexible and were harmonized with those of the other European countries and internationally. At the same time, the flexibility of the new regulations is accompanied with the imposition of stricter rules on the transparency of procedures regulating initial public offerings, and the stricter responsibilities of issuers, underwriters and consultants.

The new regulations regarding the listing of shares in the ASE's Main Market are the following:

- ✓ The issuing company must have published accurate financial statements for three years prior to the issue. The old requirements demanded the publication of financial statements for five years prior to the issue, showing 'satisfactory results.'
- ✓ The issuing company should have a healthy capital structure (a new condition).
- ✓ The issuing company should have an equity capital base of no less than 2 billion GRD as opposed to 1 billion required before.
- ✓ The public offer may include both new and old shares whilst until now the public offering involved shares from increases in the companies' share capital only.
- ✓ The new law specifies a 25% minimum percent rate of dispersion of the total shares, which must be allocated to at least 2000 investors, against a 20% minimum dispersion and

at least 100 investors that were required before. The extent of dispersion of new share issue by firms with large capitalization can be lowered at the discretion of the Capital Market Commission.

- ✓ The issuing price of the new shares may optionally be determined on the basis of book building procedures.
- ✓ The Minister of National Economy is granted the authorization to enact, following the recommendation of the Capital Market Commission and the Bank of Greece, Codes of Conduct regulating the behavior of financial markets participants. (cf. Part 3, Ch. 1, 'Rules and Regulations issued by the Capital Market Commission').

Also the Commission recommended to the Minister of National Economy the corresponding modification of the terms and conditions of the listing of shares in the ASE's Parallel Market, which was published in the Ministerial Decision 2063/B.69/19-1-99.

Other important provisions in the new law are the following:

- ✓ The regulations regarding the liquidation procedures of brokerage firms and firms providing investment services in the case of a license revocation. The new rules speed up the process of liquidation and compensation from the Common Guarantee Fund. The Capital Market Commission has already made use of these provisions by appointing overeers for the liquidation of three brokerage firms, whose licences had been revoked.
- ✓ All supervised entities must assist the Capital Market Commission, by providing all necessary information at their disposal without invoking the existence of professional secrecy. At the same time, the Commission requires the maintenance of professional secrecy by persons who co-operate with the Commission. These persons are prohibited from disclosing relevant information which they receive during their cooperation functions, unless otherwise indicated by the Commission.
- ✓ The increase of the minimum level of share capital required for the licensing of firms that receive and transmit stock exchange orders from 30 to 60 million GRD.
- ✓ The regulation of other matters in the secondary government bonds market which, among other things, will allow during 1999 for the valuation of government bonds in the portfolios of mutual funds according to mark-to-market procedures.

Finally, during 1998 and following the Commission's recommendation, the Minister of National Economy issued the following decisions:

- ✓ The Ministerial Decision 10372/B524/27-3-98, regarding the organized markets in which mutual funds and portfolio investment firms are allowed to invest.

- ✓ The Ministerial Decision 125/10-2-98, with which all restrictions regarding the number of brokers representatives are abolished.
- ✓ The Ministerial Decision 8173/B444/1-3-98, regarding the determination of the content of the ASE market bulletin.

Memoranda of Understanding

In 1998 the Hellenic Capital Market Commission signed the following Memoranda of Understanding:

- ✓ On July 9th, with the Portuguese Securities Market Commission
- ✓ On September 1st, with the Securities and Exchange Commission of Cyprus, and
- ✓ On November 30th, with the Romanian National Securities Commission

The purpose of the Agreements is to establish and implement a procedure for mutual assistance between the participating Authorities in order to raise the performance of the functions they are entrusted with and to promote the integrity of the securities markets by providing a framework for cooperation, including a channel of communication, increased mutual understanding, the exchange of information and investigative assistance.

These Memoranda of Understanding constitute a step for the establishment and further improvement of the relations of the above mentioned countries on capital market issues. There is also the intention for developping even further the close and fruitful collaboration between the Commissions, the Stock Exchanges and all other relevant entities in these countries.

Collaboration with Other Greek Authorities

The Capital Market Commission has collaborated with the Bank of Greece for the efficient supervision of financial insitutions and firms providing investment servises, regarding matters related to disclosure by domestic and foreign firms providing investment services, the mutual provision of information and the assistance for the improvement of their activities. The collaboration is expected to be extended after the signature of a memorandum between the two supervisory authorities in early 1999.

The Capital Market Commission has also collaborated closely with the public prosecutors and judicial authorities, regarding violations of finacial law. The Commission, given its assigned responsibilities, submitts indictments and suits to the prosecutors for the investigation of finacial law violations.

Staff-members of the Capital Market Commission participated in the training program aiming at skill enhancement of the Ministry of Finance staff members specializing in the investigation of economic crime.

The Commission also collaborated with the Committee of article 7 of law 2331/95, to which it provides the necessary information when the outcome of the relevant audits indicates the existence of money laundering activities.

Participation in Domestic and International Meetings

During the 23rd Annual Conference of IOSCO in Nairobi, in September 1998, IOSCO members adopted unanimously an important document setting the objectives and principles of securities regulation. They also established disclosure standards to facilitate cross-border transactions and the listing of multinational issuers.

During the Conference, the Hellenic representation had bilateral contacts with representatives from neighbouring countries from the Balkans, North Africa and Middle East. The Capital Market Commission participated in substantial international activities during 1998 within the Forum of European Securities Commissions (FESCO) and in the context of bilateral contacts and agreements. The activities during 1998 are presented below.

International collaboration constitutes a fundamental necessity in an environment of continuous globalization of markets characterized by the ongoing international integration of financial services.

International Conferences, Fora and Meetings

Annual Conference of the International Organisation of Securities Commissions (IOSCO),
12-20 September 1998, Nairobi, Kenya

European Regional Committee of IOSCO
23-25 April 1998, Florence, Italy

Forum of European Securities Commissions (FESCO)
11-14 February 1998, Paris, France

22-26 June 1998, Brussels, Belgium
27 October 1998, Paris, France

Meetings of the Experts Groups of FESCO Exchange of Information and Market Surveillance
12 June 1998, Paris, France
5 October 1998, Paris, France
30 November 1998, Paris, France

Fitness and Proprietary
5 June 1998, London, U.K.
21 September 1998, Paris, France

Standards for Investors Protection
16 June 1998, Frankfurt, Germany
28 September 1998, Amsterdam, The Netherlands
18 December 1998, Vienna, Austria

UCITS Contact Committee
31 March-1 April 1998, Brussels, Belgium
26-27 October1998, Brussels, Belgium

Enlarged Contact Group on the Supervision of Collective Investment Funds
23-25 September 1998, Berlin, Germany

1st Meeting of the Federation of the European Stock Exchanges
28 May 1998, Paris, France

OECD Meeting on the Role of Disclosure in Strengthening Corporate Governance and Accountability
12-13 February 1998, Paris, France

2nd Mutual Evaluation of FATF/OECD on the Implementation in Greece of the Procedures for the Prevention and the Repression of the Legitimization of Revenues from Criminal Activities
23-24 June 1998, Brussels, Belgium

Educational Participations

Conference organised by the London School of Economics and Political Science on the Greek Financial Law on the Threshold of the Twenty First Century
4-5 March 1998, London, U.K.

Seminar of the Emerging Markets Committee of IOSCO on Price Manipulation
31 March – 3 April 1998, Warsaw, Poland

Conference organised by HM Treasury and Securities and Future Authority on the U.K. Regulatory Familiarization Program
5-9 October 1998, London, U.K.

European Compensators Seminar
20 October 1998, London, U.K.

1998 IOSCO Seminar Training Program on the Regulation and Supervision of Market Intermediaries
26-30 October 1998, Montreal, Canada

Seminar of U.S. Securities & Exchange Commission on Securities Enforcement and Market Oversight
2-6 November 1998, Washington, U.S.A.

Other Activities

The Capital Market Commission proceeded with the organization in December of a Seminar with the Firms Receiving and Transmitting Orders (FRTO) on issues related to the code of conduct as well as to the terms and conditions of co-operation between the ASE members and the FRTOs.

The Commission in collaboration with Greek universities offers the opportunity for practical training of students. During 1998, the Commission acted as a host to 22 law and economics students for a period of two months

Finally, the Commission participated actively in various conferences, meetings and seminars domestically and abroad on matters falling within its responsibilities. During 1998, members of the Board participated as speakers in various conferences, such as:

- ✓ The Institute of Internal Auditors (7/5/98)
- ✓ Money show in Chania, Crete (16-17/5/98)
- ✓ 'The Global Economic and Investment Environment and the Asian Turmoil', Greek-Asian Council of Development and Trade (2/7/98)
- ✓ Money show in Athens (16-17/11/98)
- ✓ Economic chamber of Iraklion, Crete (18/11/98)
- ✓ 'The Time of the Greek Economy', Greek-Americal Chamber of Commerce (7-8/12/98)
- ✓ Money show in Thessaloniki (16-17/11/98)

Preparation for the Introduction of the *Euro* and the Problem of the Year 2000

The Greek economy is expected to fulfill the Treaty's convergence criteria in 1999 in order to be considered for full participation in the European Economic and Monetary Union on January 1st 2001. Since the overall transitional period will de facto be shorter for Greece, the preparations for the national currency's changeover to the Euro have already begun. In July 1998, the Ministry of Finance published the "National Changeover Plan of Greece", which sets out the arrangements that will be made to accommodate the use of the Euro and summarizes, among others, the changeover schedule of the ASE. During the first stage (1/1/1998-31/12/2000) the ASE will form policies and procedures concerning the trading, settlement and redenomination of securities. Moreover, a new trading system, which offers trading facilities in multiple currencies, will be installed.

The Capital Market Commission has also started to consider the regulatory implications of the introduction of the Euro. The strategic focus of the Commission is to ensure a smooth, fair and transparent changeover of capital markets to the new currency regime. The Commission believes that the transition to the Euro should not be considered from a systemic only point of view, but also with respect to training and competence considerations. Familiarity of investors with the Euro is considered essential.

Regarding the computer problem of the Year 2000, the Capital Market Commission has taken the neseccary steps for raisng the awareness of all supervised entities on the importance of the problem. In response to the Commission's information actions, the majority of supervised entities declared that they have received the necessary confirmation from their software suppliers. In addition, the Athens Stock Exchange has taken some pilot actions, to be completed by May 1999, whilst the Central Depository has already completed the necessary checks.

APPENDICES

Appendix 1.

The Decisions Issued by the Capital Market Commission in 1998

	No.	Name	DESCRIPTION
1	122/16-12-97	Amendment of Decision 106/13-5-97 for the Contributions to the Transaction Clearing Fund of the Athens Stock Exchange	Par. 9: a) For the new members of the ASE, after 1/1/97 the initial contribution is 10% of initial share capital. b) The initial contribution of a foreign investment services company that becomes a member in the ASE is 40% of its equity capital (no contribution to the Guarantee Fund).
2	123/20-1-98	Attribution to the Issuing Firms of the Securities Being Converted to Dematerialised Form and Being Reserved by the Central Securities Depository SA	Par. 3: a) Attribution of the securities, guarded by Central Securities Depository, to the issuing firms at the latest by the day of their conversion to dematerialised form. b) Official written report of receipt-delivery. c) Each issuing firm is obliged to guard the securities until they become dematerialised. d) The Central Securities Depository is obliged to keep data about them over 20 years.
3	123/20-1-98	Terms and Provisions for the Collaboration Between Members of the Athens Stock Exchange and Firms of Art. 3 Par.1θ of the Law 2396/96 and With Firms Acting as their Representatives	Par. 10: a) The members of the ASE are able to receive orders for transactions from Firms for the Reception and Transmission of Orders (FRTOs) and from firms which act as their representatives. b) Terms and conditions for the collaboration between members of the ASE and FRTOs. c) Terms and conditions for the collaboration between members of the ASE and Investment Services Companies of art. 27, par. 2 of the Law 2396/96 and firms who act as their representatives. d) Sanctions-Penalties.
4	123/20-1-98	Supplement to the Decision 104/8-4-97 (Gazette B369/12-5-97 and Gazette B357/2-5-97)	Clarifications of Investment Services Law 2396/96
5	124/27-1-98	Investments by Institutional Investors on Equity Shares of "The Athens Derivatives Exchange SA and The Derivatives Transactions Clearing House SA"	Par. 6: Permission provided to Investment Services Companies and mutual funds to invest their capital on equity shares of the Athens Derivatives Exchange SA and the Derivatives Transactions Clearing House SA.
6	125/10-2-98	Increase in the Number of Brokers that Can Be Occupied by Each Brokerage Firm	Par. 4: Increase in the number of brokers from 3 to 4.
7	126/24-2-98	Publicity and Information by the Mutual Fund Management Firms	Par. 4: In each advertisement the following sentence must be written or announced clearly: "Mutual funds do not realise a standard return and previous returns do not guarantee future returns. The responsibility is fully taken by the management firm.
8	127/17-3-98	Amendment of the Ministerial Decision 13890/B587/22-4-97 (Gazette 359b) regarding the "Contributions and Fees that Are Being Received by the Capital Market Commission from the Supervised Entities"	Par. 7: Investment Services Companies and Mutual Fund Management Firms, for each mutual fund, for own funds: a) Up to 1bn GRD they contribute respectively for a period of 6 months the amount of 200.000 GRD, b) from 1.000.000.001 to 10.000.000.000 GRD the contributed amount for 6 months is 600.000 GRD, c) from 10.000.000.001 to 100.000.000.000 GRD the contributed amount for 6 months is 800.000 GRD, d) for over 100.000.000.000 GRD the contribution is 1.600.000 GRD for 6 months.

9	128/31-3-98	Regulation for the Clearing System of Dematerialised Securities	Par. 3: a) Definitions and general principles. b) Insertion of an investor into the dematerialised equity share system. c) Transaction clearing.
10	129/14-4-98	Classification of Mutual Funds - Amendment of Decision 79/8/9-7-1996	Par. 3: 1) Mutual fund are classified in categories. There must be consistency between their naming and their objective, as refers to the regulation and the composition of their own funds. At least 65% of own funds can be estimated on average over a three months period and must be invested on the relative category of securities. 2a) In case the deviation exceeds 20%, the mutual fund management firm is obliged to inform the Capital Market Commission who is granted the authority to keep the mutual fund management firm under surveillance until conformity to the pre-set standards is guaranteed. 2b) In case the deviation exceeds 10%, the mutual fund management firm is obliged to issue an announcement to share holders. 2c) The mutual fund management firms submit the proportional composition of their mutual fund portfolio to the Capital Market Commission within 10 days from the end of the term. 3) The mutual fund management firms are obliged to supply their sales network with all relevant information
11	129/14-4-98	A) Issue of Units of Foreign Collective Investments Organisations of Art. 49γ of Law 1969/91 B) Responsibility of OSEKA Representatives of States Members of the EU who Are Subject to the EEC Directive 85/61.	Par. 4: a) Request of license of operation from the Capital Market Commission and supporting documents. b) Provisions of issue and advertisement of mutual funds shares or units. Obligations of the representatives. c) Responsibilities of the representatives.
12	129/14-4-98	Facilitation of the Transactions Clearing Procedure	Par. 5: a) Financial exposures of up to 3 million GRD are treated with tolerance. b) Financial exposures of up to 75 million GRD there is an imposition of fine, for each day of delay, and only for one day after the day of the liability. After this period of time the penalty of suspension operations is imposed until the delivery of securities. Range of fines.
13	129/14-4-98	Regulation for the Transaction Clearing Procedure	Par. 7: Regulations for the avoidance of impediments during the transactions clearing procedure for reasons which are due to the practical difficulty of the foreign investing firms to make known to the Central Securities Depository, within 3 days, the final beneficiary of the purchases.
14	132/19-5-98	Code of Conduct for Mutual Fund Management Firms and Investment Services Firms	Par. 2: Definitions, purpose and general principles. b) Specification of the general principles.
15	140/22-9-98	Amendment of The Decision 90/19-11-96 "Procedures for Security Provisions for the Transactions of the Athens Stock Exchange"	Par. 3: As own funds are taken into account, they may result from the latest checked financial year balance sheet, or a temporary checked balance sheet, concerning the first 6 months of the financial year, under one condition: In the 6 month balance sheet all the relative adjustments concerning all kinds of liabilities and predictions about taxes and dividends have to be realised. For the calculation of own funds, as well, the notes of the auditors as well as the marking of the firms will be taken into account. For firms that have not completed the first financial year, own funds are considered to be the share capital paid. The range of own funds can expand in case of an increase in the share capital and anytime between intervals.
16	140/22-9-98	Participation in the Guarantee Insuring Fund of Investment Services of the Investment Services Companies Who Are Not Members of the Athens Stock Exchange and Definition of their Initial Contributions	Par. 4: The initial contribution is defined at 101.500.000 GRD.

17	143/20-10-98	Rights of the Central Securities Depository in the Case of Replacing Equity Shares With Depository Receipts	Par. 3: a) Nominal shares will be replaced through the ASE and the Banks, only if earlier the shareholders have opened accounts for securities transactions in the Dematerialised Securities System. b) Non-registered bonds will be replaced with non-registered depository titles, through the issuing firms.
18	143/20-10-98	Amendment of the Decision 74/14-5-96 for the Specification of Rights for the Central Securities Depository SA in Order to Reserve Equity Share as is Predetermined	Par. 8: The fees on nominal shares transactions are reduced from 0,09% to 0,08% of the value of the transaction. From these rights, the Central Securities Depository SA will receive 0,039% and the rest goes to the members of the ASE who intervened for the formation of the transaction, whilst 0,041% will be given to ASE member, of which 0,01% will be given to the Transaction Clearing Fund.

Appendix 2.

Activities of the Capital Market Commission Concerning Institutional Investors.

GRANTING OF LICENSE TO NEW MUTUAL FUNDS
ALPHA Domestic Family Mixed M/F
BARCLAYS International Bond M/F (USD)
CRETAFUND International Mixed M/F
CRETAFUND Domestic Dymanic Equity M/F
ΔΗΛΟΣ Domestic Equity Linked 99 Money Market M/F
ERGASIAS Domestic Money Market M/F
ERGASIAS International European Mixed M/F
ERGASIAS International Bond M/F
ERGASIAS International Equity M/F
INTERAMERICAN Domestic Equity M/F
INTERAMERICAN International Bond M/F (USD)
INTERAMERICAN Foreign Euro Equity M/F
INTERAMERICAN Domestic Profit Money Market M/F
INTERAMERICAN International Mixed M/F
INTERNATIONAL Domestic Bond M/F
INTERNATIONAL International Mixed M/F l
INTERNATIONAL Domestic Money Market M/F
INTERNATIONAL Domestic Equity M/F
KOSMOS Domestic Money Market M/F
CYPROUS Domestic Hellenic Money Market M/F
CYPROUS Domestic Hellenic Equity M/F
CYPROUS Domestic Hellenic Bond M/F
LAIKI TELESIS Domestic Bond M/F
LAIKI TELESIS Domestic Money Market M/F
LAIKI TELESIS Domestic Equity M/F
LAIKI TELESIS Domestic Mixed M/F
LAIKI TELESIS International Money Market M/F
NATIONALE NEDERLANDEN Foreign Global Name Equity M/F
NATIONALE NEDERLANDEN Domestic Mixed M/F
XIOS 12 Domestic Money Market M/F
XIOS Domestic Small-Cap Equity M/F

APPROVAL OF MODIFICATION OF REGULATIONS OF MUTUAL FUNDS MANAGEMENT FIRMS		APPROVAL OF NEW MEMBER APPOINTMENT IN THE BoD OF MUTUAL FUNDS MANAGEMENT FIRMS	APPROVAL OF NEW MEMBER APPOINTMENT IN THE BoD OF PORTFOLIO INVESTMENT FIRMS
ABN AMRO	ETVA-NATWEST	ALICO-EUROBANK	AIOLOKI
ALFA	EVROPAIKI PISTI	ALLIANZ	ASPIS
ALFA TRUST	HELVETIA	ALPHA	DIAS
ALICO EUROBANK	INTERNATIONAL	BARCLAYS	EMPORIKI
ALLIANZ	INTERTRUST	GENIKI	INTERINVEST
ASPIS	IONIKI	DIETHNIKI	MARFIN
BARCLAYS	KOSMOS	ERMIS	PIRAEUS
CITI	KTIMATIKI	ETVA-NATWEST	ORION
GENIKI	LAIKI TELESIS	EVROPAIKI PISTI	
DELFI	MAKEDONIAS THRAKIS	HAMBROS-HELLENIC	
DIETHNIKI	MIDLAND	MIDLAND-ELLINOVRETANIKI	
EGNATIA	NATIONALE NEDERLANDEN		
ERMIS	XIOS		

APPROVAL OF MODIFICATION OF THE CONSITUTIONAL DOCUMENT OF MUTUAL FUNDS MANAGEMENT FIRMS		GRANTING OF LICENSE TO NEW M/FS MANAGEMENT FIRMS	GRANTING OF LICENSE TO EUROPEAN MUTUAL FUNDS
ALFA	EGNATIA	CYPROUS	COMMERCIAL UNION PRIVILEGE PORTFOLIO (8M/F)
AGROTIKI	HANWHA	LAIKI TELESIS	GOLDMAN SACHS (2M/F)
ATE	HAMBROS-HELLENIC		KREDIETBANK (3M/F)
DORIKI	KTIMATIKI		SINORIA MANAGEMENT (41 M/F

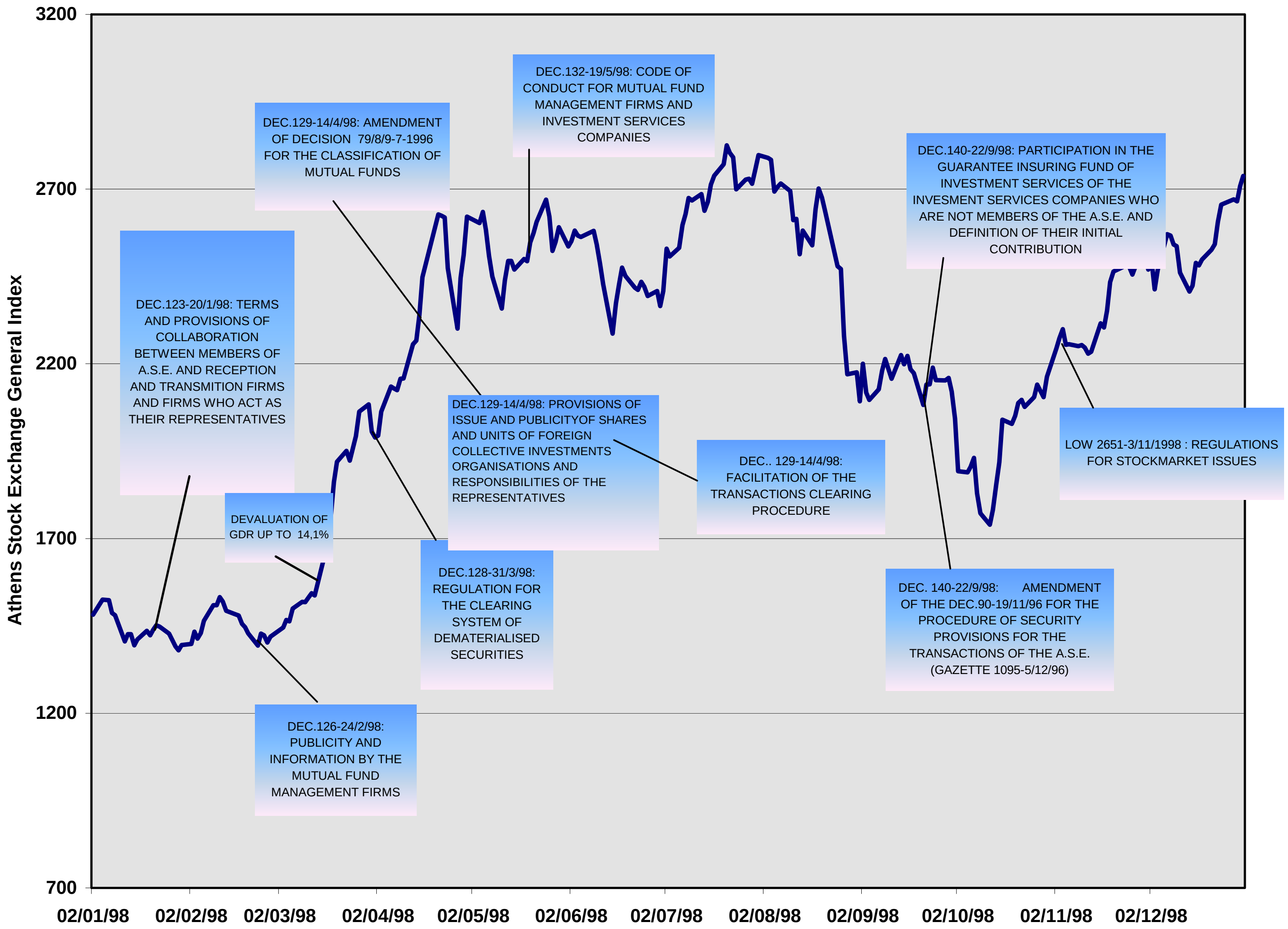
DISMISSAL OF MUTUAL FUNDS	TRANSFER OF SHARES IN M/F MANAGEMENT FIRMS	APPROVAL OF MODIFICATION OF THE CONSITUTIONAL DOCUMENT OF PORTFOLIO INVESTMENT FIRMS		
AGROTIKI BOND M/F DOMESTIC	HAMBROS-HELLENIC	ACTIVE	DIAS	IONIKI
CITIFUND INTERNATIONAL INCOME BOND M/F FOREIGN	HANWHA HELLAS	AIOLIKI	ETHNIKI	MARFIN
CITIFUND PREMIUM BOND M/F DOMESTIC	INTERTRUST	ALPHA	EXELIXI	ORION
KOSMOS TELESIS BOND M/F DOMESTIC	MIDLAND-ELLINOVRETANIKI	ASPIS	ERGASIAS	

MERGERS BETWEEN MUTUAL FUNDS	DISMISSAL OF MUTUAL FUNDS MANAGEMENT FIRMS	APPROVAL OF PURCHASE OF WARRANTS
ASTIR MIXED M/F DOMESTIC	HELVETIA	DIETHNIKI
DILOS MIXED M/F DOMESTIC		MAKEDONIAS TRHAKIS
ETHNIKI ASFALISTIKI MIXED M/F DOM		INTERTRUST

Source : Capital Market Commission.

Appendix 3.

Rules and Regulations by the Capital Market Commission and the ASE General Index, 1998



Appendix 4.

International Events and the ASE General Index, 1998

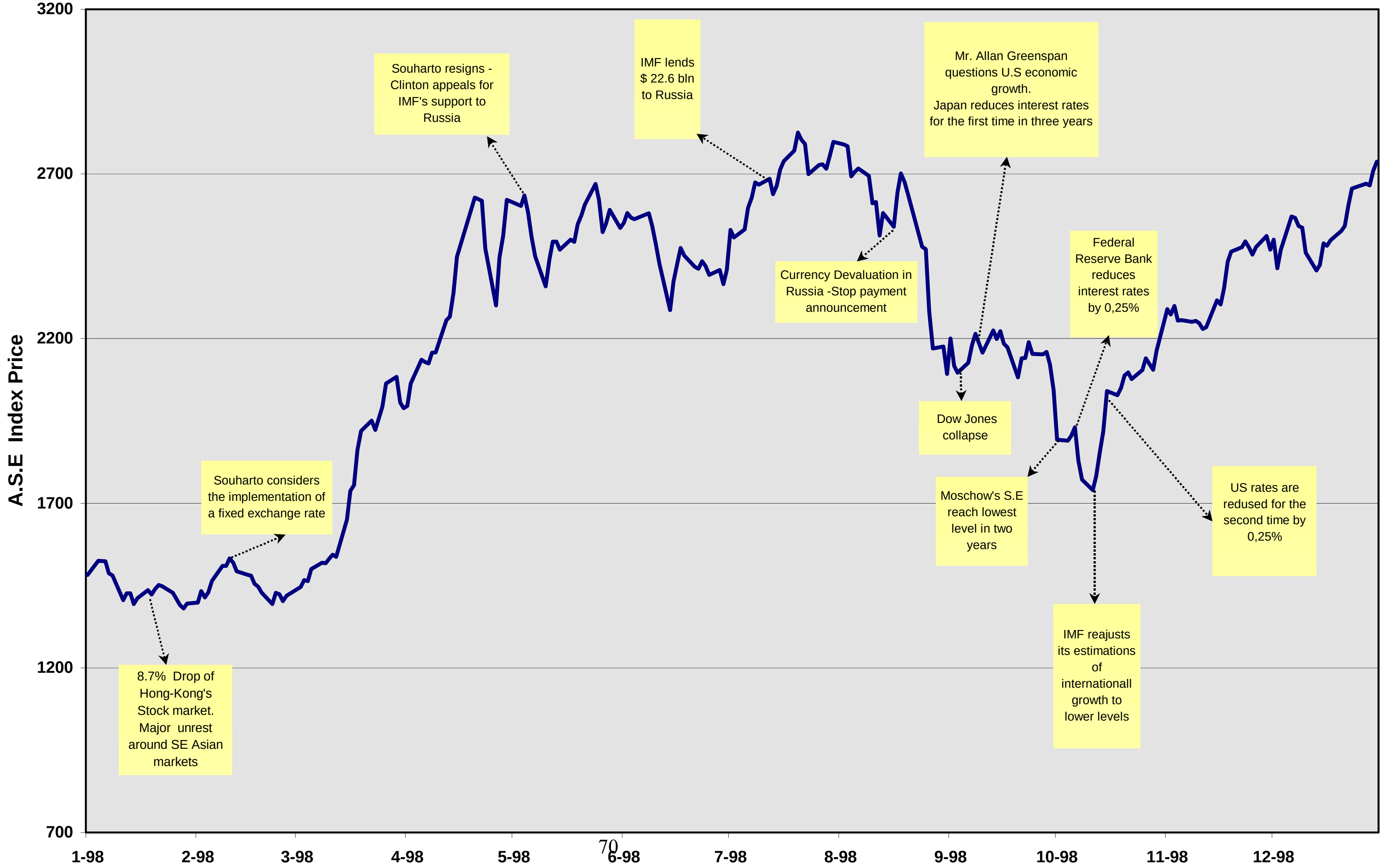


Table I.

Privatization Activity, Mergers and Acquisitions, 1998

(Domestic and International Data)

Privatization of State Companies	Date	Revenues (bil GRD)
A. State Revenues		
Duty Free Co. (1st securitization)	03/98	20.0
H.T.O. (2nd securitization)	11/98	126.0
National Bank of Greece (share distr.)	06/98	63.0
Bank of Crete (advance 1998)	06/98	93.0
Hellenic Petroleum (privatiz. 20%)	06/98	35.0
Athens Stock Exchange (2nd securit.)	12/98	10.0
H.T.O. (3rd securitization by 10%)	10/98	302.0
State Revenues Sub-total		649.0
Ptrometoha	10/98	340.0
State Revenues Total		989.0
A. Non-State Revenues		
Duty Free Shops (1st securitization)		4.0
Macedonian-Thrace Bank		27,3
General Bank of Greece		14.0
Hellenic Petroleum		52.0
Bank of Central Greece		17,3
Non-State Revenues Total		114.5
Total Revenues without Prometoha		763.5
Total Revenues with Prometoha		1103.5

ΣΥΓΧΩΝΕΥΣΕΙΣ-ΕΞΑΓΟΡΕΣ

Acquirer	Target Company	Date
EFG Eurobank	Bank of Crete	06/98
National Bank of Greece	National Mortgage Bank	05/98
Piraeus Bank	Macedonia-Thrace Bank	06/98
EFG Eurobank	Bank of Athens	07/98
EFG Eurobank	Post Bank (Bulgaria)	09/98
Egnatia Bank	Bank of Central Greece	09/98
Alpha Credit Bank	Lombard Natwest Bank	07/98
Piraeus Bank	Marathon Bank (ΗΠΑ)	06/98
Piraeus Bank	Credit Lyonnais of Greece	09/98
Silver @ Baryte Mining	Iliopouloi Brothers	01/98
Sarantis ABEE	Tryllet	05/98
Radio-Athinai	Galaxy Televisions	06/98
Athens Medical Center	Interbalkan medical Center	06/98
INTERTYP	Epifania	10/98
ETANE	Euklidis	12/98
Acquisition of Large Share Packages		
EFG Eurobank	Ergobank (19%)	07/98
Deutsche Bank	EFG Eurobank (10%)	12/98
Interamerican	General Bank (10%)	07/98
Piraeus Bank	Xios Bank (37,3%)	11/98

National Bank of Greece, Establishment of an Off-Shore Εταιρείας (Gernsey Isl)

THE 10 LARGEST NATIONAL MERGERS IN THE WORLD

Acquirer	Target company	Amount (mil USD)
Travelers Group (US)	Citicorp (US)	72.558
SBC Comm/tions(US)	Ameritech (US)	62.592
NationsBank(US)	Bank of America	61.633
AT&T(US)	TeleCommun	53.592
Bell Atlantic(US)	GTE	53.414
British Petroleum (UK)	Amoco(US)	48.174
Daimler-Benz(FRG)	Chrysler(US)	40.466
America Home Product	Monsanto(US)	35.563
Norwest(US)	Wells Fargo(US)	34.352
Banc One(US)	First Chicago(US)	29.516

ΟΙ 10 ΜΕΓΑΛΥΤΕΡΕΣ ΔΙΑΣΥΝΟΡΙΑΚΕΣ ΣΥΓΧΩΝΕΥΣΕΙΣ ΔΙΕΘΝΩΣ

Acquirer	Target company	Amount (mil USD)
British Petroleum(UK)	Amoco (US)	48.174
Daimler-Benz(FRG)	Chrysler(US)	40.466
ABN Amro(NL)	Generale de Banque (BL)	12.250
Texas Utilities (US)	Energy Group(UK)	10.947
Universal Studios(US)	Polygram(NL)	10.736
Northern Telecom(CAN)	Bay Networks(US)	9.263
Teleglobe(CAN)	Excel Comm. (US)	6.407
Suez Lyonnaise (FR)	Societe Generale (BL)	5.938
Investor Group(SP)	TELESP(BZ)	4.973
Enso (FIN)	Stora Koppabergs (SWE)	4.913

TOTAL CAPITAL RAISED FROM PRIVATIZATION OF STATE ENTERPRISES (mill USD)

Countries	1993	1994	Δ% 94-93	1995	Δ% 95-94	1996	Δ% 96-95	1997	Δ% 97-96
Greece	0	0		0		529		1.734	227,8%
EU15	29470	27054	-8,2%	31434	16,2%	43628	38,8%	62663	43,6%
OECD	49552	42331	-14,6%	52508	24,0%	71332	35,9%	101659	42,5%
USA	0	0		0		0		0	
JAPAN	10060	5762	-42,7%	0	-100,0%	6379		3919	-38,6%
CANADA	755	490	-35,1%	3803	676,1%	1769	-53,5%	0	-100,0%

Sources: ASE, CMC, Financial Times, OECD Financial Markets Trends, 1998

Table II.

Stock Market Returns in the OECD Countries, 1993-98
(annual % change)

Countries	1993-94	1994-95	1995-96	1996-97	1997-98
Greece	-9,4	5,2	2,1	58,5	86,4
Finland	51,2	4,1	39,6	17,6	68,5
S. Korea	18,6	-14,1	-26,2	-42,2	49,5
Italy	12,0	-2,2	12,0	37,7	45,0
Spain	-3,2	31,0	38,6	30,0	37,2
France	-4,7	12,7	21,9	15,3	31,5
Norway	21,9	13,2	32,1	14,7	28,6
Portugal	0,1	-0,1	0,4	0,8	26,8
United Kingdom	4,8	22,4	15,7	17,1	25,2
Ireland	9,7	31,5	31,4	32,6	23,2
Netherlands	11,4	29,2	29,7	23,0	18,9
USA (DJ)	0,8	37,0	23,5	31,1	17,9
Switzerland	3,8	42,7	3,0	44,0	15,4
Sweden	18,8	34,0	39,0	12,3	13,2
Luxembourg	-9,1	0,2	30,5	24,7	12,5
Germany	4,5	15,0	18,5	21,8	9,7
Australia	4,5	14,8	23,0	-5,2	6,5
Belgium	9,7	27,7	16,5	16,7	6,5
Canada (TSE)	-5,4	17,9	27,7	9,4	-3,7
Denmark	4,6	20,2	24,6	30,8	-5,5
New Zeland	8,4	19,4	24,3	-13,8	-9,1
Japan	21,5	-1,1	-17,0	-19,8	-9,3
Poland	-0,4	0,0	0,9	0,0	-13,2
Chezh Republic	-21,1	-23,6	26,7	-8,2	-20,4
Austria	-3,7	-2,6	4,1	0,4	-20,8
Hungary	0,2	0,0	1,7	0,9	-21,1
Mexico	-8,7	17,0	21,0	55,6	-25,1
Turkey	31,4	47,1	144,1	253,6	-26,5

Sources: OECD: Financial Market Trends, 1998, Salomon, Smith & Barney, *Guide to World Equity Markets, 1998*, Financial Times (01/01/99)

Table III.

Total Market Capitalization in the OECD Countries, 1993-97
(percent of GDP, at the year's end)

Countries	**1993**	**1994**	**Δ% 94-93**	**1995**	**Δ% 95-94**	**1996**	**Δ% 96-95**	**1997**	**Δ% 97-96**
Australia	71	67	-5,60%	70	4,50%	80	14,30%	151	88,56%
Austria	16	16	0,00%	14	-12,50%	15	7,10%	19	22,93%
Belgium	37	36	-2,70%	37	2,80%	44	18,90%	56	27,41%
Canada	61	59	-3,30%	66	11,90%	86	30,30%	184	113,58%
Denmark	31	34	9,70%	33	-2,90%	41	24,20%	57	39,76%
Finland	28	39	39,30%	35	-10,30%	49	40,00%	68	39,43%
France	36	34	-5,60%	33	-2,90%	38	15,20%	108	182,87%
Germany	24	24	0,00%	24	0,00%	28	16,70%	42	48,46%
Greece	9	11	22,20%	14	27,30%	19	35,70%	33	74,11%
Ireland	28	32	14,30%	40	25,00%	49	22,50%	86	75,63%
Italy	15	18	20,00%	19	5,60%	21	10,50%	32	52,52%
Japan	68	77	13,20%	69	-10,40%	66	-4,30%	58	-12,77%
Mexico	50	31	-38,00%	32	3,20%	32	0,00%	6	-81,09%
Netherlands	58	67	15,50%	72	7,50%	95	31,90%	152	60,14%
New Zeland	56	53	-5,40%	53	0,00%	56	5,70%	54	-3,38%
Norway	24	30	25,00%	30	0,00%	36	20,00%	51	42,22%
S. Korea	42	50	19,00%	40	-20,00%	29	-27,50%	17	-41,86%
Spain	25	25	0,00%	27	8,00%	33	22,20%	57	72,42%
Sweden	58	66	13,80%	75	13,60%	95	26,70%	127	33,83%
Switzerland	114	109	-4,40%	129	18,30%	136	5,40%	229	68,13%
Turkey	20	17	-15,00%	12	-29,40%	17	41,70%	69	303,24%
Un. Kingdom	122	114	-6,60%	122	7,00%	142	16,40%	468	229,43%
USA	81	75	-7,40%	98	30,70%	114	16,30%	141	23,82%
OECD	46,7	47,1	4,30%	49,7	3,30%	57,4	17,00%	99,2	71,41%

Source: OECD, Financial Market Trends, 1998

Table IV.

New Listings in the Athens Stock Exchange, 1998.

A/A	Company/ Type of Market	1st day of Trading	Type of Shares1	Initial Share Price	Num of Shares Public Offer	Num of Shares Private Placement	Total funds raised	Underwriter	Issue Counselor
I.	**MAUN MARKET**						**376.548.130.400**		
1	Giannousis G. ABEE	02/18/98	CR	1050	570.000	0	598.500.000	EFG Eurobank	EFG Eurobank
2	Duty Free Shops SA	03/30/98	CR	3200	7.525.000	100.000	24.400.000.000	Εμπορική Τράπεζα	Εμπορική Τρ.-Ιονική Finance
3	Minoan Lines SA	05/05/98	CR	3100	4.728.500	236.100	15.390.260.000	Εθνική Τρ., Alpha Τρ. Πίστ.	ETEBA, Citibank Ναυτιλ. Τρ.
4	Hellenic Petroleum SA 2	06/30/98	CR	1800, 1900	15.715.000	30.715.000	86.297.275.000	Ιονική Τρ., Εθνική Τρ.	Warburg, Ιον. Fin., Sal. S. Barney
5	Dorian Bank	11/08/98	CR	2400	1.772.000	88.000	4.464.000.000	Εθνική Τράπεζα	ETEBA
6	Aspis Mortgage Bank	08/09/98	CR	1100	1.524.000	76.000	1.760.000.000	ETEBA	ETEBA
7	Lambrakis Publishing Organization SA	06/11/98	CR	3500	5.000.000	250.000	18.375.000.000	Εθνική Τρ., Alpha Τρ. Πίστ.	ETEBA
8	PANAFON HELLAS AE	07/12/98	CR	5100	7.512.770	30.924.730	195.615.416.400	Εθνική Τρ., Alpha Τρ. Πίστεως	Alpha Finance
9	H.T. Tegopoulos Publishing SA	12/30/98	CR	2450	2.679.40	133.97	6.892.879.000	Τράπεζα Χίου	Τράπεζα Χίου
10	Pantechniki SA	14-17/12/98	CR	2000	1.716.000	85.400	3.602.800.000	Alpha Τράπεζα Πίστεως	Alpha Finance
11	A.NE.K SA	17-22/12/98	CR	3000	6.184.000	200.000	19.152.000.000	Τράπεζα Πειραιώς	Πειραιώς Finance
II	**PARALLEL MARKET**						**17.782.827.200**		
1	DIS AE	03/16/98	CNR	1700	360.000	0	612.000.000	EFG Eurobank	Global Finance
2	Kyriakoulis Shipping SA	10/04/98	CR	1400	506.400	25.320	744.408.000	Ωμέγα ΑΧΕ	Ωμέγα ΑΧΕ
3	Texapret SA	01/07/98	CNR	1050	428.900	0	450.345.000	Εθνική Τράπεζα	ETEBA
4	Moscholios Chemicals SA	07/22/98	CNR	1100	453.500	22.700	523.820.000	Εθνική Τράπεζα	Δεβλέτογλου ΑΧΕ
5	Varagis ABEPE	07/29/98	CR	900	511.000	0	459.900.000	Εμπορική Τράπεζα	Εμπορική Τράπεζα
6	Korinthos Mettal Pipes SA	07/30/98	CR	5000	1.452.000	0	7.260.000.000	Εθνική Τράπεζα	ETEBA
7	Connection AEBEE	08/24/98	CNR	1100	400.000	0	440.000.000	Σάρρος ΑΧΕ	Σάρρος ΑΧΕ
8	Xifias Kavalas SA	09/11/98	CNR	1300	916.500	0	1.191.450.000	Ιονική Τράπεζα	Ιονική Finance
8α	Xifias Kavalas SA	09/11/98	PNR	1000	91.650	0	91.650.000	Ιονική Τράπεζα	Ιονική Finance
9	Kyriakidiw Marbles ABEE	12/16/98	CR	1200	651.600	0	781.920.000	Εμπορική Τράπεζα	Εμπορική Τράπεζα
10	DruckFurben Hellas AEBE	11/12/98	CR	1200	506.400	25.320	638.064.000	Εθνική Τράπεζα	Alpha Finance
11	Despec Hellas SA	12/17/98	CNR	1250	450.000	0	562.500.000	Τράπεζα Χίου	Ν.Δ. Δεβλέτογλου ΑΧΕ
12	Info – Quest Sa	12/17/98	CR	3700	840.880	41.166	3.263.570.200	Societe Generale, Telesis ΑΧΕ	Telesis ΑΧΕ
13	Karamolegos Bakery SA	2-4/12/98	CNR	1200	636000	0	763.200.000	EFG Eurobank	EFG Eurobank
III	**TRANFERS FROM THE PARALLEL TO THE MAIN MARKET**						**22.774.080.000**		

1	Singular SA	25-26/6 &29-30/6		5.800	735.000		4.263.000.000	Telesis ΑΕΠΕΥ	Telesis ΑΕΠΕΥ
2	Albio – Biocarpet SA	14-17/7/98		3.500	1.850.000		6.475.000.000	Alpha Τρ. Πίστεως	Alpha Finance
3	Nireas SA	28-31/7/98		3.500	2.000.000		7.000.000.000	Εθνική Τράπεζα	ETEBA & Telesis ΑΕΠΕΥ
4	EUROMEDICA	18-21/8/98		2.250	1.435.200		3.229.200.000	Εθνική Τράπεζα	ETEBA
5	Selonda Fish Production SA	24-27/11/98		2.000	903.440		1.806.880.000	Αγροτική Τράπεζα	Alpha Finance
	TOTAL I, II, III (excluding HTO)						**417.105.037.600**		
	H.T.O. SA 3	09/11/98	CR	6100	13.728.530	36.676.890	307.473.062.000	ETE, Credit Suis, S. S. Barney	Alpha Finance, ETEBA
	GRAND TOTAL						**724.578.099.600**		

1: CR = Common Registered, CNR = Common Non-registered, PNR = Prefered Non-registered

2: Private placement includes 3.482.250 shares to the company employees (share price 1.800 GRD) and 27.232.750 shares to domestic and foreign institutional investors, with a share price of 1.900 GRD and the method of book building.

3: The public offer includes 8.978.530 shares to domestic investors and 4.750.000 shares to the general public in the USA, whilst private placement includes 6.030.000 shares to the domestic market, 15.350.000 shares to institutional investors in the USA and Canada and 15.296.890 shares to the other markets.

4: Private placement includes 815.360 shares to the company's employees (at a share price of 4.590 GRD), 194.120 shares to other partners, 2.682.930 shares to domestic institutional investors and 27.232.320 shares to foreign institutional investors, at a share price of 5.100 GRD**.**

Table V.
Increases in Share Capital of the Companies Listed in the Athens Stock Exchange, 1998
(Only cash-finacned increases are mentioned)

		Date of Divident Pay-out	New / Old Share rATIO	Number of Shares	Share Price	Total Funds Raised(GRD)	Underwriter/ Various Remarks
A.	**MAIN MARKET**						
1	Actor SA	27/10/97	1/ 4	1.525.243	2.500	3.813.107.500	Covered by 50%,
2	Macedonian Spinning Mills (CR)	29/12/97	8/10	8.730.000	135	1.178.550.000	
2α	Macedonian Spinning Mills (PR)	29/12/97	8/10	720.000	135	97.200.000	
3	Aspis PIC	23/02/98	¾	750.000	1.000	750.000.000	
4	Alpha Investments PIC	03/03/98	½	5.000.000	2.200	11.000.000.000	
5	Ailoliki PIC	12/03/98	1/1	2.484.000	900	2.235.600.000	
6	Sidenor SA	27/03/98	2/21	1.107.323	7.000	7.751.261.000	Telesis ISPF
7	Sheet Steel Co. SA	30/03/98	1/4	2.200.670	200	440.134.000	
8	Attica Enterprises SA	30/03/98	1/5	6.307.200	3.200	20.183.040.000	
9	Alpha Leasing SA	21/04/98	2/3	4.000.000	3.000	12.000.000.000	
10	ELVAL SA	30/04/98	2/21	2.766.127	4.300	11.894.346.100	
11	General Bank of Greece	04/05/98	1/1	4.794.380	4.800	23.013.024.000	National ISPF, General Finance / National Bank
12	Piraeus Bank	04/05/98	1/1	15.636.000	2.500	39.090.000.000	Piraeus Finance
13	Thessaliki Spirits SA	14/05/98	1/1	11.000.000	110	1.210.000.000	
14	Xios Bank	18/05/98	5/10	3.981.110	3.200	12.739.552.000	
15	M. Maillis SA	18/05/98	3/10	2.361.974	5.500	12.990.857.000	Telesis ISPF
16	Ergo Investments PIC	25/05/98	6/10	20.000.000	700	14.000.000.000	
17	Alluminium of Attica SA	10/06/98	2/10	1.502.480	3.400	5.108.432.000	Societe Generale
18	Pejetakis (CR) SA	10/06/98	1/10	695.625	1.200	834.750.000	Telesis ISPF
18α	Pejetakis (PR) SA	10/06/98	1/10	177.856	650	115.606.400	Telesis IFPF
19	ETEM SA	12/06/98	3/10	974.325	2.500	2.435.812.500	
20	Alpha Credit Bank	12/06/98	1/9	4.400.000	20.000	88.000.000.000	
21	National Co. PIC	22/06/98	8/10	5.659.200	1.600	9.054.720.000	
22	Macedonian-Thrace bank	23/06/98	3/2	10.200.000	3.500	35.700.000.000	
23	Selman SA	01/07/98	1/7	1.883.240	1.600	3.013.184.000	Piraeus Bank
24	Halcor SA	01/07/98	3/20	4.198.315	2.900	12.175.113.500	Telesis ISPF
25	Delta Information Systems SA	13/07/98	8/10	4.000.000	1.500	6.000.000.000	Alpha Finance
26	Stringis Passenger Shipping Co	27/07/98		14.800.000	2.000	29.600.000.000	Alpha Finance / Abolishment of old shares preference rights
27	Thrace Prastics ABEE	03/08/98	4/10	2.000.000	1.400	2.800.000.000	Sigma ISPF
28	Warehouses Co. (CR)	05/08/98	7/10	2.117.282	1.500	3.175.923.000	
28α	Warehouses Co. (PR)	05/08/98	7/10	127.764	1.500	191.646.000	
29	Gr. Sarantis	10/08/98	½	4.682.795	2.750	12.877.686.250	
30	DANE Sea Line SA	02/09/98	1/1	376.853	500	188.426.500	Coverage by 4,053%
31	Mitilinaios SA	11/09/98	8/10	16.208.136	1.000	16.208.136.000	ETEBA
32	Escimo SA (CR)	11/09/98	9/10	6.561.000	160	1.049.760.000	Full Coverage at the second stage
33	Hellenic Technodomiki SA	21/09/98	1/1	11.000.000	1.400	15.400.000.000	Alpha Finance
34	Boutaris SA (CR)	22/09/98	1/1	6.072.000	200	1.214.400.000	
34α	Boutaris SA (PR)	22/09/98	1/1	770.000	200	154.000.000	
35	Marfin PIC	01/10/98	46/1	13.693.000	1.700	23.278.100.000	Commercial Bank of Greece / Coverage by 47,48%.
36	Ideal SA (CR)	16/10/98	5/20	2.455.554	1.000	2.455.554.000	Telesis ISPF
37	Technical Co of Volos	18/11/98	½	5.796.000	700	4.057.200.000	Telesis ISPF
38	Loulis Mills	16/11/98	2/10	1.114.949	1.100	1.226.443.900	Διεθνής ISPF
39	Sanyo Hellas SA	23/11/98	2/10	2.287.760	750	1.715.820.000	Piraeus Finance / Piraeus Bank, Alpha Credit Bank
40	Bank of Central Greece (CR)	28/11/98	¼	2.475.967	2.000	4.951.934.000	
40α	Bank of Central Greece (PR)	28/11/98	¼	300.730	2.000	601.460.000	
41	P. D. Papoutsanis	08/12/98	18/25	4.517.540	1.350	6.098.679.000	Alpha Finance
42	G. A. Keranis (CR)	11/12/98	12/10	4.870.637	700	3.409.445.900	
42α	G. A. Keranis (PR)	11/12/98	12/10	1.948.234	700	1.363.763.800	
	Total (Main market)					**468.842.668.350**	
B.	**PARALLEL MARKET**						
1	Alco Hellas	18/5/1998	1/28	150.268	3.300	495.884.400	
2	Hatzioannou (CR)	29/6/1998	1/10	733.269	1.400	1.026.576.600	Global Finance
2α	Hatzioannou (PR)	29/6/1998	1/10	8.800	1.400	12.320.000	Global Finance
3	Sysware SA	28/7/1998	2/10	1.380.000	3.800	5.244.000.000	Commercial Bank of Greece
4	E. Pairis Plastics	5/8/1998	1/20	157.225	1.000	157.225.000	Alpha Finance
5	Spyros Agricultural Products	1/7/1998	15/100	862.500	4.000	3.450.000.000	Telesis ISPF
6	Babyland Toys SA	1/9/1998	2/10	1.200.000	1.000	1.200.000.000	Global Finance
7	Folli – Follie SA	11/11/1998	5/20	1.013.750	3.000	3.041.250.000	Telesis ISPF
	Total (Parallel market)					**14.627.256.000**	
	GRAND TOTAL					**483.469.924.350**	

Πηγή: Επιτροπή Κεφαλαιαγοράς

Table VI.

Market Share, Number and Total Net Asset of Mutual Funds per Mutual Fund Management Firm, (1995-1998)

Rank	Mutual Fund Management Firms	31 December 1998				31 December 1997				31 December 1996				31 December 1995			
		Number of M/F	Assets (bill GDR)	Market Share	Assets %Δ 97-98	Number of M/F	Assets (bill GDR)	Market Share	Assets %Δ 97-96	Number of M/F	Assets (bill GDR)	Market Share	Assets %Δ 96-95	Number of M/F	Assets (bill GDR)	Market Share	Assets %Δ 95-94
1	ALPHA	19	1.602,0	17.80%	7,07%	15	1.496,2	20.42%	75,49%	15	852,6	22,01%	46.03%	11	583,9	23.80%	112,08%
2	DIETHNIKI	9	1.336,2	14.85%	23,31%	9	1.083,6	14.79%	99,42%	9	543,4	14,03%	5.61%	9	514,6	20.98%	99,38%
3	ERGASIAS	6	727,6	8.09%	20,30%	4	604,8	8,25%	61,82%	3	373,8	9,65%	82.25%	3	205,1	8.36%	128,61%
4	INTERTRUST	12	552,8	6.14%	19,99%	11	460,7	6.29%	41,99%	10	324,5	8,38%	44.12%	6	225,1	9.18%	19,93%
5	AGROTIKI	8	619,4	6.88%	17,85%	9	525,6	7.17%	67,89%	9	313,1	8,08%	397.57%	6	63,0	2.56%	82,33%
6	ERMIS	9	750,5	8.34%	35,30%	7	554,7	7.57%	114,54%	7	258,5	6,67%	71%	4	151,2	6.16%	31,23%
7	IONIKI	7	450,1	5.00%	6,61%	7	422,2	5.76%	105,82%	7	205,1	5,29%	42.52%	6	144,0	5.87%	107,82%
8	ALICO-EUROBANK	8	832,7	9.26%	65,88%	8	502,0	6.85%	197,02%	8	169,0	4,36%	56.29%	7	108,1	4.41%	130,78%
9	CITI	2	163,3	1.81%	20,07%	4	136,0	1.86%	23,24%	4	110,4	2,85%	69.23%	4	65,2	2.66%	50,73%
10	MACEDONIA-THRACE	3	183,1	2.04%	11,31%	3	164,5	2.24%	62,73%	3	101,1	2,61%	167.81%	3	37,7	1.54%	116,48%
11	PIRAEUS	6	244,0	2.71%	80,21%	6	135,4	1.85%	42,78%	5	94,8	2,45%	97.73%	3	48,0	1.95%	331,41%
12	NATIONALE NEDERLANDEN	6	141,4	1.57%	-0,77%	5	142,5	1.94%	57,96%	4	90,1	2,33%	67.73%	3	53,7	2.19%	35,39%
13	KTIMATIKI	5	299,1	3.32%	19,07%	5	251,2	3.43%	203,72%	4	82,7	2,14%	48.47%	2	55,7	2.27%	18,95%
14	XIOS	4	233,1	2.59%	32,74%	5	175,6	2.40%	154,06%	5	69,1	1,78%	138.24%	5	29,0	1.18%	46,54%
15	KOSMOS-SOGEN	5	34,0	0.38%	-47,77%	5	65,1	0.89%	43,82%	5	45,3	1,17%	195.84%	4	15,3	0.62%	290,45%
16	MIDLAND	5	109,4	1.22%	2,05%	5	107,2	1.46%	207,92%	5	34,8	0,90%	52.77%	5	22,8	0.93%	33,13%
17	HAMBROS	8	39,7	0.44%	58,17%	8	25,1	0,34%	-19,25%	8	31,1	0,80%	-25,85	8	41,9	1.71%	294,96%
18	ASPIS	4	68,4	0.76%	-12,87%	4	78,5	1.07%	174,18%	4	28,6	0,74%	15.39%	3	24,8	1.01%	58,44%
19	ETVA-NATWEST	3	16,5	0.18%	-68,98%	2	53,2	0.73%	110,69%	2	25,3	0,65%	-	-	-	-	-
20	ABN AMRO	4	54,1	0.60%	13,42%	4	47,7	0.65%	104,92%	4	23,3	0,60%	206.73%	3	7,6	0.31%	-
21	ALLIANZ*	9	59,6	0.66%	63,74%	5	36,4	0.50%	64,56%	4	22,1	0,57%	79.47%	3	12,3	0.50%	22,01%
22	EVROPAIKI PISTI	4	14,5	0.16%	-18,54%	4	17,8	0.24%	35,58%	3	13,1	0,34%	27.97%	3	10,3	0.42%	38,06%
23	INTERNATIONAL	5	39,6	0.44%	88,57%	2	21,0	0.29%	60,81%	2	13,1	0,34%	107.64%	2	6,3	0.26%	77,96%
24	GENIKI	6	148,7	1.65%	59,89%	5	93,0	1.27%	685,87%	2	11,8	0.31%	-	-	-	-	-
25	EGNATIA	4	135,3	1.50%	216,12%	4	42,8	0.58%	258,22%	4	12,0	0.31%	-11,66%	4	13,5	0.55%	317,96%
26	HANWHA HELLAS	3	32,0	0.36%	4,92%	3	30,5	0.42%	234,40%	2	9,1	0,24%	-	-	-	-	-
27	DORIKI	4	24,2	0.27%	9,50%	4	22,1	0.30%	256,91%	4	6,2	0.16%	-33,83%	4	9,4	0.38%	-27,68%
28	BARCLAYS	4	41,1	0.46%	105,50%	3	20,0	0.27%	285,85%	2	5,2	0,13%	-	-	-	-	-
29	HELVETIA	-	-	-	-	4	11,5	0.16%	129,13%	4	5,0	0.13%	8,23%	4	4,6	0.19%	-1,37%
	TOTAL	172	8.952,4	100,00	22,18%	160	7.327	100%	89%	150	3.874,2	100%	58%	115	2.453,1	100%	82,15%

Source: Union of Greek Institutional Investors, Capital Market Commission.

* The data for ALLIANZ in 1998 also innclude those for HELVETIA.

Table VII.

Number and Total Net Asset of Mutual Funds by Type of Fund (1995-1998)

Mutual Funds Classification	31 December 1998				31 December 1997				31 December 1996				31 December 1995			
	Number of M/F	Market Share/ Tot. Assets	Assets (bill GDR)	Δ% Assets 98-97	Number of M/F	Market Share/ Tot. Assets	Assets (bill GDR)	Δ% Assets 97-96	Number of M/F	Market Share/ Tot. Assets	Assets (bill GDR)	Δ% Assets 96-95	Number of M/F	Market Share/ Tot. Assets	Assets (bill GDR)	Δ% Assets 95-94
Bonds M/F																
Domestic	41	17,24%	1.550,9	-22,47%	40	27,30%	2.000,3	44,00%	37	35,85%	1.389,1	43,45%	27	39,48%	968,4	45,22%
Foreign	14	1,22%	110,1	95,56%	18	0,77%	56,3	34,73%	18	1,08%	41,8	-24,20%	17	2,25%	55,1	-30,32%
International	9	0,21%	19,1	189,39%	6	0,09%	6,6	57,87%	5	0,11%	4,2	-20,52%	4	0,22%	5,3	-12,31%
Total	64	18,68%	1.680,1	-18,57%	64	28,16%	2.063,2	43,77%	60	37,04%	1.435,1	39,49%	48	41,94%	1.028,8	36,81%
Money Market																
Domestic	37	66,09%	5.946,7	36,67%	31	59,38%	4.351,1	90,57%	30	58,93%	2.283,2	83,12%	18	50,83%	1.246,9	216,46%
Foreign	2	0,01%	0,9	-77,50%	2	0,05%	4,0	52,93%	4	0,07%	2,6	108,16%	2	0,05%	1,3	
International	3	0,21%	19,2	-61,21%	3	0,68%	49,5	267,73%	1	0,35%	13,5	24,60%	1	0,44%	10,8	111,65%
Total	42	66,31%	5.966,8	35,47%	36	60,11%	4.404,6	91,56%	35	59,35%	2.299,3	82,64%	21	51,32%	1.259,0	215,43%
Equity M/F																
Domestic	33	5,25%	473,5	104,36%	29	3,16%	231,7	207,11%	26	1,95%	75,4	-14,84%	22	3,61%	88,6	-4,60%
Foreign	4	0,14%	12,5	346,43%	1	0,04%	2,8	32,69%	2	0,05%	2,1	-21,07%	2	0,11%	2,6	-20,23%
International	3	0,07%	6,2	169,57%	2	0,03%	2,3	434,45%	1	0,01%	0,4	-	0	0,00%	-	-
Total	40	5,46%	492,2	107,85%	32	3,23%	236,8	203,69%^	29	2,01%	77,9	-14,55%	24	3,72%	91,2	-5,14%
Mixed M/F																
Domestic	21	8,41%	756,6	28,37%	19	8,04%	589,4	1327,10%	14	1,07%	41,3	-9,13%	13	1,85%	45,5	-19,84%
Foreign	2	0,03%	2,4	-31,43%	3	0,05%	3,5	-68,30%	6	0,28%	11,0	-33,34%	6	0,67%	16,4	-48,18%
International	7	0,76%	68,5	166,54%	4	0,35%	25,7	276,24%	2	0,18%	6,8	-8,55%	2	0,30%	7,5	-11,53%
Total	30	9,20%	827,5	33,77%	26	8,44%	618,6	946,93%	22	1,53%	59,1	-14,80%	21	2,83%	69,4	-28,40%
Special Type M/F																
Domestic	1	0,01%	1,1	-45,00%	1	0,03%	2,0	-31,26%	2	0,07%	2,9	-39,91%	1	0,19%	4,8	-
Foreign	1	0,35%	30,2	1489,47%	1	0,03%	1,9	-	-	-	-	-	-	-	-	-
International	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Total	2	0,36%	31,3	702,56%	2	0,06%	3,9	35,00%	2	0,07%	2,9	-39,91%	1	0,19%	4,8	-
Grand Total	178	100,00%	8.997,9	22,80%	160	100,00%	7.327,1	89,12%	148	100,00%	3.874,3	57,94%	115	100,00%	2.453,2	82,51%

Source: Union of Greek Institutional Investors, Alpha Trust Investment Services, Capital Market Commission.

Table VIII.

Mutual Funds Returns by Type of Fund, 1994-1998.

Mutual Funds Classification	Rate Of Return 1998	2 Year Accumulated Return	3 Year Accumulated Return	4 Year Accumulated Return	5 Year Accumulated Return	Average Accumulated Return 1998	Average Accumulated Return 1997	Average Accumulated Return 1996	Average Accumulated Return 1995	2 Year Average Return	3 Year Average Return	4 Year Average Return	5 Year Average Return
Bonds M/F													
Domestic	11,40%	24,46%	43,10%	66,76%	99,98%	11,90%	12,01%	11,74%	17,01%	11,53%	12,68%	13,62%	14,85%
Foreign	9,12%	21,43%	28,65%	49,03%	45,96%	8,38%	11,65%	4,64%	11,16%	10,17%	8,67%	10,46%	7,84%
International	10,32%	24,67%	29,19%	43,21%	32,44%	10,18%	11,85%	-	-	11,65%	8,90%	9,38%	5,78%
Money Market M/F													
Domestic	12,33%	26,19%	44,27%	67,95%	98,37%	11,73%	11,62%	11,01%	16,32%	12,33%	12,99	13,83%	12,84
Foreign	6,19%	10,45%	13,25%	-	-	5,47%	2,30%	4,90%	4,20%	5,09%	4,17%	-	-
International	9,25%	24,22%	47,94%	71,60%	-	7,33%	23,15%	-	-	11,43%	13,94%	14,45	-
Equity M/F													
Domestic	80,27%	184,51%	179,10%	202,77%	204,68%	78,27%	46,50%	-4,33%	8,07%	66,50%	38,52%	31,31%	24,22%
Foreign	2,29%	41,27%	60,16%	82,26%	68,31%	2,09%	23,53%	13,26%	11,10%	18,86%	17,00%	16,19%	10,97%
International	15,24%	68,65%	102,28%	-	-	15,24%	34,72%	-	-	29,80%	26,47%	-	-
Mixed M/F													
Domestic	49,31%	109,86%	120,06%	137,73%	151,06%	45,32%	29,96%	4,01%	8,30%	44,33%	29,54%	23,78%	19,95%
Foreign	9,47%	38,25%	52,41%	72,77%	61,10%	4,76%	22,33%	13,73%	12,45%	17,22%	14,81%	14,40%	9,75%
International	24,85%	51,19%	66,81%	86,82%	95,72%	19,28%	20,76%	-	-	22,65%	18,36%	16,78%	14,28%
Special Type M/F													
Domestic	72,02%	132,96%	56,69%	-	-	72,02%	28,94%	-	-	52,63%	16,15%	-	-
Foreign	41,40%	-	-	-	-	41,40%	-	-	-	-	-	-	-
International	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Alpha Trust Investment Services, Capital Market Commission.

Table IX.

Assets and Performance of Portfolio Investment Companies (31/12/1998)

Rank	Portfolio Investment Companies	Date of Listing in the ASE	Share Price 31/12/98	Dividend Return* (%)	Market Capitalisation (mill GDR)	Net Asset Value (mill GDR)	Premium (Discount) (%)	Portfolio Composition in Market Prices					
								Equity		Fixed Income		Cash Reserves	
								Dom.	Foreigner	Dom.	Foreigner	Dom.	Foreigner
1	ALPHA	19.11.1984	3.995	9,9	79.900	80.613	-0,9	76,3%	9,6%	10,1%		2,9%	1,3%
2	AIOLIKI	09.08.1993	1.265	16	6.285	7.685	-18,2	86,6%	3,6%		0,5%	8,1%	1,2%
3	ASPIS	07.04.1995	1.600	11,7	2.800	2.889	-3,1	80,2%	8,8%	0,8%		6,9%	3,3%
4	DIAS**	27.07.1992	1.050	6,6	2.197	2.686	-18,2	75,8%		6,6%		5,1%	12,5%
5	ETHNIKI	19.06.1981	2.300	12,1	32.540	31.284	4	79,3%	2,7%	8,6%	4,5%	4,3%	0,5%
6	ELLINIKI	19.01.1973	3.920	12,5	68.796	60.463	13,8	71,3%	6,6%	4,9%	0,7%	14,5%	2,0%
7	EMPORIKI	17.08.1993	1.245	9,5	2.801	3.020	-7,2	89,8%				10,2%	
8	EXELIXI	06.05.1992	1.935	12,4	2.286	2.107	8,5	55,2%		1,5%		43,3%	
9	EPENDISIS ANAPTIXEOS (O)	12.08.1982	1.900	12,3	5.149	4.885	3,5	85,5%	7,7%	6,3%	0,3%		0,2%
	EPENDISIS ANAPTIXEOS (A)		1.970	12			7,3						
10	ERGASIAS	11.11.1977	903	9,2	47.859	60.223	-20,5	90,4%	2,8%			5,9%	1,0%
11	INTERINVEST	15.01.1992	1.400	9,8	1.895	1.909	-0,7	63,9%	15,6%	8,4%		8,4%	3,7%
12	IONIKH	02.08.1993	1.470	10	5.145	5.580	-7,8	73,2%	7,4%	5,3%		11,8%	2,3%
13	MARFIN	18.08.1993	1.690	16,6	24.201	25.065	-3,4	47,6%				52,4%	
14	PIREAUS	06.12.1990	1.965	11,1	11.987	12.489	-4	85,5%	11,5%			1,1%	1,9%
15	PROODOS	30.07.1990	4.260	10,5	26.412	31.917	-17,2	81,7%		3,1%		15,2%	
16	ORION**	19.12.1994	1.810	46,7	2.715	2.691	0,9	84,5%		5,6%	2,2%	7,7%	

Source: Union of Greek Institutional Investors.

* The return on dividends is based on 1997 dividends and on 31/12/1997 prices. ** A dividend prepayment has been calculated for Dias & Orion.

Table X.

Total Bank Deposits, Total ASE Capitalization and Total Net Assets of Mutual Funds
(Annual & Monthly Data, 1998)

Month / Year	Total Commercial Bank Deposits & Repos (billion GDR)	Total Market Capitalisation in the ASE (billion GDR)	Total M/F Assets (billion GDR)	Month	Total M/F Assets (billion GDR)	Total Capitalisatiom in the ASE (billion GDR)	Bond M/F Assets (billion GDR)	ASE General Index
Dec-87	4.894,5	-	-	Jan-98	7.810,8	9.333,7	1.931	1.395,40
Dec-88	6.041,9	-	-	Feb-98	8.179,6	9.653,3	1.827	1.419,22
Dec-89	7.430,9	996,6	-	Mar-98	8.343,8	13.751,1	1.824	2.005,82
Dec-90	8.418,9	2.426,6	-	Apr-98	7.988,8	17.755,5	1.866	2.621,44
Dec-91	9.233,5	2.355,2	171,5	May-98	8.040,2	18.459,5	1.850	2.591,03
Dec-92	10.149,0	2.044,9	223,4	Jun-98	8.121,8	17.858,9	1.821	2.365,45
Dec-93	11.084,6	3.117,5	866,8	Jul-98	8.506,8	20.536,8	1.834	2.797,41
Dec-94	13.747,5	3.577,9	1.343,7	Aug-98	8.737,5	16.746,3	1.831	2.175,53
Dec-95	15.766,1	4.026,0	2.454,1	Sept-98	8.839,0	16.344,1	1.743	2.120,90
Dec-96	17.997,1	5.944,8	3.873,4	Oct-98	8.639,9	17.260,0	1.735	2.162,93
Dec-97	19.754,9	9.811,3	7.325,3	Nov-98	8.895,0	18.787,0	1.727	2.511,82
Oct-98	18.700,2	16.384,3	8.639,9	Dec-98	8.997,7	24.283,0	1.680	2.737,55

Sources: Bank of Greece, Athens Stock Exchange (ASE), Union of Greek Institutional Investors. Processing: Capital Market Commission, Department of Research, Monitoring & International Relations.

Table XI.

FEFSI Statistics on the EU Member-States Mutual Fund Industry
(30.9.1998)

Countries-Member	Number of M/F	Equity M/F	Bond M/F	Money Market M/F	Fund of Funds	Other	Total Assets in National Currency	Total Assets (MECU)	Equity (MECU)	Bonds (MECU)	Cash (MECU)
Austria	756	142	288	36	34	0	(ATS) 671.539	48.599	4.318	29.777	2.816
Belgium	608	391	126	30	20	5	(BEF) 1.701.092	41.991	22.101	7.443	1.249
France	6.267	1.187	2.231	730	0	0	(FRF) 3.382.100	513.614	76.508	160.504	166.472
Germany	754	331	301	39	0	0	(DEM) 292.829	149.113	59.488	66.617	17.844
Denmark	234	157	73	0	0	0	(DKK) 107.945	14.432	6.057	8.214	0
Switzerland	321	230	91	0	0	0	(CHF) 87.596	54.159	37.072	17.088	0
Greece	181	39	67	42	0	2	(GDR) 8.839.038	26.160	1.057	5.160	17.579
United Kingdom	1.500	1.182	157	38	97	0	(GBP) 146.488	213.333	177.346	17.035	1.213
Ireland	260	122	41	37	0	0	(IRP) 15.952	20.334	6.149	6.149	1.414
Spain	1.763	514	717	203	0	0	(ESP) 31.703.154	190.090	33.072	72.992	53.643
Italy	656	248	191	84	0	80	(ITL) 646.698	333.305	57.300	172.121	62.871
Luxembourg	4.064	1.529	1.627	339	0	139	(LUF) 14.256.300	351.912	85.483	169.964	68.700
Norway	238	111	60	42	0	0	(NOK) 81.875	9.367	5.063	1.576	2.340
Netherlands	289	141	59	38	0	17	(NLG) 142.680	64.407	34.894	17.108	5.950
Hungary	56	11	21	5	0	0	(HUF) 279.449	1.098	46	678	137
Poland	20	8	4	1	0	0	(PLN) 1.899	457	158	17	2
Portugal	204	50	67	42	49	28	(PTE) 3.755.454	18.654	2.005	7.549	5.653
Sweden	351	238	77	incl.	0	0	(SEK) 379.696	41.629	31.010	4.778	incl.
Czech Republic	53	4	10	4	0	0	(CZK) 13.796	390	3	44	158
Finland	99	50	17	16	0	0	(FIM) 25.301	4.233	1.409	1.036	824
Total	18.674	6.685	6.225	1.726	200	271		2.097.277	640.539	765.850	408.865

Source: FEFSI.

Table XII.

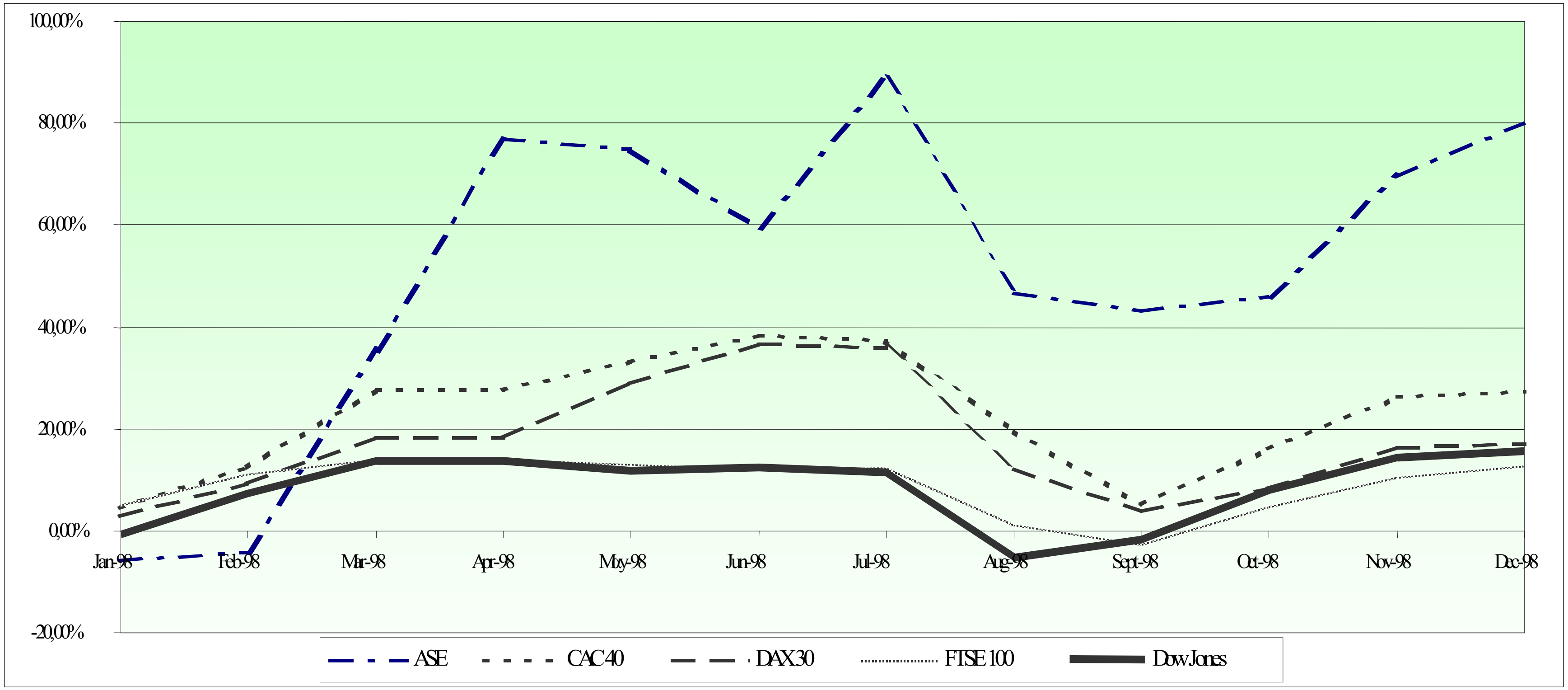
FEFSI Statistics on the non EU Member-States Mutual Fund Industry
(30.6.1998)

Countries-Member	Number of M/F	Equity M/F	Bond M/F	Money Market M/F	Other	Total Assets (MECU)	Equity (MECU)	Bonds (MECU)	Cash (MECU)
Argentina	222	71	75	48	0	5.549	377	1.570	3.113
Australia	601	204	69	41	144	44.613	11.531	2.735	8.612
Brazil	1.563	461	705	75	0	108.621	10.583	84.706	6.209
USA	7.123	3.333	2.245	1.026	0	4.701.825	2.592.280	716.913	1.096.938
Japan	4.845	2.844	1.610	15	0	292.177	53.891	117.335	100.881
India	86	29	39	3	0	8.446	1.371	2.630	24
Canada	1.065	622	158	103	63	200.743	110.629	17.572	19.956
Korea	1.943	-	-	0	0	71.905	15.444	56.461	0
Mexico	252	87	165	0	0	6.581	1.656	4.925	0
New Zealand	624	216	158	16	61	5.982	1.000	1.169	374
South Africa	162	100	13	8	16	12.225	8.619	452	1.170
Taiwan	149	105	40	0	0	13.845	5.443	8.285	0
Chile	96	34	0	62	0	3.366	238	0	3.128
Hong-Kong	842	515	129	147	23	66.892	45.525	11.415	7.471
Total	19.573	8.621	5.406	1.544	307	5.542.770	2.858.587	1.026.168	1.247.876

Source : FEFSI.

TABLE XIV

Monthly Percentage Change of the Indices of the Stock Exchanges of New York, London, Frankfurt, Paris and Athens
(Base = December 1997)



Indices	Jan-98	Feb-98	Mαr-98	Apr-98	Mαy-98	Jun-98	Jul-98	Aug-98	Sept-98	Oct-98	Nov-98	Dec-98
ASE	-5,87%	-4,26%	35,31%	76,84%	74,78%	59,57%	88,71%	46,60%	43,07%	45,91%	69,44%	80,15%
CAC 40	4,34%	12,56%	27,49%	27,66%	32,93%	38,27%	37,41%	19,69%	5,19%	15,88%	26,42%	27,40%
DAX 30	2,90%	9,14%	18,24%	18,35%	29,05%	36,66%	36,12%	12,02%	3,69%	8,24%	16,39%	16,90%
FTSE 100	5,10%	11,05%	14,22%	14,15%	13,04%	12,30%	12,39%	1,08%	-2,49%	4,72%	10,60%	12,97%
Dow Jones	-0,72%	7,30%	13,80%	13,80%	11,75%	12,41%	11,54%	-5,34%	-1,52%	7,89%	14,47%	15,86%

Table XV.

Evaluation of Securities Markets Features

EXCHANGES	Indices 31/12/98	% Change / Dec 97	End Dec. 1998 Market Capitalization (Billion USD)	% Change / Nov 1997	End Dec. 1998 Value Of Share Trading (Billion USD)	Turnover Ratio[3]	Market Capitalization / GDP[4]	(Value Of Share Trading / GDP[4]) *100	End Dec. 1998 Number Of Companies Listed
London	5882,6	14,55	2297,6	13,40	193,48[2]	8,42	1,79	15,0	2920
Germany	5002,39	17,71	1094,2	37,97	110,96[2]	10,14	0,52	5,3	3525
Paris	3942,66	31,47	985,2	50,32	51,42[1] 184,65[2]	5,22 18,74	0,71	3,7	962
Switzerland	4497,12	15,37	689,2	25,54	46,32[2]	6,72	2,73	18,4	425
Amsterdam	1186,38	29,85	603,2	72,34	30,43[2]	5,04	1,67	8,4	359
Italy	23695	40,99	569,7	81,72	30,78[1]	5,40	0,50	2,7	243
Madrid	867,8	37,18	402,2	42,22	51,41[2]	12,78	0,76	9,7	484
Stockholm	3234,46	10,17	278,7	2,96	19,59[2]	7,03	1,22	8,6	276
Brussels	3514,51	45,32	247,6	86,31	5,92[1]	2,39	1,02	2,4	276
Athens	2737,55	85,02	81,6	133,81	6,61[1]	8,10	0,68	5,5	246
Vienna	1120,77	-13,45	35,8	7,19	0,91[1]	2,54	0,17	0,4	128
NYSE	595,81	16,55	10271,9	17,78	637,68[1]	6,21	1,31	8,2	2669
NASDAQ	2192,69	39,63	2524,4	38,30	538,67[2]	21,34	0,32	6,9	5010
Tokyo	13842,17	-9,28	2439,6	4,02	58,90[1]	2,41	0,58	1,4	1890
Hong-kong	10048,58	-6,29	343,6	-16,09	9,21[1]	2,68	NA	NA	680

Source: FIBV, CMC estimationsNotes:

[1] Trading System View

[2] Regulated Environment View

[3] Value of Share Trading / Market Capitalisation

[4] GDP is estimated in Million USD, using the USD/ECU exchange rate on 17-12-1998

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