

---

HELLENIC CAPITAL MARKET COMMISSION

---

2002

---

A N N U A L   R E P O R T



## TABLE OF CONTENTS

---

<b>A Note from the Chairman</b>	9
<b>Part One</b>	
<i>Objectives and Tasks of the Capital Market Commission</i>	13
<i>Organisation of the Capital Market Commission</i>	15
The Board of Directors	15
The Executive Committee	16
The New Organization Chart	16
<b>Part Two</b>	
<i>Developments in the Economy and the Capital Market</i>	17
Macroeconomic Developments	17
General Overview of the Capital Market	20
<i>Developments in the capital market</i>	20
<i>The institutional developments in the capital market</i>	26
Developments in the Capital Market	34
<i>The ASE General Index</i>	34
<i>Sectoral share-price indices in the ASE</i>	36
<i>The value of transactions in the ASE</i>	38
<i>Net profits and dividends of the ASE listed companies</i>	38
<i>Market capitalisation of the ASE listed companies</i>	40
<i>Developments in the Athens Derivatives Exchange</i>	42
<i>Developments in the fixed-income securities market</i>	46
<i>Developments in the transactions clearing and settlement system</i>	48
The Primary Securities Market	50
<i>General Overview</i>	50
<i>Public offerings</i>	50
The Secondary Securities Market	56
<i>Increases in share capital by ASE listed companies</i>	56
<i>Issues of corporate bonds by ASE listed companies</i>	58
<i>Mergers and acquisitions in the capital market</i>	60
<i>Share ownership dispersion of ASE listed companies</i>	60
<b>Capital Market Entities</b>	62
Brokerage Firms, Investment Firms and	
Firms for the Reception and Transmission of Orders	62
<i>General overview</i>	62
<i>The value of transactions in the ASE executed by Brokerage Firms</i>	64
Margin Account Trading	68

Collective Investment Institutions	69
<i>General overview</i>	69
<i>The international mutual fund market</i>	75
<i>Portfolio Investment Companies</i>	76
<i>The portfolio structure of portfolio investment companies listed in the ASE</i>	77
<i>Institutional investor activity in the derivatives market</i>	80
Developments in the International Capital Markets	80
Notifications of Foreign Companies	
Wishing to Provide Investment Services in Greece	86
<b>▶ Part Three</b>	
<i>Activities of the Hellenic Capital Market Commission</i>	89
<i>The New Organisation Chart of the Hellenic Capital Market Commission</i>	89
<i>Rules and Regulations</i>	92
Quality of Services and Investor Protection	92
Improvement of Capital Market Transparency	92
Safeguarding the Smooth Operation and Liquidity of the Capital Market	94
Enhancement of the Clearing and Settlement System	95
Enhancement if the Orderly Operation of Market Agencies and Institutions	97
<i>Licensing of Supervised Entities</i>	98
Brokerage Firms - Members of the ASE	98
Investment Firms - Non ASE Members	98
Mutual Fund Management Firms	99
Portfolio Investment Companies	99
Real Estate Investment Companies	100
Public Offerings	100
<i>Enforcement and Compliance</i>	100
The Supervisory Framework	100
Administrative Sanctions	101
<i>Revocation of license</i>	101
<i>Fines</i>	101
<i>Indictments to Courts</i>	104
Professional Certification of Market Agents	104
Reception and Investigation if Investor Complaints	106
The Supervision of the Code of Conduct for Listed Companies (HCMC Rule 5/204/2000)	107
The Supervision of the Take-over Regulation (HCMC Rule 1/195/2000, as amended by HCMC Rule 2/258/2002)	108
Enforcement: Three Serious Cases of Market Abuse during 2002	109
<i>Manipulation of the share of "SP Tasoglou-Delonghi S.A."</i>	109

<i>Insider trading by Schroeder Salomon Smith Barney</i>	111
<i>Significant deviation of the corporate performance estimates in the prospectus of DIONIC S.A.</i>	111
The Commission's Contribution to Legislative and Judicial Work in 2002	113
<b><i>International Activities of the Hellenic Capital Market Commission</i></b>	114
Memoranda of Understanding	114
The Hellenic Capital Market Commission and CESR	114
<i>The role of CESR</i>	114
<i>CESR working groups</i>	116
<i>Market Participants Consultative Panel</i>	121
<i>Permanent CESR Committees</i>	121
The Hellenic Capital Market Commission and IOSCO	122
<i>The annual conference of IOSCO</i>	122
<i>The election of members of IOSCO Executive Committee and the appointment of Chairmen and Vice-Chairmen</i>	125
<i>Admission of new members</i>	126
<i>Future conferences</i>	126
<i>The Meeting of IOSCO's Executive Committee</i>	126
<i>The Meeting of the European Regional Committee of IOSCO</i>	126

## ◆ Appendices

<i>Appendix 1. Rules and Regulations issued by the HCMC in 2002</i>	130
<i>Appendix 2. Participation in International Conferences, Fora and Meetings, 2002</i>	137
<i>Appendix 3. International Developments and the ASE General Index, 2002</i>	140

## ◆ Tables in the Text

<i>Table 1. Macroeconomic Indicators of Greece, 1999-2002</i>	19
<i>Table 2. Average Annual Percentage Change of the ASE General Index, 1992-2002</i>	34
<i>Table 3. Sectoral Share Price Indices in the ASE, 2002</i>	36
<i>Table 4. Sectoral Share Price Indices in the ASE by Month, 2002</i>	37
<i>Table 5. The Value of Transactions in the ASE, 1994-2002</i>	38
<i>Table 6. Net Profits and Distributed Dividends of the ASE Companies, 1990-2001</i>	39
<i>Table 7. Market Capitalisation of the ASE Listed Companies, 1994-2002</i>	41
<i>Table 8. Liquidity Index in the ASE per Month, 2002</i>	41
<i>Table 9. Market Capitalisation and Macroeconomic Indicators, 1992-2002</i>	42
<i>Table 10. The Athens Derivative Market, 1999-2002</i>	43
<i>Table 11. Contracts for Own &amp; Customer Transactions per Product, 2000-2002</i>	44
<i>Table 12. Spot and Derivatives Market in the ADEX, 2000-2002</i>	45
<i>Table 13. Number of Stock Trading Accounts per Month, 1999-2002</i>	49
<i>Table 14. Public Offerings and Funds Raised per ASE Market, 2000-2002</i>	51

<i>Table 15.</i>	Public Offerings in the ASE, 1999-2002	51
<i>Table 16.</i>	Quarterly Distribution of Public Offerings in the ASE, 2002	53
<i>Table 17.</i>	Share Capital Increases per ASE Market, 2000-2002	57
<i>Table 18.</i>	Quarterly Distribution of Share Capital Increases in the ASE, 2002	58
<i>Table 19.</i>	Quarterly Distribution of Corporate Bond Issues in the ASE, 2002	59
<i>Table 20.</i>	Mergers & Acquisitions in the Capital Market, 2002	61
<i>Table 21.</i>	Share Ownership Dispersion in the ASE, 2002	62
<i>Table 22.</i>	Value of Transactions Executed by Brokerage Firms, 1999-2002	66
<i>Table 23.</i>	Market Share Concentration of Brokerage Firms, 1999-2002	67
<i>Table 24.</i>	Margin Account Trading by ASE Members, 2001-2002	69
<i>Table 25.</i>	Bank Deposits, ASE Capitalisation and Net Mutual Funds Assets, 1991-2002	70
<i>Table 26.</i>	Net Assets and Number of Mutual Funds by Type of Fund, 1999-2002	71
<i>Table 27.</i>	Net Assets and Shares of Mutual Funds by Type of Fund, 2002	73
<i>Table 28.</i>	Foreign UCITS in the Greek Capital Market, 2001-2002	75
<i>Table 29.</i>	Net Assets of UCITS by Type of Fund, 2001-2002	76
<i>Table 30.</i>	Top-5 Countries in Mutual Fund Net Assets in the EU	76
<i>Table 31.</i>	Portfolio Structure of ASE Listed and Non-Listed PIC, 1998-2002	79
<i>Table 32.</i>	Mutual Fund Investments in Derivative Products, 2001-2002	81
<i>Table 33.</i>	Portfolio Investment Companies Investments on Derivative Products, 2001-2002	81
<i>Table 34.</i>	EU Basic Macroeconomic Indicators, 2000-2002	83
<i>Table 35.</i>	Developments in Selected International Stock Exchanges, 2002	85
<i>Table 36.</i>	Notifications for the Provision of Investment Services according to the EU Directive 93/22, 2002	87
<i>Table 37.</i>	The New Organisation Chart of the Hellenic Capital Market Commission	91
<i>Table 38.</i>	Fines Imposed per Supervised Entity, 2002	104
<i>Table 39.</i>	Professional Certification Examination Results, 2002	105

#### ◆ Figures in the Text

<i>Figure 1.</i>	Monthly Volatility of the ASE General Index, 2002	35
<i>Figure 2.</i>	Monthly Closing Price of the ASE General Index, 2002	35
<i>Figure 3.</i>	Distribution of the Volume of Transactions per Type of Investor, 2001-2002	44
<i>Figure 4.</i>	Weighted Average Interest Rates of Greek T-Bill and 10-Year Bond Auctions, 2002	47
<i>Figure 5.</i>	Value of Transactions on Treasury Bonds per Month (Jan. - Dec. 2002)	47
<i>Figure 6.</i>	Capital Raised from Initial Public Offerings in the ASE, 1995-2002	52
<i>Figure 7.</i>	Funds Raised through Public Offerings per Sector in the ASE, 2002	54
<i>Figure 8.</i>	Average Monthly Return of New ASE Listings past the first 3-day Trading, 2002	55
<i>Figure 9.</i>	Uses of Funds Raised through I.P.O. according to the Approved Prospectuses, 2002	56

<i>Figure 10.</i>	Share Capital Increases and Funds Raised in the ASE, 2002	57
<i>Figure 11.</i>	Funds Raised through Share Capital Increases by Sector, 2002	58
<i>Figure 12.</i>	Funds Raised through Corporate Bonds Issues in the ASE by Sector, 2002	59
<i>Figure 13.</i>	Value of Transactions Executed by Brokerage Firms, 1996-2002	65
<i>Figure 14.</i>	Value of Transactions by Brokerage Firms by Month, 2002	65
<i>Figure 15.</i>	Net Assets and Number of Mutual Funds by Type of Fund, 2002	71
<i>Figure 16.</i>	Net Mutual Fund Assets, Market Capitalisation and the ASE General Index, 2002	73
<i>Figure 17.</i>	The Make-up of the Capital Market and the Total Assets of Mutual Funds	74
<i>Figure 18.</i>	Top-5 Countries in Mutual Fund Net Assets in the EU, 30.9.2002	76
<i>Figure 19.</i>	The Evolution of the ASE General Index and the PIC Index, 1998-2002	77
	<b>Tables in the Appendix</b>	
<i>Table I.</i>	Market Share, Number and Total Assets of Mutual Funds by Mutual Fund Management Firm, 2000-2002	141
<i>Table II.</i>	Number and Total Assets of Mutual Funds by Type of Fund, 31.12.2002	143
<i>Table III.</i>	Mutual Funds Returns by Type of Fund, 1997-2002	145
<i>Table IV.</i>	Assets of Mutual Funds by Type of Fund, 1998-2002	146
<i>Table V.</i>	Mutual Fund Assets, ASE Capitalisation and the ASE General Index, 1998-2002	149
<i>Table VI.</i>	The Performance of the Portfolio Investment Companies, 31.12.2002	152
<i>Table VII.</i>	FEFSI Statistics on EU Member-states Mutual Funds Sector (I), 30.09.2002	153
<i>Table VIII.</i>	Structure of the Assets of Mutual Funds of UCITS of EU Members in FEFSI, 2002	154
<i>Table IX.</i>	The Trading Status of the ASE Listed Companies, 31.12.2002	155
<i>Table X.</i>	Initial Public Offerings in the ASE, 2002	156
<i>Table XI.</i>	Share Capital Increases in the ASE, 2002	158
	Hellenic Capital Market Commission Postal Address	160



## A NOTE FROM THE CHAIRMAN

---

The year 2002 has been another year of hardship for developed stock markets, including Greece. Most investors selected safe placements and either avoided, or liquidated equity positions. The spectre of economic depression, the great corporate scandals that were uncovered, mainly in the US, and the frustration of the exuberantly optimistic expectations that had been nurtured during the 1990s, were some of the factors that undermined investor confidence in equity.

International Organisations, governments and regulators moved decisively to establish institutional regulations and to take measures designed to restore and enhance confidence towards markets. In the US, these regulations focused on the credibility of financial statements, partly due to the great extent and intensity of accounting misstatements in corporate scandal cases. In Europe, where corporate scandals were less in number, regulations cover a wider range of issues: international accounting standards, prevention of market abuse, corporate transparency and governance. Greece has been a forerunner, by endorsing many European regulations, in some cases, indeed, even before the emergence of the Enron and WorldCom scandals: the major examples being the establishment of the Code of Conduct for Listed Companies, the implementation of corporate governance regulations and the early introduction of international accounting standards. The web of new institutional regulations promoted in Europe provides a secure framework that will enable the healthy redevelopment of capital markets, whenever economic conditions prompt a shift in investor sentiment.

During the past year, the Hellenic Capital Market Commission extended its activities. It is worth noting, first, our major contribution to European developments through the participation of a large number of experts, as well as my own personal contribution to the work of the CESR and the programme launched by the European Commission in the context of the so-called Lamfalussy process. This process aims at harmonising the laws and regulations, as well as the very operation of capital market regulators, with the clear view of integrating European markets into a large, single market. The Hellenic Capital Market Commission has been the pioneer, to any possible extent, in this process and now culminates its contribution during the Greek presidency of the European Council. Our experience and knowledge provide a solid foundation for the attainment of the aims of the Greek EU Presidency regarding capital markets.

In Greece, the regulatory work of the Commission was distinguished by widespread and intense activity in all fields. The supervision of listed companies, on the basis of the Code of Conduct, was a field that saw an important growth in

our activity. Hundreds of corporate announcements, actions and transactions were placed under the Commission's regulatory framework, leading to a major increase of transparency in the stock market. The punishment of all forms of market abuse was also intensified and extended. It is worth noting that during 2002, the Commission investigated, and solved the Tassoglou case, the most important case of insider information abuse and market manipulation ever recorded in the Greek history of law infringement, and levied the relevant fines. It is also worth mentioning that in this case the Commission had the benefit of utilising evidence already gathered through the interrogating process, which investigated at the same time the criminal aspect of the case. This was a clear demonstration of the benefits that can result from the co-operation between supervisory and judicial authorities, regarding the restoration of the market's healthy operation. I have long ago made the case for the need to enact such co-operation. I stress this need once more. Finally, I must also mention that in 2002 the Commission had the opportunity to consult and co-operate with other European regulators regarding the investigation of market abuse by overseas investment houses operating in the Greek capital market.

A rather important initiative that was developed in 2002 regarded the professional certification of capital market specialists. According to this process, and in compliance with the provisions of the law, certain professional positions held in the capital market and related to the provision of services to investors, are now subject to certification, through examinations conducted by the Hellenic Capital Market Commission. During the past year, hundreds of capital market specialists were certified. I believe that this is a very promising message for both the individuals employed in the capital market and the investors, who will be serviced by specialists of high professional standards. This is an innovation, already introduced in the Greek capital market before any other European market, and proving to be timely after the presentation of the new draft Directive on investment services of the European Union. This draft specifies new investment services, such as the provision of advice and the handling of multilateral transaction systems, but also upgrades existing investment services. The existence of certified specialists will facilitate the reception and operation of this new Directive in the Greek Capital Market.

In 2003, the Hellenic Capital Market Commission enters maturity as a supervisory body. This new stage in the Commission's history is marked by the enactment of Presidential Decree 25/2003, which establishes its new organisational structure. This new structure satisfies modern supervision requirements and is equivalent to the standards governing other European regulators. Three new Directorates are created: The Directorate of Public Offerings and Supervision of Listed Companies, the Directorate of Monitoring

and Auditing of Capital Market Transactions and the Directorate of International and Public Relations. All three Directorates meet self-contained and urgent supervisory requirements. The implementation of the new organisation chart will serve two very important purposes. First, clarity in supervisory duties, responsibilities and the segregation of authority required in order to increase the efficiency and speed of supervisory work. Second, the ability to fulfil new duties that will be assigned to capital market regulators by the forthcoming European Directives and the regulations of the Lamfalussy process. The standardisation of supervision in Greece is a rather timely initiative in view of the oncoming changes in the architecture of European regulators. It is certain that, thanks to its new organisational structure, the Hellenic Capital Market Commission, virtually non-existent a few years ago, meets the complex demands regarding the modern operation of capital markets in both Europe and the world.

Stavros B. Thomadakis



## OBJECTIVES AND TASKS OF THE CAPITAL MARKET COMMISSION

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

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

The capital market entities supervised by the HCMC are the brokerage firms, the investment firms, the mutual fund management firms, the portfolio investment companies and the firms for the reception and transmission of stock exchange orders with respect to compliance with the code of conduct. Entities and organizations such as the Athens Stock Exchange, the Athens Derivatives Exchange, the Athens Derivatives Transactions Clearing House and the Central Depository of Securities are also subject to supervision by the Commission. The members of the board of directors and executive managers of the aforementioned entities have to comply with rules and regulations set by the Commission.

A central means for exercising prudential supervision of capital market entities by the Hellenic Capital Market Commission is the license authorization function and the imposition of fit and proper European Union (EU) standards for the granting of license. More specifically, licenses for the provision of investment services are granted on terms that secure their use as a «European passport» in the EU territory. The granting of licenses to mutual fund management firms and portfolio investment companies, as well as the granting of licenses for initial public offerings, is another important means for exercising prudential supervision.

The monitoring of the capital adequacy of brokerage firms and investment firms, the granting of license for increases in their share capital, the monitoring of

changes in the composition of the board of directors and senior management of the supervised companies, the granting of license for obtaining the qualification of the «broker representative» and for the establishment of subsidiaries by financial intermediaries, constitute fundamental means for the exercise of prudential supervision of the capital market entities. With respect to the mutual fund management firms and the portfolio investment companies, prudential supervision involves in addition the monitoring of their portfolio composition and compliance with transparency rules and regulations.

In order to ensure the smooth function of the capital market, the Hellenic Capital Market Commission introduces rules and regulations and supervises compliance with them, aiming at safeguarding the normal and smooth operation of market systems (the electronic trading system, the transactions settlement and clearing system, the derivatives systems) and the establishment of appropriate transparency standards (disclosure of information on financial performance, market transactions, ownership, structural changes, notification of corporate actions etc.).

An essential means for the establishment of the smooth operation of the capital markets, based on European standards and practices, is the introduction of statutory codes of conduct. The introduction of codes of conduct by the Commission, aiming at the regulation of the behaviour of market entities, now encompasses the entire range of financial intermediation: a code of conduct for investment firms (including the firms for the reception and transmission of orders), a code of conduct for institutional investors (mutual fund management firms and portfolio investment companies), a code of conduct for underwriters and the underwriting procedures and a code of conduct for listed companies. The responsibility for the monitoring of compliance with the codes of conduct rests with the Commission.

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

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

to the capital market and the general support of the single capital market in Europe. The CESR (Committee of European Securities Regulators) was established in September 2001 as the successor to FESCO and is already an official institution of the European Union.

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

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

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

## Organisation of the Capital Market Commission

---

### *The Board of Directors*

The seven-member Board of Directors of the HCMC is entrusted with the following tasks: The design of the general policy, the introduction of rules and regulations, the granting and revoking of licenses, the imposition of sanctions, the drafting of the annual budget, the management of the Commission's operations and decisions on personnel matters.

The Minister of the National Economy appoints the Chairman and the two Vice-Chairmen. The other four board members are selected by the Minister of the National Economy among the candidates proposed 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. On December 31st 2002, the composition of the Board of Directors was the following:

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

Where the law requires a decision to be made by the HCMC, the decision is a mandate of the Board of Directors, unless the specific responsibility has been granted to the Commission's Executive Committee. The members of the Board of Directors meet at least twice a month to make decisions on the daily agenda, which is prepared by the Chairman.

#### *The Executive Committee*

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

#### *The New Organization Chart*

In 2002 the organization chart of the Hellenic Capital Market Commission was amended, in accordance with article 30, par. 2 of Law 2324/1995, as replaced by article 103 of law 2533/1997. The new organisation chart specifies the structure and responsibilities of the Commission's departments, the operational positions and qualifications of its staff and any other relevant issue. The new organisation was announced by presidential decree 25/2003 (Gazette 26/6.2.2003). More details for the new organization chart can be found in a separate chapter, in the third part of this report.

## DEVELOPMENTS IN THE ECONOMY AND THE CAPITAL MARKET

### Macroeconomic Developments

In 2002 the Greek economy sustained its high growth rate despite the international economic slowdown, following a steady upwards course. Preliminary estimates indicate that Greece's Gross Domestic Product (GDP) increased by 3.8% in 2002, as compared to 4.1% in 2001, while the GDP of the European Union (EU) member-states is estimated to have grown by 1% in 2002, as compared to 1.5% in 2001. Therefore, in 2002 the Greek economy showed remarkable growth despite adverse international conditions, helping to accelerate conversion with European economies.

The high growth rate of the Greek economy during 2002 is mainly due to the increase in private consumption and investment, as a result of the increase in real disposable income and private sector funding. Gross fixed private capital formation was the main growth engine, since it increased by 9.1% in constant prices in 2002 as compared to 6.5% in 2001 (Table 1). Gross fixed public capital formation had only a marginal contribution to GDP growth, given that its annual growth rate was limited to 0.5%. Private consumption increased by 3% in constant prices in 2002, as compared to 3.2% in 2001, further enhancing GDP growth, while public consumption increased by 1.5% in constant prices in 2002 as compared to 0.5% in 2001. Real aggregate domestic demand increased by 4.1% in 2002, as compared to 3.7% in 2001.

The external sector of the economy had a negative contribution of 0.2 percentage points in GDP growth during 2002, due to the decrease in exports and the minimal improvement in productivity. The growth of exports of goods and services is estimated at 1.4% in constant prices in 2002, while imports were increased by 1.9%.

In the period of January-November 2002, the industrial production index showed a slight increase of 0.1% relative to the same period of 2001, while the general Mining-Industry-Power-Gas-Water production index showed an increase of 1.1%. Increased economic activity reduced the unemployment rate from 10.4% in 2001 to 10% in 2002.

During 2002, the rate of price increases exceeded the average price increase rate in the eurozone. The Consumer Price Index (CPI) increased at an annual rate of 3.6% in 2002 as compared to 3.4% in 2001, while the harmonised CPI

increased by 3.9% in 2002 as compared to 3.7% in 2001. The average price increase rate in the eurozone was 2.2% in 2002, a fact demonstrating that by the end of 2002 there was an inflation differential of 1.7 percentage points between Greece and the eurozone; this compares with a 1.5 point differential by the end of 2001. This differential is mainly due to the higher growth rates, and the structural disadvantages of the Greek economy, as well as to extraordinary factors, such as the adverse weather conditions in early 2002, the transition to the euro and the high sensitivity of the Greek economy to oil price fluctuations.

An anti-inflationary policy was implemented in 2002. The nominal cost of labour per unit is estimated to have risen by 2.6% in 2002 as compared to 0.9% in 2001, while the average real wage increased by 3% in 2002 as compared to 2.3% in 2001. This development is due to the faster growth of average nominal earnings and the slowest increase in productivity in 2002, given that the growth in GDP per employed person is estimated at 3.5%, as compared to 4.4% in 2001.

In 2002, the European Central Bank (ECB) held on to its monetary policy objective of limiting broad money supply (M3) by 4.5%. In the mid-term, this objective is considered compatible with the aim of maintaining price stability in the eurozone. However, in October 2002 the annual growth rate of money supply (M3) in the eurozone was 7%. Despite increased liquidity, and due to adverse developments and ominous forecasts regarding economic growth and employment in the eurozone, on December 5th, 2002, the ECT decided to reduce its base rates by 50 basis points. More specifically, by the end of 2002 the minimum bid rate in main refinancing operations was reduced to 2,75%, whereas the interest rates on both the marginal lending facility and the deposit facility were also reduced to 3,75% and 1,75% respectively. In the Greek money market, the average short term corporate lending rate decreased to 7.24% in November from 7.74% in January, while the average long-term corporate lending rate decreased to 7.0% from 7.36% in January. During 2002, the consumer-lending rate decreased to 12.53% in November from 12.7% in January, while the mortgage loan rate decreased to 5.65% from 5.77% respectively. This slight year-to-year decrease in interest rates during 2002 was accompanied by a deceleration of credit expansion to the economy, which amounted to 6.8% in November 2002, as compared to 9.3% by the end of 2001. This deceleration mainly includes the limitation of credit expansion to the private sector of the economy to 18.2% in November 2002, as compared to 24.8% in 2001, due to the gradual saturation of consumer credit and the decrease of agricultural and shipping loan balances. Also, the rate of credit expansion to the general government remained negative in 2002 (-5,8%).

**TABLE 1****Macroeconomic Indicators of Greece, 1999-2002**

	1999	2000	2001	2002
<b>Aggregate Demand and GDP</b>				
(Constant prices, percent change over previous year)				
Gross Domestic product	3.4	4.3	4.1	3.8
Private Consumption	2.9	3.2	3.2	3.0
Public Consumption	-0.1	2.3	0.5	1.5
Gross Fixed Private Investment	14.7	8.1	6.1	9.1
Gross Fixed Public Investment	5.8	6.2	5.1	0.5
Final Domestic Demand	2.9	4.4	3.7	4.1
Exports of Goods and Services	6.5	18.9	-1.3	1.4
Imports of Goods and Services	3.9	15.0	-1.9	1.9
<b>Production &amp; Employment</b>				
Index of industrial production (percent, y-o-y)	2.8	7.7	2.4 <sup>1</sup>	0.1 <sup>2</sup>
Labour productivity (percent, y-o-y)	4.1	4.6	4.4	3.5
Nominal Unit Labour Cost (percent, y-o-y)	0.6	1.6	0.9	2.6
Real average wage (percent, y-o-y)	2.4	3.0	2.3	3.0
Unemployment rate	12.0	11.4	10.4	10.0
<b>Prices &amp; Monetary Aggregates</b>				
Inflation (CPI, year average percent change)	2.6	3.2	3.4	3.6
Inflation (harmonised CPI, year average percent change)	2.1	2.9	3.7	3.9
Deposits and repos (percent, y-o-y)	11.0	15.7	15.3	2.6 <sup>3</sup>
Total credit expansion (percent, y-o-y)	12.2	15.3	9.3	6.8 <sup>3</sup>
Credit expansion to the private sector (percent, y-o-y)	12.7	27.6	24.8	18.2 <sup>3</sup>
Credit expansion to the Public sector (percent, y-o-y)	11.0	6.1	-4.6	-5.8 <sup>3</sup>
10-year Treasury Bond Yield (percent, year average)	6.3	6.1	5.3	5.1
<b>Public Finances (percent of GDP)</b>				
General Government Balance	-1.8	-1.1	-1.2	-1.1
General Government Primary Surplus	5.8	6.1	5.1	4.4
General Government Debt	104.6	102.7	99.6	106.0
<b>External Transactions</b>				
Nominal Effective Exchange Rate (percent, annual change)	-0.9	-6.5	-0.6	0.7 <sup>4</sup>
Trade Balance (percent of GDP)	-13.9	-16.2	-14.9	-14.3
Current Account Balance (percent of GDP)	-3.2	-4.5	-4.8	-4.7

Sources: Ministry of National Economy, Bank of Greece.

<sup>1</sup> Jan. - Nov. 2001, <sup>2</sup> Jan. - Nov. 2002, <sup>3</sup> Nov. 2001 - Nov. 2002, <sup>4</sup> Jan. - Oct. 2002.

In 2002, treasury securities' yields continued to decline. The yield of the ten-year benchmark bond of the Greek treasury bonds amounted to 4.44% by the end of 2002, as compared to 5.28% by the end of 2001. This constant decrease in the spread between Greek and German securities highlights the gradual integration of the Greek market with European ones. Indeed, the ten-year bond spread decreased to an historical low of 23 basis points in the end of 2002, from 38 basis points in the end of 2001. The shift towards low risk investments enhanced activity in the bond market, increasing turnover in the Electronic Secondary Treasury bonds Market (ESGBM) from 314 billion Euros in 2001 to 566 billion Euros in 2002.

In 2002, the Eurostat suggested a change in the method of calculating certain expenditures of the budget, which led to the revision of certain fundamental macroeconomic aggregates. Thus, in 2002 the general government balance showed a deficit equivalent to 1.1% of the GDP, instead of the initially forecasted surplus, while the primary surplus of the general government was reduced to 4.4% of the GDP and public debt was increased to 105.6% of the GDP.

In 2002, the fundamentals of the current account balance were affected by the higher growth rates of the Greek economy in comparison to the EU, and the intense competition faced by Greek products. During the period January-October 2002, the Greek trade weighted exchange rate of the euro increased by an average annual rate of 0.7%, instead of decreasing by 0.6% in 2001. As a percentage of the GDP, the trade deficit was reduced from 14.9% in 2001 to 14.3% in 2002, while the current account deficit was reduced from 4.8% in 2001 to 4.7% in 2002.

## General Overview of the Capital Market

### *Developments in the capital market*

In 2002, the decline in most advanced and emerging capital markets, including the Greek capital market, continued for a third consecutive year. The global MSCI index registered a 20% year-on-year decrease, behaving in the worst manner since 1974, while the capital losses accumulated by the global FTSE index since 2000 amounted to 43%, admittedly giving a great blow to world-wide investor confidence. Cumulative capital losses for the three-year period represent the greatest downturn in stock markets since the Great Depression of 1929. This decline was an unprecedented experience for relatively new investors.

International concern over the weak recovery of economies, the amount and quality of corporate earnings, the bankruptcies, the pessimistic profit warnings, as well as the excessive level of equity valuations, were instrumental in making investors behave cautiously, despite the remarkable relaxation of monetary policy. High corporate debt burdens in both the US and Europe, encouraged, given the need to

sustain macroeconomic stability, policies that aim at attracting foreign capital inflows. Nevertheless, concerns over the integrity of the international monetary system and the effectiveness of Japan's monetary stabilisation program discouraged international fund movements and, therefore, any increase in capital market transactions. Risk aversion was a main feature of worldwide investor behaviour, leading to a further contraction of capital inflows towards less developed markets, an increase of trading in bond markets, and a wider use of hedging methods.

These developments affected the course of the Greek capital market in 2002, which was marked by a correction of stock prices and weak trading activity in the Athens Stock Exchange. It was also marked by an increase of activity in the derivative product and bond markets, albeit with wide fluctuations.

The emergence of stock market fluctuations, along with the decrease in the value of transactions and in the total market capitalisation of the companies listed in the Athens Stock Exchange did not have any destabilizing effect on market systems.

The ASE General Index closed at the year's end at 1.748,4 units, realising an annual decrease of 32.5% as compared to its closing price at the end of the previous year. In 2002, the daily value of transactions in the ASE was on average 100.3 billion Euros, representing an annual decrease of 38.1%. By the end of the year, total market capitalization amounted to 65,759.7 million Euros, representing an annual decrease of 32.2%. Despite this decrease, the total market capitalization of companies listed in the stock exchange is equivalent to approximately 47% of the Greek GDP.

During 2002, the ASE General Index followed a downward course, without wide fluctuations. This development was due to domestic and international factors. The most important of these factors were the international corporate governance scandals, mainly in the US, oil price fluctuations and the continued deterioration of investor sentiment in advanced markets.

At the beginning of the year, the Index decreased, only to show a slight increase during the second half of January. The course of the Index was adversely affected by the revision of forecasts on economic recovery and employment included in the semi-annual Report of the Ministry of Finance, and the frustration of the merger between the National Bank and Alpha Bank. During the same period, the value of transactions of FTASE 20 futures increased, along with the value of transactions on treasury bonds in the Electronic Secondary Treasury bond Market, and a decrease of spreads between Greek and German ten-year bonds to less than 0.4%. A major development during this period was the decision of the Greek government to increase the portion of pension fund assets invested in equity from 20% to 23%.

Since early February, the Index resumed its decrease, with an intermediate upward turn in early March, which lasted till early May. Uncertainty in the market intensified by the announcement, in the beginning of February, that Greek industrial

output had declined, along with the increase in inflation and non-performing consumer loans, and was further aggravated by the likelihood of prosecution of some businessmen-owners of listed companies. The positive news regarding the acquisition by Piraeus Bank of a 58% stake in the Hellenic Bank of Industrial Development did not suffice to reverse the climate, and as a result there were many redemptions of mutual fund units. The aggravation of the climate was also induced by the increase of inflation in the eurozone and the maintenance of stable interest rates by the European Central Bank, despite the looming depression. The warnings of the European Commission to EU member-states also played a decisive role in sustaining this negative climate. World-wide rumours about impending tension in the Persian Gulf made oil prices jump to over 27 dollars per barrel in early May, while the bankruptcy of the German construction company, Holzmann, had a negative effect on European Capital markets. During the same period, the Athens Derivatives Exchange introduced trading of futures on shares, encouraging an increase in the value of transactions, which was nevertheless marked by concerns over bear market speculation. The value of transactions on treasury bonds registered a slight, albeit steady, increase.

After following a new upward course till the end of this month, the General Index resumed its downward trend till the end of July. The value of transactions in the Athens Stock Exchange decreased, while the value of transactions on derivative products increased. The influencing factors were mainly international. A Report of the World Economic Forum downgraded Greek competitiveness, while the business confidence index of the Institute of Economic & Industrial Research deteriorated. A survey by Schroeder Salomon Smith Barney downgraded the Athens Stock Exchange to the 16th place among 23 developed markets. The bankruptcy of the German media company Kirh, was accompanied by major strikes in Germany, with adverse consequences for European capital markets. Investor sentiment further deteriorated due to the publication of an OECD Report, which highlighted the inability of European stock markets to react against pessimism, the further downgrading of Japan's credit rating and the increase of the US trade deficit. The new corporate governance scandal of WorldCom in the US, along with expectations regarding the company's bankruptcy, contributed to the further deterioration of international investor sentiment.

During the period July-August, the Index fluctuated around the 2,200-unit level, while the value of transactions remained stagnant, despite the decrease in industrial output. The Ministry of Finance announced the early adoption of International Accounting Standards by listed companies. Pessimism remained the main feature of international sentiment, fuelled by continuous revelations of corporate scandals in the US and Europe, and the decision of the European

Commission to impose sanctions on the member-states that exceeded the 3% public deficit limit. Trading in derivative products continued its upward course, as well as trading in bonds, which nevertheless maintained a small spread against German bonds. Though forecasts of international organisations regarding US economy and employment remained pessimistic, the markets moved upwards based on the expectation for a further interest rate cut by the FED, and on the decision of the IMF to extend loans of 30 bn dollars to Brazil, in order to prevent the contagion of the Argentinean crisis.

From early September until mid-October the Index declined again, falling below the 2,000-unit threshold. Greek inflation was the second largest in the eurozone and industrial output was unable to recover. Despite the positive rating of the Greek economy by the Fitch credit rating agency, the revision of the methods for the accounting evaluation of public debt and the Public Utilities' share capital increases imposed by the Eurostat did not allow any reversal in investor sentiment. The continuous redemption of mutual fund units led FEFSI to the announcement that Greece ranks 14th in terms of the amount of assets held by UCITS. During the same period, the value of transactions on derivatives and treasury bonds remains high. In an effort to boost investor confidence and market activity, the Athens Stock Exchange announced a set of measures, such as the most rigorous control of listed companies' financial statements, the revision of the tax regime governing market maker activity, and the improvement of the provision of market making services and open sales in the Athens Derivatives Exchange. One of the developments during this period was the publication of a survey conducted by the KANTOR consultancy, which showed a decline of merger & acquisition activity in the Greek market, and attributed this decline to an inability of realising capital gains, difficulty of financing new business projects and lack of proper business planning. Throughout this period the international climate remained pessimistic. The continuous announcement of negative forecasts regarding growth, employment and inflation in the eurozone's economies, and the constant increase of oil prices to over 29 dollars per barrel, also contributed to the decrease of the Index, while the breach of the 3% public deficit limit by Germany was accompanied by questions regarding the effectiveness and the need to retain the EU Stability Pact. When the Frankfurt Stock Exchange announced the suspension of operations in the Neuer Markt, after the capitalisation of the companies listed in it had shrank by 96%, the adverse sentiment was further aggravated. From mid-October till the end of 2002, the General Index followed a steady course.

The expectation of an increase in market activity based on the consuming potential of the Greek economy and especially on credit expansion in terms of consumer and mortgage loan did not come true. Despite a 0.5% interest rate cut

first by the FED and subsequently by the ECB, activity in international capital markets remained stagnant. Liquidity reduction was a general feature of this period and is due, to a great extent, to the initiation of disciplinary action by the European Commission regarding public debt in the eurozone, and a new publication of pessimistic forecasts by the OECD. The great event of EU enlargement with ten new member-states, including Cyprus, did not provide any boost to the Greek and the other European capital market, which were adversely affected by the bankruptcy of US-based United Airlines, the second largest carrier in the world.

The corrective trend, as well as the intense fluctuations of both the general price level, and the relative share prices in the ASE during 2002 are to a great extent due to the persistence of the adverse effects from international and domestic developments. These developments are the major outcome of the grand «boom and bust» cycle of the stock market during the previous years. The overheating-slowdown cycle has led in recent years, to extensive fluctuations and gradual corrections of stock prices through self-fulfilling expectations. The gradual spillover of these adverse effects to the real economy and the emergence of corporate governance scandals, contributed to the contraction of corporate earnings and, consequently, to the perpetuation of negative investment climate.

Nevertheless, according to domestic and international estimates, the relative soundness of the Greek economy's fundamentals sets the conditions for the acceleration of its long-term economic growth, with beneficial effects on trading activity. The improvement of international financial conditions, the dynamics of structural reforms on the economy, and the constant modernisation of the institutional framework for the capital market are expected to contribute to the reduction of the general level of uncertainty. Therefore, it is expected that in due time there will be a reversal of the unfavourable investment climate through the undertaking of new investment initiatives and the gradual restoration of the connection between, on one hand, the general price level, the relative share prices and market capitalisation, and on the other hand, the fundamentals of both corporations and the Greek economy, which show a gradual, albeit steady, improvement.

Due to the stock market fall, activity in the primary market of the ASE during 2002 was limited. Indeed, 18 new companies proceeded with the public offering of their shares, raising 92.5 million Euros, which corresponds to a 91.4% of annual decrease in new listings. In the same year, 5 listed companies proceeded with share capital increases, raising 257.7 million Euros.

By the end of 2002, the total number of listed companies in the ASE decreased to 350 companies, representing a slight decrease of 0.85%. The prospective improvement of financial conditions and the acknowledgement of the importance of modern corporate governance practices for raising low cost funds, are expected

to increase the number of companies that continue to prepare their listing applications or wait in line to be granted license to proceed with public offerings of shares or corporate bonds. The reversal in investor sentiment and the development regarding the institutional framework led the companies providing underwriter services to proceed with less reservations in marking the appropriateness of this period in relation to new listings.

The listed companies' profitability during 2002 showed a downward trend. According to the published annual financial statements for the year 2001, total net corporate profits post taxes of listed companies amounted to 4.3 billion Euros, representing a decrease of 22.6% as compared to the year 2000, while distributed dividends amounted to 2.3 billion Euros, representing a decrease of 13.4%. The first estimates of the listed companies' results for 2002 show that net profits before taxes have decreased by 16.4%, in comparison to the same period of 2001. This reduction in profitability is mainly attributed to the adverse conditions prevailing in the stock market.

During the past five years, the increased liquidity generated by fresh capital inflows to the capital market has been channelled to investment on securities through collective investment institutions. Conversely, the decline of the stock market during the past few years has led to the redemption of mutual fund units, and the liquidation of shareholdings in portfolio investment companies. In fact, by the end of 2002 the total assets of approximately 260 mutual funds amounted to 25.4 billion Euros, marking an annual decrease of 5.3%. This decrease in institutional fund assets in recent years prepared the ground and provided the incentives for the competitive rationalisation and restructuring of the industry's investments towards placements in new products and foreign securities.

There was also a change in the composition of mutual fund investment. In the end of 2002, the net assets of money market funds amounted to 42.3% of total assets, increasing by 10.9 percentage points. At the same time, net assets of equity funds amounted to 14.6% of total assets, decreasing by 32.2 percentage points, while net assets of bond funds amounted to 20.2% of total assets, decreasing by 8.3 percentage points. These changes prove that there is a steady change in the treatment of Greek savings, which is shaped by the overall developments in the stock market. While in previous years a large and increasing portion of savings was channelled into high risk-bearing financial placements, in the past two years the reversal in investor sentiment led money savings to low risk placements. That is, there is both great sensitivity to stock market developments and a decrease in the supply of funds that accept the undertaking of higher risks in return for higher returns.

Despite the downturn of the stock market, the new institutional framework contributed to the enrichment of investment options with new products, the most

important being the issuance of corporate bonds, traded in the Athens Stock Exchange; thus, the Greek capital market continues to provide companies with an important mechanism for financing their business plans. It is expected that this new potential supply of low cost funds through the capital market will encourage the companies that draw such funds to make new investments, which in turn fuel their economic growth and their competitive reorganisation. These features can in turn fuel positive expectation, attracting new businesses and new funds into the capital market.

In 2002, the funds raised in the capital market were mainly used to finance new investment in plant and equipment, merger and acquisition activity, investment through debt substitution and working capital needs. The funding of new investment projects through the capital market assisted the improvement of the corporations' financial health and, therefore, of the national economy's growth prospects, thus making it possible to undertake new and profitable investment projects.

### *The institutional developments in the capital market*

The main objective of both the supervisory authorities and the State is to enhance the regulatory framework and the infrastructure for the supervision of the capital market. The standards set by the laws 2324/95 and 2396/95 regarding the capital market have been met during the past few years. The implementation of certain measures (codes of conduct of business, the monitoring of capital adequacy, the take-over code, the publication of quarterly financial statements by listed companies, the completion of the process of dematerialization of securities and the initiation of the derivatives market, etc.) has been gradually completed, safeguarding the market and providing many benefits to all market participants. Even during the period when prices and transactions in the ASE were significantly reduced, the new regulatory safeguards protected the market from phenomena of extreme speculative behaviour and disorganisation that had been noted during similar periods in the past.

During 2002, the regulatory and operational framework of the Greek capital market was strengthened and upgraded through the introduction of new regulations and possibilities. The regulations contributed to the improvement and expansion of the existing institutional framework on the basis of the substantial experience thus far accumulated. This year the development of capital market supervision included measures such as the enhancement of the possibilities, effectiveness and liquidity of the market, the completion of the programme for the professional certification of market agents, the modernisation of the framework governing the listing of companies in the Stock Exchange and their oversight, as well as a series of ameliorating interventions in the operation of the market, as well as in the trading and clearing system.

During 2002, the Board of Directors of the Commission, having obtained the necessary authorisation, issued almost 30 rules and regulations and proposals to the Minister of Economy and Finance for issuing ministerial rules. These are rules and regulations which contributed to the ongoing institutional progress by aiming principally at the protection of investors, the improvement of the smooth functioning and systemic protection of the market, the establishment of transparency of the capital market and the improvement of the operating conditions and efficiency of market intermediaries. These rules and regulations helped to improve the institutions and rules governing the security of transactions and investors, as well as the financial adequacy of market intermediaries, the adaptation of the codes of their business conduct with the view of protecting investors from unethical behaviour, and the enhancement of rules concerning transparency, which improved significantly the provision of information to investors.

Special emphasis was placed on the completion of the regulatory framework for the professional certification of market participants, with the aim of upgrading the quality of services rendered to investors. These certifications refer to the following professional positions: a) securities and market analyst; b) asset manager; c) investment consultant; d) persons executing orders at brokerage firms and investment firms; and e) persons receiving and transmitting orders at firms for the reception and transmission of orders. Having obtained the necessary legal authorisation, the Hellenic Capital Market Commission issued the relevant rules, which specified the terms and conditions for candidate entry in the corresponding examinations, and proposed to the Ministry of Finance the issuance of a rule specifying the syllabus and other details. The examinations for the professional certification of market participants are an innovation for the Greek capital market that will lead to substantial improvement in the quality of human resources in the capital market, and will improve the quality of the rendered services, the competitiveness of the capital market and the effective protection of investors. These examinations were held three times during 2002. The total number of entrants was 3,170, and the average success rate was 42%.

Investor service was decisively enhanced by the creation of a new market institution: the Capital Market Ombudsman. All market agents are responsible for the operation of this institution, which is expected to provide a major assistance to the settlement of disputes between financial intermediation firms and their clients on the basis of consent. The necessary material infrastructure is currently under completion, and the person of the Ombudsman has already been selected. The jurisdiction of the new institution includes all brokerage, investment and mutual fund management firms supervised by the Hellenic Capital Market Commission. The main objective of the new institution is the friendly settlement

and mutual resolution of disputes occurring between individual investor-clients and market intermediaries that fall into the Ombudsman's jurisdiction, in a just and unbiased manner and through transparent and concise procedures. The new institution will provide its services to individual investor-clients free of charge, and the Ombudsman will act independently, with the aim of safeguarding their interests. Cases of significant violation of stock market legislation will be referred to the competent supervisory authorities. The Ombudsman will play a conciliatory role, will issue effective, comprehensive and easy to understand recommendations, which will not be binding for the parties involved, since it will be up to them to accept them or otherwise. In order to formulate the recommendations, the Ombudsman will not only take under consideration the applicable laws, but also the overall conditions of operation of market intermediaries, as these are set by the codes of conduct, the general best practice standards and the rules governing entrepreneurial behaviour. The person of the Ombudsman will be a person of recognised authority, will possess knowledge and expertise regarding investment services will be fully and exclusively employed, in order to ensure the independent execution of his or her duties. Market agents will not interfere in the formation and formulation of the Ombudsman's opinion. The Ombudsman takes care for the strategic enhancement of the institution's effectiveness and proposes the necessary actions to the new institution's instruments.

Investor protection was enhanced through the amendment of the code of conduct for institutional investors, which introduces Chinese walls and incompatibility of executive duties among professional asset managers, senior managers and company board members.

Major steps have been taken towards the improvement of transparency in the capital market. Investment firms are now most strictly obliged to prepare semi-annual and annual financial statements, audited by certified auditors, which will be submitted to the Capital Market Commission within two months from the end of the semester and the calendar year. There was also an amendment of the value of transactions announced by brokerage firms, regarding shares of companies under probation.

Statutory provision was made about the type of information and the contents of the semi-annual and annual report of real estate mutual funds, as well as the minimum content of insurance policies covering real estate that constitutes the investment of real estate mutual funds.

Another major priority was the supervision of listed company compliance with transparency obligations. Audits regarding the disclosure of additional information in the financial statements published by listed companies continued, with the aim of providing investors with complete information concerning the use of the funds raised. There were also further audits regarding the disclosure of additional

information in cases of share capital increases by listed companies, and the compliance with the restrictions set on the amount of such increases, and especially the uses of funds raised, which must be in accordance with the decisions of the General Shareholders' Meeting.

A major part of the Commission's supervisory activity was the supervision of the implementation of the code of conduct for companies listed in the Athens Stock Exchange (HCMC regulation 5/204/2000), regarding the obligation to timely announce intended transactions by company insiders, as well as important corporate events. The Commission is responsible for monitoring compliance with the provisions of law 3016/2002 on corporate governance, regarding the composition of the board of directors and the duties of its members, the internal audit and organisation of the companies, and the use of funds raised in the market. Compliance with these provisions continues normally.

The terms and conditions regarding the allocation of securities listed in the New Market and the Greek Market for Emerging Markets Funds and distributed among various investor categories through public offerings, were also improved with the aim of enhancing efficiency and enriching the primary market for corporate securities.

The flexibility of the institutional framework for mergers & acquisitions between listed companies was also increased, through the amendment of certain provisions of the Take-over Regulation, by waiving the obligation of submitting a compulsory tendered offer in certain cases of corporate acquisitions.

The effectiveness of stock market transactions and the smooth operation of the market were significantly enhanced through the expansion of trading capabilities, which includes improvements in the short-selling regime and the extension of the provision of market making services to all markets of the Athens Stock Exchange. The new framework allows short selling through the procedure of pre-arranged deals on regulated products and the up-tick rule. The effectiveness of this framework is further enhanced through the establishment of the obligation of investors who have sold a share short, to return to the Athens Derivatives Clearing House all borrowed shares upon making the first purchase on the given share. These possibilities improve significantly the hedging mechanism, which is instrumental for effective portfolio management during periods of stock market volatility.

There were also improvements in the framework for the provision of market making services, by rationalising the terms and conditions for rendering such services. Market makers are now able to perform regulated deals, as well as deals on the closing price, while the minimum daily quantity of shares available for trading to market makers has been connected to the average liquidity of the Athens Stock Exchange. Moreover, a new regulation enables market makers to prepare, under certain terms and conditions, over-the-counter Stock Exchange Repurchase Agreements in the

Athens Derivatives Exchange. This regulation introduces the use of a new product in the Athens Derivatives Exchange, by means of which market makers borrow the securities required to perform their duty from the shareholders of the listed company.

The improvement and expansion of the market maker institution, is expected to have manifold benefits for the operation of the capital market, and not only to assist in the balancing of supply and demand for stock, but also to increase the liquidity of stocks with large and small market capitalisation. All brokerage firms that are members of the ASE and the Athens Derivatives Exchange are eligible to become market makers. Nevertheless, the intermediary role of the market maker in both the Main and Parallel markets is optional, excluding the New Market, where this role is mandatory.

The possibility of forming Basket Orders was also established. This possibility will contribute to the reduction of portfolio management costs of investment firms, and the development of a retail market for securities, while it enhances the protection of investors that have signed portfolio management contracts through the complete automation and reduction of execution errors, as well as the transparency of transactions through the establishment of an audit trail regarding the entry, execution, clearing and settlement of an order.

Finally, the smooth operation of the market was also enhanced by the increase and conversion in Euros of the minimum share capital required for the granting of operating licenses to portfolio investment companies and mutual fund management firms (MFMF), mutual funds and real estate mutual funds.

As far as infrastructure is concerned, the Dematerialised Securities System was continuously upgraded in order to meet the demands of the constantly expanding Greek capital market. In 2002, the improvement of the effectiveness of the trading and the clearing & settlement systems was a major regulatory priority, mainly based on the improvement and amendment of the Regulation for the Clearing and Settlement Process and the operation of the Dematerialised Securities System. These amendments mainly included the extension to market makers of the possibility of using Repurchase Agreements, as well as the terms and conditions for such use, the specification of the procedure regarding the disposal of bearer shares converted to registered shares, whose owner remained unknown to the issuing company, and the rationalisation of the method for evaluating the clearing and settlement services provided by the Central Securities Depository, the improvement of the method for the effective execution of transactions by client account operators in brokerage firms and the method for recording information about investors by the Central Securities Depository.

The terms and conditions for the operation of the Common Guarantee Fund where reviewed, and certain initiatives where taken for the modernisation of the existing institutional framework, with the aim of enhancing the security of

transactions. The procedures concerning the effective operation of the Supplementary Fund, in case an ASE member defaults in its settlement obligations, were updated. The new framework that is currently in operation allows for more flexible procedures in order to activate the relevant clauses of the Supplementary Fund.

The Hellenic Capital Market Commission provided a major assistance to the Ministry of Economy and Finance for the production of legislation regulating the capital market. The law on corporate governance of listed companies has, indeed, been enacted and is being implemented. This law constitutes an important development on the European level, and corresponds to contemporary demands for the transparent management of listed companies and the accountability of both their board members and senior management against shareholders. More specifically, the law establishes increased obligations for board members, specifies the independent non-executive members of the board of directors and sets the conditions for their independence, mandates the organisational modernisation of listed companies and the preparation of an internal operation manual, with the aim of attaining transparency and facilitating shareholder information. Finally, it provides the option to change, having the enhanced approval of the General Meeting of the Shareholders, the use of the funds raised in the market, which was presented in the approved Prospectus.

Moreover, in 2002 the law concerning the introduction of the international accounting standards (IAS) was enacted and a full timetable has been set. Listed companies will first apply IAS in their 2003 annual balance sheet. The law concerning mutual funds and real estate investment firms has been enacted and implemented, as well as the law on investment companies in cargo/fuel shipping. During 2002, the draft laws on the establishment and supervision of stock exchanges, organised securities markets and clearing houses were completed and put forward for consultation, concerning the transfer of responsibilities from the Athens Stock Exchange to the Hellenic Capital Market Commission, due to the change in the ownership of Hellenic Exchanges SA, the clearing house and exchange's owner. Moreover, the completion of the draft law on corporate bonds and asset-back securities, the securitisation of financial and mortgage claims, and the draft law on the establishment of an independent accounting standardisation and audit committee were also put forward for public consultation. The procedures regarding the privatisation of Hellenic Exchanges SA have been furthered, and strategic agreements of between the ASE and other stock exchanges have been scheduled

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

The system's operating conditions and transparency was further improved by a series of rules and regulations issued by the ASE authorities. These include the adjustment of the trading hours for ASE members, flexibility in the appointment of authorised clerks by brokerage firms, the improvement in the disclosure of financial information by listed companies to the investors, the specification of the terms and condition for the listing of cargo/fuel shipping company securities and the activation of the provision of market maker services.

The development of the derivative product market in both the ASE and the Athens Derivatives Exchange, along with the development of financial ratios concerning the performance and governance of listed companies, were also important features of the year 2002.

During 2002, prudential supervision of financial intermediaries (brokerage firms, investment firms and mutual fund management firms), listed companies and financial transactions by the Commission was carried out forcefully. More specifically, prudential supervision principally involved the setting of fit and proper criteria for granting operating licenses to financial intermediaries and the listing of shares in the stock exchange, the monitoring of capital adequacy of brokerage firms through monthly regular and ad hoc audits, the monitoring of the asset composition of institutional investment through quarterly and ad hoc audits, the monitoring of the financial behaviour of firms for the reception and transmission of stock exchange orders through recurring sample audits, the cross-checked monitoring of transactions in the stock exchange and the derivatives exchange for the prevention of market abuse practices, the daily monitoring of the clearing and settlement process and imposition of 'automatic sanctions' in cases of malpractice, and the monitoring of illegal short selling.

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

During 2002, the auditing work of the Commission expanded into new areas. Both prudential supervision, as well as control and sanctions, were efficient and brought considerable benefits to the Greek capital market by securing conditions of smoothness in the operation of the market at times of rapid restructuring of the supply and «retail» demand for securities. The audits were multidimensional, including dozens of brokerage firms, investment firms, mutual fund management firms and listed companies. A large number of information disclosure practices by large shareholders and company insiders were also audited. The Commission

continued its special program of auditing firms for the reception and transmission of stock exchange orders. The Commission examined in detail several cases of share transactions, where there was an indication of market abuse practices. Several illegal practices were detected by those audits, which led the Commission to levy fines totally worth 27 million Euros, the proceeds credited with the Greek State, and to submit indictments against a large number of persons and legal entities to criminal courts.

The Commission is endowed with the authority to conclude bilateral and multilateral agreements and memoranda of understanding with other countries' regulatory authorities for the exchange of confidential information, the co-operation on issues related to the safeguarding of market stability. In the context of international relations development, members of the Commission's staff participated in numerous international conferences. Moreover, during 2002 a new bilateral memorandum of understanding was signed and co-ordinating bodies were formed with the aim to improve co-operation between stock exchanges, clearing houses and regulation authorities.

It was also very important that in 2002 a CESR working group, chaired by the Hellenic Capital Market Commission, completed the preparation of a set of rules concerning market abuse and the respective Directive was passed through both the European Council and the European Parliament. Moreover, the measures for the implementation of the Directive of the Level II legislative procedure provided for by the Lamfalussy Report were further elaborated.

In general, the staff of the Hellenic Capital Market Commission had a great contribution to the discussions and the preparation of European Commission Directives related to the capital market. These include the revision of Directives on (a) investment services, (b) collective investments, (c) the context of Prospectuses and the implementation of International Accounting Standards by the year 2005, (d) transparency and frequency of the disclosure of financial information by listed companies, and (e) take-overs. During the Greek Presidency of the European Union in the first semester of the year 2003, the working groups elaborating on the provisions of the aforementioned Directives will be chaired by members of the Hellenic Capital Market Commission and other bodies.

The continuous institutional and supervisory initiatives by the Commission enhanced market and investor protection under increasingly difficult circumstances for the world financial markets. Despite the fall in share prices during 2002, the operational and supervisory systems of the capital market functioned properly and remained unaffected by the adverse psychological conditions prevailing in the market. All systems and supervisory mechanisms proved to be rather durable and the market was not exposed to any systemic risk.

## Developments in the Capital Market

### *The ASE General Index*

In 2002, the Athens Stock Exchange underwent a third consecutive year of adverse developments, accompanied by a decline in share prices. This decline was a feature of almost all advanced, and most emerging, capital markets. It is estimated that international markets registered an overall decrease of 17%, with capital losses that exceed 1.2 billion US dollars.

As far as the main indices of major advanced capital markets are concerned, the S&P 500 index registered a year-on-year decrease of 24.22%, the Dow Jones Industrial Average a decrease of 18.08%, the Nasdaq decreased by 32.15%, the DAX index of the Frankfurt Stock Exchange decreased by 43.94%, the CAC 40 index of the Paris Stock Exchange decreased by 33.75%, the FTSE-100 index of the London Stock Exchange registered a 24.48% fall and the Nikkei index of the Tokyo Stock Exchange decreased by 18.63%. The Greek capital market was no exception to this rule, due to its high correlation with international markets. The General Index of the Athens Stock Exchange realised a total annual decrease of 32.5%, while capital losses accumulated since its historical high (17.9.1999) amount to 72.5%.

**TABLE ■ 2**

#### Average Annual Percentage Change of the ASE General Index, 1992-2002

Re- turn Year	Placement Year									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1993	42.6%									
1994	13.7%	-9.4%								
1995	10.8%	-2.3%	5.2%							
1996	8.6%	-0.9%	3.6%	2.1%						
1997	17.1%	11.5%	19.4%	27.2%	58.5%					
1998	26.4%	23.4%	33.2%	44.2%	71.3%	85.1%				
1999	35.1%	33.9%	44.8%	56.9%	81.0%	93.4%	102.2%			
2000	22.4%	19.8%	25.5%	30.0%	38.0%	31.8%	11.3%	-38.8%		
2001	16.2%	13.2%	16.9%	19.0%	22.7%	15.0%	-1.8%	-31.6%	-23.5%	
2002	10.0%	6.9%	9.1%	9.7%	11.0%	3.4%	-10.6%	-31.9%	-28.2%	-32.5%

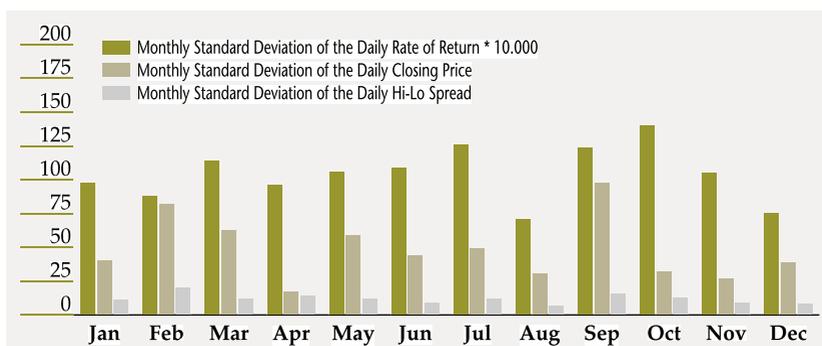
Note: The results are based on the following formula:  $(X_t / X_0)^{(1/t)} - 1$ , where  $X_0$  and  $X_t$  represent the closing values of the ASE General Index at the year-base 0 and at the year  $t$ , respectively.

In the last trading session of the year 2002, the General Index closed at 1,748.42 units. The average annual closing value of the General Index was 2,149.01 units. The highest annual closing value was registered on January 4th, 2002 (2,646.38 units), while the lowest value was registered on October 9th (1,727.09 units). The

highest annual intraday value of the index was registered on January 3rd (2,655.09 units), while its lowest value (1,704.71 units) was registered on October 9th. The fall of the General Index was accompanied by limited fluctuations. The average standard deviation of daily returns of the General Index was, indeed, 1.04% in 2002, against 1.8% in 2001, 2.1% in 2000 and 2.4% in 1999. The average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index was reduced from 58.2 units in 2001 to 11.9 units in 2002. The reduction of share price fluctuations during the past few years is due to the gradual reduction of short-term investors in the Athens Stock Exchange, as a result of the decrease in transaction value and market liquidity. The ASE General Index exhibited considerable volatility during February, March and September, due to developments in Greece and abroad (see Figures 1 and 2).

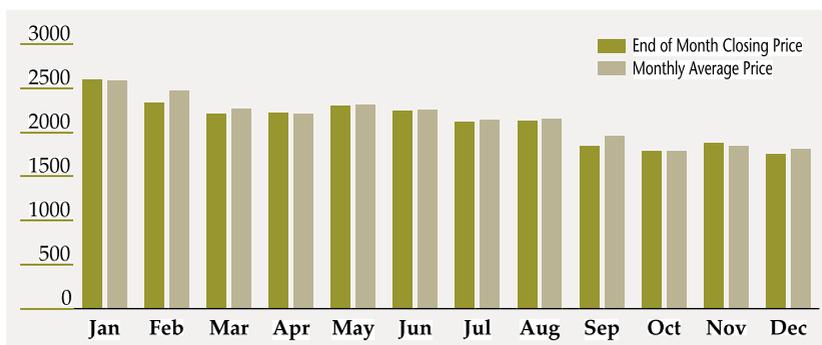
**FIGURE 1**

**Monthly Volatility of the ASE General Index, 2002**



**FIGURE 2**

**Monthly Closing Price of the ASE General Index, 2002**



### *Sectoral share-price indices in the ASE*

In 2002, all sectoral indices followed a downward course (Tables 3 & 4). The losses of most sectoral indices exceeded those of the General Index. The greatest loss was suffered by the Insurance index (-71.77%), followed by the IT Equipment (-65.63%), Holding Companies (-59.42%), Metals (-48.93%), Publishing and Printing (-48.64%) and Bank (-44%) indices. The FTSE/ASE 20 index, which includes large capitalisation stocks, decreased by 39.92%, while the FTSE/ASE Mid 40 index, which includes middle capitalisation stocks, decreased by 34.75%. Finally, the FTSE/ASE Small Cap 80 index, which includes small capitalisation stocks, decreased by 45.2%.

As far as the prices of individual stocks are concerned, from a total of 368 stocks traded in the ASE on 31.12.2002, only 35 (9.5%) registered a price increase relative to their price on 12.28.2001, or their offering price, provided that they had been listed after 28.12.2001. The remaining 333 stocks registered capital losses of up to -91.4%. Only 124 stocks (34% of the total) managed to «beat» the General Index during this period. Finally, 152 stocks registered price declines of over 50%.

**TABLE ■ 3**

#### **Sectoral Share Price Indices in the ASE, 2002**

Sectoral Share-Price Index	Closing Price 31.12.2002	Lowest price for the year	Highest price for the year	% change since 2.1.2001
General Index	1,748.42	1,704.71	2,655.07	-33.45
FTSE/ASE 20	863.90	846.80	1,451.74	-39.92
FTSE/ASE MID 40	187.51	180.72	292.01	-34.75
FTSE/ASE Small Cap 80	464.49	454.99	863.26	-45.20
Banks	2,688.23	2,630.29	4,853.83	-44.00
Insurance	517.70	484.07	1,861.51	-71.77
Investment	543.12	460.65	814.17	-30.98
Industrial	1,014.72	1,005.45	1,586.42	-35.16
Holding Companies	1,054.57	1,038.12	2,658.77	-59.42
Construction	946.98	840.64	1,299.16	-22.92
Metals	425.99	417.64	850.40	-48.93
IT Equipment	192.78	180.37	568.39	-65.63
Publishing-Printing	234.03	206.63	473.42	-48.64
Textiles	394.80	383.21	901.43	-54.90
Retail Trade	535.16	445.36	884.16	-38.53
Industrial Minerals	789.22	772.41	1,080.22	-26.10
Information Technology	472.10	462.63	890.69	-41.81
Telecommunications	816.81	751.16	1,218.72	-30.28
Food & Beverages	437.86	432.40	831.22	-46.69
Wholesale Trade	380.51	343.81	681.49	-43.02
Real Estate	819.45	791.44	1,052.62	-18.06 <sup>1</sup>
Oil Refineries	917.66	895.13	1,136.39	-8.23 <sup>1</sup>
Parallel Market	149.30	146.53	257.86	-40.88

Source: ASE. <sup>1</sup> Exists since 8.5.2002.

**TABLE ■ 4**

**Sectoral Share Price Indices in the ASE by Month, 2002**

General Index	Banks	Insurance	Investment	Holding Companies	Industrial	Construction	Parallel Market	FTSE/ASE 20	FTSE/ASE	
									Mid 40	Small Cap 80
31-Jan.	4,690.53	1,683.68	741.80	2,513.07	1,529.27	1,243.61	254.75	1,417.48	283.66	833.49
28-Feb.	4,142.37	1,543.87	690.23	2,133.10	1,394.23	1,122.68	233.88	1,264.86	253.22	758.80
29-Mar.	3,849.42	1,300.89	658.50	1,972.68	1,337.74	1,060.10	231.57	1,229.21	246.62	729.29
30-Apr.	3,603.64	1,091.13	639.50	1,800.93	1,364.38	1,079.51	226.38	1,161.75	247.04	698.66
31-May	3,870.86	1,099.70	675.12	1,966.35	1,413.82	1,190.74	228.21	1,218.12	258.20	710.90
28-Jun.	3,710.27	971.84	669.93	1,869.63	1,388.07	1,150.56	226.60	1,170.13	253.40	677.11
31-Jul.	3,416.49	778.19	629.43	1,694.46	1,324.73	1,092.28	203.51	1,083.17	237.80	615.92
30-Aug.	3,424.79	726.29	630.60	1,686.41	1,311.51	1,036.24	199.37	1,087.14	253.03	614.27
30-Sep.	2,944.52	531.43	507.48	1,235.54	1,132.54	931.32	168.17	932.00	199.92	512.95
31-Oct.	2,741.44	570.63	512.22	1,137.49	1,114.12	951.18	167.18	889.13	195.71	499.80
29-Nov.	2,805.52	713.46	556.98	1,210.29	1,174.92	1,027.97	181.19	914.45	210.55	566.49
31-Dec.	2,688.23	517.70	543.12	1,054.57	1,014.72	946.98	149.30	863.90	187.51	464.49
Max. 2002 <sup>1</sup>	4,816.30	1,834.07	796.40	2,598.75	1,571.52	1,281.70	342.16	1,447.47	289.51	845.54
Min. 2002 <sup>1</sup>	2,645.95	497.76	470.36	1,051.48	1,012.05	859.37	148.87	856.95	182.52	459.56

Source: ASE.

<sup>1</sup> Closing Prices.

### *The value of transactions in the ASE*

In 2002, the total value of transactions in the Athens Stock Exchange decreased by 38.9%, falling to 24.8 billion Euros, from 40.5 billion Euros in 2001 and 101.7 billion Euros in 2000 (Table 5). The average daily value of transactions was 100.3 million Euros, as compared to 162.1 million Euros in 2001 and 440.8 million Euros in 2000. The highest daily value of transactions was 758 million Euros and was observed on June 14th, while the lowest daily value of transactions was 37.9 million Euros and was observed on August 5th, 2002. The largest annual decrease in the value of transactions was observed in the Main Market (-41.8%), while the total annual value of transactions in the Parallel Market decreased by 26%. Finally, the total annual value of transaction in the New Market increased by 52% in 2002, due to the listing of 3 new companies, which raised the total number of companies listed in this market to 5. The value of transactions in the Parallel Market of the ASE during 2002, accounted for 20% of the total value of transactions, as compared to 16.5% in 2001 and 19% in 2000, while the value of transactions in the New Market accounted for 0.9%, as compared to 0,4% of the total value of transactions for 2001.

**TABLE ■ 5**

#### **The Value of Transactions in the ASE, 1994-2002**

Year	Main Market		Parallel Market		New Market		ASE Total <sup>1</sup>	
	Amount (mil. €)	% annual change	Amount (mil. €)	% annual change	Amount (mil. €)	% annual change	Amount (mil. €)	% annual change
1994	3,596.83	-	105.04	-	-	-	3,716.49	-
1995	3,690.91	2.6	442.53	321.3	-	-	4,140.11	11.4
1996	5,334.03	44.5	506.05	14.4	-	-	5,849.33	41.3
1997	16,259.13	204.8	768.10	51.8	-	-	17,081.40	192.0
1998	39,097.70	140.5	2,233.45	190.8	-	-	41,708.07	144.2
1999	153,373.11	292.3	19,175.66	158.6	-	-	173,026.98	314.9
2000	83,961.93	-45.3	16,824.75	-12.3	-	-	101,675.74	-41.2
2001	33,698.54	-59.9	6,679.37	-60.3	151.89	-	40,529.80	-60.1
2002	19,596.78	-41.8	4,943.69	-26.0	230.56	51.79	24,771.03	-38.9

Source: ASE

<sup>1</sup> Includes margin account transactions in the Main and Parallel markets.

#### *Net profits and dividends of the ASE listed companies*

The decline in the profitability of most ASE listed companies that had already been observed in 2001, continued during the year 2002. Net post tax profits of listed companies, based on their 2001 annual financial statements, amounted to 4.3 billion Euros, representing a decrease of 22.6% in relation to 2000. At the same time, the dividends distributed out of the 2001 profits were reduced by 13.4%, leading to a dividend payout ratio of 53.3% for 2001, as compared to 47.6% for 2000. By the end of 2001, the price to

post tax earnings ratio (P/E) was 24.8 for the capital market as a whole, 14.4 for Banks, 26.3 for Telecommunications, 29 for Insurance and 14.3 for Holding Companies.

The listed companies' results for the first three quarters of 2002 show a 16.4% decrease in total profits, while total turnover increased by 7.7%. Given that the total pre-tax profits for the first three quarters of 2002 amount to 3,739.2 million Euros, while the total market capitalisation of the ASE by the end of September 2002 was 69,067 million Euros, we get a preliminary estimate of the price to earnings ratio of the Greek capital market as a whole of about 18.5. By the end of September 2001 this ratio was 17.8.

In 2002, the profitability of Banks and Portfolio Investment Companies deteriorated significantly. More specifically, pre-tax profits of credit institutions listed in the ASE for the first three quarters of 2002 were reduced by 47% in relation to the same period of 2001, as compared to a total reduction of 13% in 2001 and 24% in 2000. Total pre-tax profits of listed portfolio investment companies for the first three quarters of 2002<sup>1</sup> registered an even greater decrease of 72%. On the contrary, trading and industrial companies listed in the ASE realised a 5% increase in net pre-tax profits for the first three quarters of 2002 in relation to the same period of 2001, as well as a 15% increase in total turnover. Overall, based on the published financial statements of 344 companies for the first three quarters of 2002, 268 companies realized profits (79%) while 76 companies sustained losses, and 60% of profitable listed companies suffered a decrease in profits in 2002, in comparison to 2001.

**TABLE 6**

**Net Profits and Distributed Dividends of the ASE Companies, 1990-2001**

Year	Net profits <sup>1</sup> (ο€ εκατ. €)		Distributed Dividends (mil. €)		Dividend ratio
	Amount	% change	Amount	% change	
1990	456.53		274.95		60.2
1991	694.20	52.1%	374.14	36.1%	53.9
1992	528.61	-23.9%	261.62	-30.1%	49.5
1993	913.42	72.8%	353.17	35.0%	38.7
1994	1,019.07	11.6%	503.03	42.4%	49.4
1995	1,072.40	5.2%	568.24	13.0%	53.0
1996	2,008.38	87.3%	733.38	29.1%	36.5
1997	2,144.61	6.8%	1,010.38	37.8%	47.1
1998	2,640.20	23.1%	1,316.33	30.3%	49.9
1999	6,109.47	131.4%	1,931.19	46.7%	31.6
2000	5,558.00	-9.0%	2,645.74	37.0%	47.6
2001	4,299.98	-22.6%	2,290.40	-13.4%	53.3

Source: ASE.

<sup>1</sup> Profits post taxes and after the compensation of board members of profitable companies.

<sup>1</sup> Portfolio Investment Companies that were listed in the ASE during 2002 are not included.

### *Market capitalisation of the ASE listed companies.*

In 2002, the total market capitalisation of ASE listed companies continued to decrease both as an absolute figure, and as a percentage of the GDP (Tables 7 & 9). The total market capitalisation of ASE listed companies decreased from 97 billion Euros in the end of 2001 and 118 billion Euros in the end of 2002 to 65.8 billion Euros in 2002. During the four-year period 1999-2002 total market capitalisation of ASE listed companies was reduced by 67%.

The decrease of market capitalisation during 2002 is mainly due to the decline in share prices, which was not offset by new company listings and share capital increases of ASE listed companies, as was the case in previous years. By the end of 2002, the total market capitalisation of the 15 new companies that were listed in the ASE during the year was 365.5 billion Euros, which accounts for 0.6% of total market capitalisation in the stock exchange.

In 2002, the market capitalisation of shares traded in the Main Market was reduced by 32.2% and represented 91.9% of total market capitalisation in the ASE. The market capitalisation of shares traded in the Parallel Market was reduced by 32.8%, while market capitalisation of shares traded in the New Market increased by 143.2%, due to the increase in the number of listed companies.

In the end of 2002, Banks accounted for 23.6% of the total market capitalisation in the ASE, as compared to 24% in 2001, followed by Telecommunications with 17.3% of total market capitalisation in 2002 as compared to 16.6% in 2001, Gaming (5.8%), Holding Companies (5.7%), Alcoholic & Non-alcoholic Beverages (4.8%) and Electricity (4.7%).

The greatest annual loss in market capitalisation (-41.6%) was suffered by the financial sector (banks, insurance companies, leasing companies, portfolio investment companies), whose share in total market capitalisation was reduced to 27% by the end of 2002, from 31% in 2001 and 37% in 2000. There was also a 35.4% in the market capitalisation of the industrial-manufacturing sector, whose share in total market capitalisation was reduced from 20% in 2001 to 18.8% by the end of 2002. The smallest annual loss in market capitalisation (23.6%) was suffered by other company sector (provision of non-financial services, trade, construction, shipping), whose share in total market capitalisation increased from 41% in 2001 to 46.4% by the end of 2002.

By the end of the year, the listed companies with the highest market capitalisation were the Hellenic Telecommunications Organisation (8.1% of total market capitalisation, as compared to 9.5% in 2001), EFG Eurobank-Ergasias (5.3% of total market capitalisation, as compared to 4.7% in 2001), the National Bank of Greece (4.7% of total market capitalisation, as compared to 6.5% in 2001), Cosmote (4.7% of total market capitalisation, as compared to 3.9% in 2001), followed by the Public Power Corporation and Vodafone-Panafon (3.6% each).

The overall liquidity in the Athens Stock Exchange decreased as well, given that the exchange's average daily liquidity index decreased to 0.13% in 2002 from 0.18% in 2001 and 0.26% in 2000 (Table 8).

**TABLE 7**

**Market Capitalisation of the ASE Listed Companies, 1994-2002**

(in mil. €)	Main Market			Parallel Market			ASE Total	
	Financial Sector <sup>1</sup>	Manufacturing	Other <sup>2</sup>	Total Shares	Total Shares	New Market	Amount	% change
Dec. 1994	3,610.4	5,524.3	1,118.3	10,253.0	246.7	-	10,499.7	
Dec. 1995	4,082.4	6,096.5	1,185.0	11,363.9	451.0	-	11,814.8	12.5
Dec. 1996	4,898.4	5,695.1	6,289.6	16,883.1	563.1	-	17,446.2	47.7
Dec. 1997	8,976.0	9,457.1	9,397.3	27,830.4	962.9	-	28,793.3	65.0
Dec. 1998	23,740.5	18,619.2	21,797.3	64,157.0	2,867.8	-	67,024.8	132.8
Dec. 1999	64,783.2	61,863.2	51,244.0	177,890.4	19,646.6	-	197,537.0	194.7
Dec. 2000	44,076.6	32,788.1	30,419.2	107,283.9	10,672.3	-	117,956.3	-40.3
Dec. 2001	30,105.5	19,178.4	39,894.6	89,178.5	7,720.8	50.2	96,949.5	-17.8
Dec. 2002	17,578.0	12,383.7	30,487.7	60,449.3	5,188.3	122.1	65,759.7	-47.4

Source: ASE.

<sup>1</sup> Banks, Insurance Companies, Portfolio Investment Companies, Leasing Companies.

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

**TABLE 8**

**Liquidity Index in the ASE per Month, 2002**

	Market capitalisation (end of month, mil. €)	Average daily value of transactions (mil. €)	Average daily Liquidity Index <sup>1</sup> (%)
Jan.	98,354.79	120.2	0.12
Feb.	89,552.75	100.6	0.11
Mar.	87,302.37	112.2	0.13
Apr.	84,951.45	82.7	0.10
May	87,656.24	114.4	0.13
Jun.	85,350.56	126.3	0.15
Jul.	80,189.23	105.4	0.13
Aug.	80,173.57	76.2	0.10
Sep.	69,066.98	86.4	0.13
Oct.	67,872.11	71.1	0.10
Nov.	72,421.83	106.4	0.15
Dec.	65,759.69	107.4	0.16

Source: ASE.

<sup>1</sup> The Liquidity Index equals the ratio of average daily value of transactions to total market capitalisation.

As a consequence of the downturn in the stock market, the ratio of the total market capitalisation of companies listed in the ASE to the Greek GDP was reduced to 46.9% in 2002 from 74.1% in 2001 and 95.5% in 2000. These developments reflect the average situation in Europe, given that the Greek ratio of total market capitalisation to GDP exceeded the corresponding ratio of other European countries, such as Austria (12.8%), Portugal (29.5%), Germany (33.2%), Italy (36.9%) and Denmark (40.3%). Moreover, by the end of 2002 total market capitalisation was equivalent to 48% of Greece's contribution to money supply (M3) in the eurozone, as compared to 73% in 2001, and to 54% of the total value of commercial deposits and repos (Table 9).

**TABLE 9**

**Market Capitalisation and Macroeconomic Indicators, 1992-2002**

	Market capitalisation (% of GDP)	Market capitalisation (% of M3)	Market capitalisation (% commercial bank deposits & repos)
Dec. 1992	10.9	12.7	19.3
Dec. 1993	14.7	16.8	25.4
Dec. 1994	14.9	16.9	27.6
Dec. 1995	14.9	17.6	28.3
Dec. 1996	20.0	23.2	38.5
Dec. 1997	29.6	47.1	52.0
Dec. 1998	63.6	100.1	109.6
Dec. 1999	169.4	172.8	193.9
Dec. 2000	95.5	92.5	99.9
Dec. 2001	74.1	67.4	77.0
Dec.2002	46.9 <sup>1</sup>	48.2 <sup>2</sup>	53.8 <sup>3</sup>

<sup>1</sup> The GDP level for the year 2002 is estimated by the Ministry of National Economy to be approximately 140.2 billion Euros (see revised Stability & Growth Programme, December 2002, Appendix A').

<sup>2</sup> November 2002 data. <sup>3</sup> August 2002 data.

***Developments in the Athens Derivatives Exchange***

Institutional modernisation, trading activity increase and the introduction of new products were the major developments in the derivatives market during 2002.

In this year, the Athens Derivatives Exchange SA was merged with the Athens Stock Exchange SA. This merger is in line with international practice and aims at creating synergies regarding the two companies' activity, which are expected to assist cost reduction and improve co-ordination between the two markets. In the same year, Greek brokerage and investment firms were given the capability to establish branches and special broker offices in the derivatives market, and a new product was introduced in the derivatives market, i.e. the repurchase agreement. The repurchase agreement is an additional share borrowing mechanism, exclusively addressed to ASE market makers that undertake market-making obligations on a share. Moreover, two new

stock futures were introduced, on the stock of Alpha Bank and Intracom SA. The provision of services was also improved, through the introduction of standardised products for strategy execution, the electronic facilitation of Member access to the market and the provision of the market with new information services.

In 2002, the volume of transactions in the derivatives market increased substantially. The average daily volume of transactions on all traded futures and options increased from 8,662 contracts in 2001 to 14,921 contracts in 2002, which corresponds to an annual increase of 72.3%. The highest activity was observed in September, with an average daily volume of transactions amounting to 22,445 contracts. FTSE/ASE 20 options showed the largest increase in the average daily volume of transactions (257.9%). The average daily volume of transactions on FTSE/ASE 20 futures increased by 59.8% in 2002 and accounts for 60.7% of the total average daily volume of transactions in the derivatives exchange. The average daily volume of transactions of two derivative products whose underlying instrument is the FTSE/ASE 20 index accounted for 83.8% of the total average daily volume of transactions for the year 2002, as compared to 73.9% in 2001. Finally, the average daily volume of transactions on FTSE/ASE Mid 40 futures registered an annual decrease of 33.2%.

**TABLE ■ 10**

**The Athens Derivative Market, 1999-2002**

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

*Source: Athens Derivatives Exchange.*

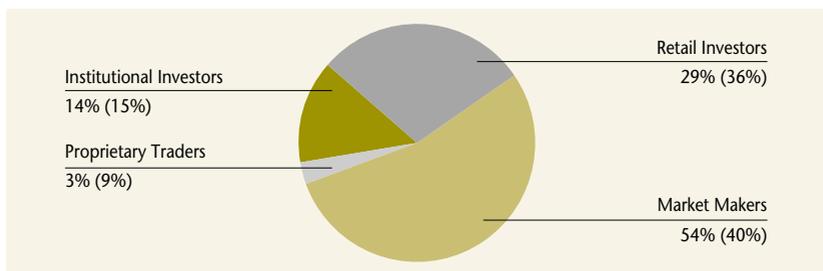
During 2002, there was also a change in the distribution of transactions per member type. The ratio of the number of contracts executed by members on their own account to the number of contracts executed for customers increased. The ratio of contracts for own to contracts for customer transactions was on average 57:43 in 2002 as compared to 49:51 in 2001. This development is observed for all product categories whose trading had began before 2002 and demonstrates the activation of large investors in the derivatives market.

**TABLE ■ 11****Contracts for Own & Customer Transactions per Product, 2000-2002**

Derivative Products	Own and Client Contracts					
	Average price 2000		Average price 2001		Average price 2002	
	Own	Client	Own	Client	Own	Client
FTSE/ASE-20 Futures	52%	48%	47%	53%	54%	46%
FTSE/ASE Mid 40 Futures	46%	54%	52%	48%	70%	30%
FTSE/ASE-20 Options	62%	38%	53%	47%	55%	45%
FTSE/ASE Mid 40 Options	-	-	71%	29%	73%	27%
GTO Stock Future	-	-	-	-	64%	36%
VODAFONE-PANAFON Stock Future	-	-	-	-	61%	39%
NATIONAL BANK Stock Future	-	-	-	-	58%	42%
COCA COLA 3E Stock Future	-	-	-	-	68%	32%
ALPHA BANK Stock Future	-	-	-	-	57%	43%
INTRACOM Stock Future	-	-	-	-	68%	32%
TOTAL	58%	42%	49%	51%	57%	43%

Source: Athens Derivatives Exchange.

In 2002 there was a change in the distribution of transactions per type of investor, as regards the whole of derivative products (Figure 3). The participation of type B market makers in the total volume of transactions increased from 40% in 2001 to 54% in 2002, while, on the contrary, the participation of type A market makers was reduced from 9% in 2001 to 3% to 2002, as did the participation of private investor that was reduced from 36% in 2001 to 29% in 2002. The participation of institutional investors in the total volume of transactions showed a slight decrease from 15% in 2001 to 14% in 2002. These developments stress the role of market making in enhancing liquidity in the derivatives market.

**FIGURE ■ 3****Distribution of the Volume of Transactions per Type of Investor, 2001-2002**

Source: Athens Derivatives Exchange; 2001 figures are shown in parentheses.

The growing importance of the derivatives markets for the Greek capital market is shown by the development of the ratio of the value of transactions in this market

**TABLE ■ 12**

**Spot and Derivatives Market in the ADEX, 2000-2002**

Μήνας Έτος	Transaction value of Futures & Options to the value of ASE transactions	Transaction value of FTSE/ASE-20 & MID 40 shares to the value of ASE transactions	Total Futures to FTSE/ASE-20 & MID40 shares	Futures to spot FTSE/ASE-20 shares	Futures to spot FTSE/ASE-40 shares
Jun. 2000	8%	39%	21%	24%	20%
Jul. 2000	14%	38%	38%	34%	48%
Aug. 2000	16%	43%	40%	32%	57%
Sep. 2000	18%	56%	32%	33%	31%
Oct. 2000	26%	52%	48%	53%	36%
Nov. 2000	38%	53%	67%	78%	46%
Dec. 2000	21%	52%	41%	53%	26%
Jan. 2001	44%	61%	64%	74%	40%
Feb. 2001	38%	57%	61%	74%	45%
Mar. 2001	21%	36%	54%	55%	56%
Apr. 2001	34%	51%	60%	63%	54%
May 2001	36%	64%	53%	55%	47%
Jun. 2001	47%	72%	57%	64%	36%
Jul. 2001	59%	62%	83%	101%	32%
Aug. 2001	40%	39%	80%	107%	20%
Sep. 2001	39%	54%	57%	70%	16%
Oct. 2001	44%	48%	73%	94%	20%
Nov. 2001*	34%	41%	64%	79%	25%
Dec. 2001	29%	45%	45%	53%	23%
Jan. 2002	39%	43%	65%	81%	23%
Feb. 2002	60%	48%	86%	105%	28%
Mar. 2002	71%	52%	97%	118%	35%
Apr. 2002	83%	57%	101%	146%	32%
May 2002	73%	575%	93%	134%	32%
Jun. 2002	81%	61%	89%	111%	32%
Jul. 2002	98%	55%	112%	155%	22%
Aug. 2002	107%	49%	143%	193%	24%
Sep. 2002	128%	56%	149%	199%	25%
Oct. 2002	120%	53%	164%	222%	29%
Nov. 2002	89%	56%	151%	291%	34%
Dec. 2002	69%	59%	73%	85%	19%

Source: Athens Derivatives Exchange.

\* Includes Futures on shares whose trading started on November 19th, 2001.

to the value of transactions in the underlying stock market (Table 12). The average value of the ratio of the value of transactions on futures and options to the total value of transactions on the underlying securities increased from 39% in 2001 to 84% in 2002. Moreover, the average value of transactions on all futures to the value of transactions on stocks comprising the FTSE/ASE 20 and FTSE/ASE Mid 40 indices increased from 63% in 2001 to 107% in 2002. The increase in the value of transactions in the derivatives market is rather due to derivative products whose underlying instrument is the FTSE/ASE 20 index, than to the products whose underlying instrument is the FTSE/ASE Mid 40 index.

In 2002, the call: put ratio was once more in favour of put options, as in 2001. The value of the ratio regarding the entire volume of transactions was 0.85 in 2002 as compared to 0.84 in 2001, while the average monthly value of the ratio was 0.87 in 2002 as compared to 0.93 in 2001. The facts that the value of this ratio is less than one and that it constantly declined on a year-on-year basis, reflect negative investor expectations concerning the course of the Greek stock market during 2002.

By separating FTSE/ASE20 options from FTSE/ASE Mid 40 options one sees that the value of the ratio for the year 2002 is smaller for the former in comparison to the latter (0.85 on total volume and 0.86 on an average basis for the FTSE/ASE20 index, and 0.89 on total volume and 1.21 on an average basis for the FTSE/ASE Mid 40 index). The value of the ratio regarding FTSE/ASE 20 options remained almost stable on a year-on-year basis (0.81 on total volume and 0.90 on an average basis), while as far as FTSE/ASE Mid40 options are concerned, it declined (1.79 on total volume and 1.94 on an average basis).

Given the introduction of new products (stock options, futures and options on the euro: dollar exchange rate), the improvement of the rendered services, and the substantial scope of increase in institutional investor participation, the above developments foretell further development of the derivatives market of the Athens Stock Exchange.

#### *Developments in the fixed-income securities market.*

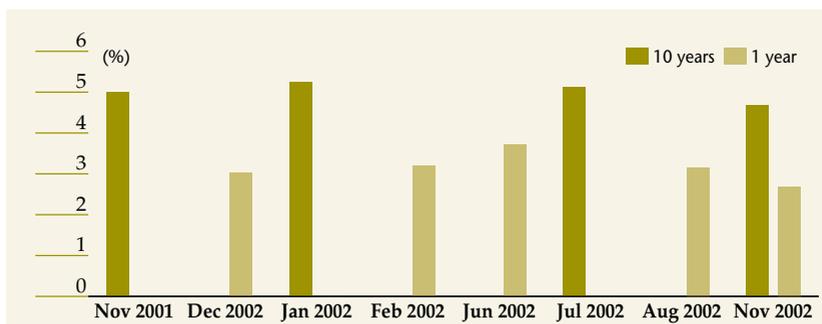
Auctions of Greek treasury bonds continued during 2002, aiming at the long-term restructuring of public debt. The composition of domestic debt for the first three quarters of 2002 was 4.6% treasury bills, and 95.4% fixed rate bonds, whilst in the same period of 2001 there percentages were 5.3% and 94.7% respectively. Moreover, the restructuring of issues in favour of securities with shorter maturities (3 and 5-years) contributed to the annual reduction of the average weighted maturity of domestic debt. Figure 4 illustrates the development of the interest rate of the 12-month Greek Treasury bill and the 10-year Treasury bond on the basis of the average weighted rate that resulted from their distribution auctions during the period November 2001 - November 2002.

A major development for the year 2002, was that on November 4th, 2002, Moody's, the international credit rating agency upgraded Greek treasury bonds from A2 to A1. This upgrading benefited the Treasury bond market, reducing the average spread between Greek bonds and German 10-year benchmark bond to 23 basis points from 31 basis points in October of the same year. Moreover, the interest rate cuts of the European Central Bank increased the spread between 3-year and 20-year bonds to 199 basis points, and therefore helped produce a steeper yield curve.

During 2002, the average monthly volume of transactions at the Electronic Secondary Treasury Bonds Market was 46.8 billion Euros (Figure 5), which corresponds to a year-on-year increase of 80%. This increase is mainly due a shift of investors towards low risk placements, because of uncertainty in the stock market.

**FIGURE 4**

**Weighted Average Interest Rates of Greek Treasury Bill and 10-year Bond Auctions, 2002**



Source: General Accounting Office of Greece.

**FIGURE 5**

**Value of Transactions on Treasury Bonds per Month (Jan-Dec 2002)**



Source: Bank of Greece.

Trading in the Electronic Secondary Treasury Bonds Market focused on bonds with remaining durations of 6 to 10 years. Indeed, the value of transactions on these bonds during the first three quarters of the year accounted for 36.9% of the total value of transactions.

The conversion of previous issues of the so-called «prometoha,» (i.e. government certificates convertible to privatising public enterprises shares,) with shares of public corporations, such as the Greek Organisation of Football Prognostics (OPAP SA) and the Public Electric Power Corporation, continued in 2002. There was also a substantial year-on-year increase of trading in the corporate bonds' market of the Athens Stock Exchange. The funds raised through the issuance of corporate bonds amounted to 85.3 million Euros in 2002 as compared to 58.1 million Euros in 2001. These issues include five convertible bonds issued by Edrasis-Psallidas SA, Attica Enterprises SA, Strintzis Lines SA, O. Daring & Co and the Maritime Company of Lesbos. The three first issues are traded in the Athens Stock Exchange.

#### *Developments in the transactions clearing and settlement system*

The Central Securities Depository (CSD) is the central agency for the clearing and settlement of stock exchange transactions as well as for the support of the dematerialised securities system (DSS), in which dematerialised securities are credited to the securities account of investors during the execution of daily transactions or corporate actions. The participants in the clearing of transactions are the DSS operators, the brokerage firms-members in the ASE, and the banks that provide custodian services.

The basic services provided by the CSD are the following:

- (a) Services to operators, clearing and settlement. The activity aims at the completion of operations pertaining to the clearing and settlement of stock exchange transactions between DSS operators and all related actions.
- (b) Services to investors. They include the adjustment of vital information on investors' securities, the provision of information on the balances and movements of accounts, the establishment of encumbrances, the blocking of securities, inheritance matters, etc.
- (c) Services to issuing companies. The CSD provides services relating to the keeping of share registers and the performance of corporate actions, such as general shareholder meetings, share capital increases involving the distribution of free shares, share splits, etc, or through the registration of records in the case of share capital increases involving the exercise of pre-emptive rights. Shares are automatically entered in the DSS securities accounts and dividends are automatically credited to the bank accounts designated for investors.

(d) The clearing of transactions performed in the Derivatives Exchange on futures and stock options.

All the above functions are specified and supervised in accordance with the Regulation for the Clearing and Settlement Process and the Operation of the Dematerialised Securities System.

During 2002, there were many amendments of the Regulation, designed to improve the effectiveness and flexibility of the clearing and settlement process. The DSS application was upgraded with the aim of supporting new products in the ADEX (stock futures) requiring physical delivery upon maturity with simultaneous payment of the price. This new possibility enables the payment of the price at the same time of the share transfer that results from the execution of a call or put option upon maturity of the future. The CSD developed the AxiaLine service, for the provision of listed companies with electronic information. Access to the AxiaLine service is available via the Internet and is effected through the use of exclusive access codes for each company and provides direct and fast updates on information of interest to listed companies (e.g. changes in shareholder structure and options, fractional balances etc.). Also, a project to upgrade the capabilities of the DSS is being materialised, with the aim of recording and clearing transactions on corporate bonds.

During 2002, the number of trading accounts in the DSS showed a slight increase. Table 13 presents the monthly growth in the numbers of new and active DSS stock trading accounts during the period 1999-2002.

**TABLE ■ 13**

**Number of Stock Trading Accounts per Month, 1999-2002**

	1999	2000	2001	2002
January	43,719	56,642	3,324	2,152
February	56,980	63,119	4,600	2,235
March	88,048	50,088	4,238	2,776
April	127,923	15,592	2,922	1,942
May	114,586	18,394	4,122	1,408
June	116,881	11,931	2,819	1,351
July	72,750	8,106	3,135	1,826
August	74,154	5,059	2,110	1,131
September	145,064	10,273	2,888	1,340
October	98,807	7,180	2,149	1,604
November	81,666	10,395	6,756	1,739
December	83,091	34,005	2,704	2,470
Total new accounts	1,103,669	290,784	41,767	21,974
Total accounts				1,813,503

Source: CSD.

## The Primary Securities Market

---

### *General overview*

The year 2002 was a year of uncertainty regarding the progress of international economy, given that the forecasts made by financial analysts about a fast return of the US and EU economies on the growth track were proved wrong. The consequent decline in share prices led to a reduction in the supply of traded securities in international primary markets. The number of initial public offerings in the US was the lowest in the last 23 years, while in the EU it was reduced by 45% as compared to 2001. The corporate governance scandals and the consequent company bankruptcies in the US, along with the substantial worldwide decline of corporate profits, undermined the confidence of investors, who shifted towards low risk investments.

In 2002, the public offer of tradable securities in the Athens Stock Exchange was substantially reduced, continuing a downward course that had already started in 2001. The reduction of investor demand for corporate securities due to the severe decrease in share prices discouraged, given the maintenance of interest rates at low levels, any intention of the companies to resort to the capital market in order to raise funds.

The total value of funds raised through the offering of shares and corporate bonds by means of initial public offerings and share capital increases was reduced by 15% and amounted to 1.26 billion Euros in 2002, as compared to 1.49 billion Euros 2001 and 11.59 billion Euros in 2000. The participation of new issues to the total market capitalisation of the ASE remained almost stable, despite the severe decline in market capitalisation: by the end of 2002, the value of funds raised accounted for 1.91% of total market capitalisation in the ASE, as compared to 1.5% in 2001, 9.8% in 2000 and 6,5% in 1999.

### *Public offerings*

During 2002, the Greek primary securities market suffered a severe contraction. The shares of 16 companies were listed in the three markets of the Athens Stock Exchange. After deducting the listing of 4 portfolio investment companies, whose introduction in the stock exchange is compulsory six months past their formation, the number of new companies that listed their shares in the stock market is only 12. This is the lowest number of new listings in the last six years.

During 2002, there were altogether 20 public offerings in the ASE, as compared to 24 in 2001 and 49 in 2000. Out of this total, 7 offerings took place in the Main Market, 10 in the Parallel Market and 3 in the New Market.

**TABLE ■ 14****Public Offering and Funds Raised per ASE Market, 2000-2002**

Market	2000		2001		2002	
	Number of IPOs	Raised funds (mil. €)	Number of IPOs	Raised funds (mil. €)	Number of IPOs	Raised funds (mil. €)
Main	15	2,488.4	13	1,024	7	898.54
Parallel	34	425.4	9	43.654	10	49.86
New	-	-	2	7.846	3	17.55
Total	49	2,913.8	24	1,075.5	20	965.95

Source: HCMC.

The funds raised through public offerings and private placements with company employees amounted to 965.95 million Euros in 2002, as compared to 1.08 billion Euros in 2001 and 2.91 billion Euros in the year 2000, i.e. they decreased by 10.6% and 66.8% as compared to the years 2001 and 2000 respectively. Out of 20 public offerings that took place during 2002, 18 concerned new issues, while the remaining 2 were performed by already listed companies, i.e. OPAP SA and the Public Electric Power Corporation SA.

**TABLE ■ 15****Public Offerings in the ASE, 1999-2002**

Year	Public Offerings	Initial Public Offerings	Capital raised		Public Offerings of Listed Companies	Capital Raised	
			mil. €	%		mil. €	%
1999	46	42	1,840.0	38.6	4	2,927	61.4
2000	49	48	2,557.8	87.8	1	356	12.2
2001	24	24	1,075.6	100	0	0	0
2002	20	18	92.5	9.6	2	873.5	90.4

Source: HCMC.

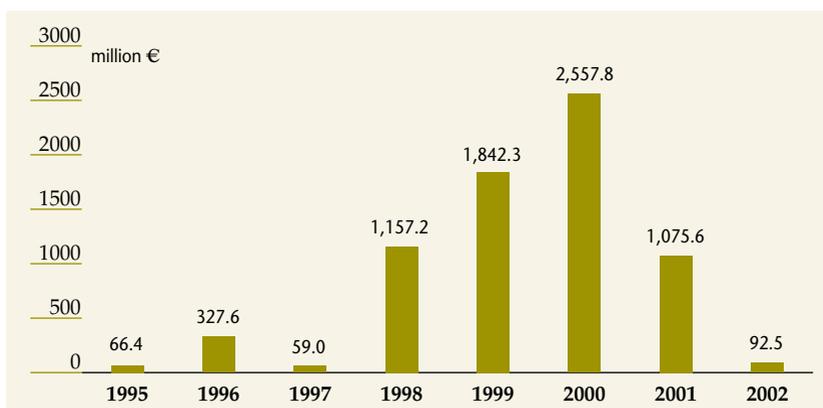
If these specific issues are excluded, the amount of funds raised through public offerings of new companies listed in the ASE are reduced to 92.5 million Euros in 2002, from 1.08 billion Euros in 2001, 2.56 billion Euros in 2000 and 1.84 billion Euros in 1999. The funds raised exclusively from new listings were reduced by 91.4%, 96.38% and 94.97% as compared to each one of the three previous years.

From the total amount of funds raised in 2002, a share of 93.02% (898,540,234 Euros) was raised from the Main Market, 5.16% (49,861,372 Euros) was raised from the Parallel Market and the remaining 1.82% (17,549,583 Euros) was raised from the New Market. The large portion of the Main Market is mainly due to the offer

of stocks from two high market capitalisation companies of the wider public sector, OPAP SA and PECP SA. These two companies raised funds equivalent to 52.12% and 38.31%, respectively, of the total funds raised from public offerings in 2002. Barring the funds raised by these companies, the respective portions of funds raised by each market of the ASE, are the following: 27.1% (25,063,247 Euros) through the Main Market, 53.92% through the Parallel Market and 18.98% through the New Market. That is, the percentage of funds raised by companies that listed their stock in the Parallel Market was larger in comparison to that of the Main Market, due to the large number of companies that listed their stock in this market, as a result of the looser listing prerequisites, and to adverse market conditions. Moreover, the small, albeit stable, number of companies listing their stock in the New Market, shows that two years after its establishment this market fulfils its main founding objective, that is to become an alternative source of low cost funding for the business plans of new, dynamic and innovative companies.

**FIGURE ■ 6**

**Capital Raised from Initial Public Offerings in the ASE, 1995-2002**



The average amount of funds raised per public offering was 48.3 million Euros in 2002, as compared to 44.8 million Euros in 2001, 60.45 million Euros in 2000 and 103.6 million Euros in 1999. Concentration was high, given that the 2 issues of PEPC and OPAP raised 90.43% of the total funds. Excluding the case of these two companies, the average amount of funds raised per public offering during 2002 is 5.1 million Euros.

From the total amount of funds raised, a share of 8.9% (86,010,015 million Euros) was raised from the issuance of new shares and 91.1% (879,941,174 million Euros) was raised from the sale of existing shares by shareholders. Almost all this latter

amount (99.27%) represents the funds raised from the sale of existing shares of privatised public corporations (PEPC and OPAP).

The allocation of funds raised in 2001 between new and existing shares was 44% and 56%, while in 2000 it was 62.4% and 37.6% and in 1999 it was 32.3% and 67.7% respectively. This disparity in the allocation between publicly offered new and existing shares during 2002 is an indication of diminishing company interest in raising funds through the capital market, by offering new shares at low prices.

The average weighted (on the basis of funds raised) over-subscription of public offerings in the ASE was 4.4 times in 2002, as compared to 2.2 times in 2001, 29.5 times in 2000 and 4.3 times in 1999. The public offering of one company's shares was not fully subscribed. It is positive that, despite adverse circumstances, the demand for shares offered through public offerings was satisfactory, reflecting to a certain extent the rationalised valuation of new listings, which was based on the firm implementation of the book building process.

Table 16 presents the average weighted IPO over-subscription by private and institutional investors for each quarter of the year 2002. In the first quarter, average weighted over-subscription was equal to 59.43 times, in the second quarter it decreased to 5.46 times, in the third quarter it was reduced again to 2.21 times, while in the last quarter of the year over-subscription increased to 4.7 times.

Figure 7 illustrates the allocation of funds raised among sectors of activity in the ASE during the year 2002. The Gaming sector absorbed 52.12% of total funds raised, and Energy absorbed 38.31% of total funds, followed by Health (1.94%) and Holding & Consulting Companies (1.16%). The remaining sectors drew funds that account for less than 1% of the total funds raised by means of public offerings.

**TABLE ■ 16**

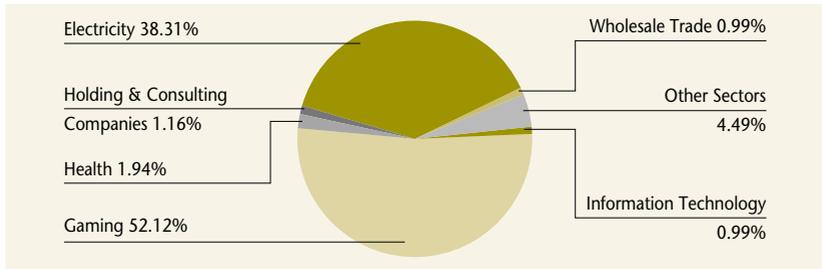
**Quarterly Distribution of Public Offerings in the ASE, 2002**

Quarter 2002	Number of new listings		Capital raised	% of Grand Total	Average weighted over-subscription
1st		Average		3,637,200	
		Total	18,186,000	1.88	59.43
2nd	4	Average	8,891,243		
		Total	35,564,974	3.68	5.46
3rd	6	Average		87,835,163	
		Total	527,010,978	54.56	2.21
4th	5	Average		77,037,847	
		Total	385,189,237	39.88	4.7
Total	20	Average	48,297,559		
		Total	965,951,189	100.0	4.40

Source: HCMC.

FIGURE ■ 7

Funds Raised Through Public Offerings per Sector of Activity in the ASE, 2002



Source: HCMC.

The average return realised during the first three days of IPO trading in the ASE was approximately 11.0% in 2002, against 36.2% in 2001 and 58.4% in 2000. It must be noted that during the first three trading days there are no price fluctuation limits, and this period is considered adequate for attaining newly listed company share price equilibrium. After weighing average return by each company's capitalisation upon listing, that is by the number of newly listed shares multiplied by the listing price, then the average weighted return of share prices after the three-days of no-price-limit trading is approximately 1.4%.

It is evident that weighting on the basis of market capitalisation has a major effect on the average returns from newly listed shares. It has been observed, that small market capitalisation company shares yield higher returns during the first three days of no-price-limit trading than the shares of high market capitalisation companies. Public offerings of small market capitalisation company shares are, indeed, marked by limited supply of shares, usually lower than the corresponding demand for those shares, leading to significant over-subscription. Post-listing demand is usually stabilised at prices rather higher than those prevailing upon listing. On the contrary, public offerings of high market capitalisation company shares are marked by increased supply, usually approximating the corresponding demand, and leading to low over-subscription. Moreover, given that the dispersion<sup>2</sup> of small market capitalisation company shares is usually lower than that of high capitalisation companies, and that there are limitations regarding the sale of shares from main shareholders, small capitalisation shares are encouraged to pursue an upward course.

The greatest return during these first three-days was realised by the share of Dias Aqua Culture SA, whose price increased by 135.0%, followed by the shares

<sup>2</sup> For more details on the dispersion level in the Greek stock market, see a relevant study by the HCMC, at [www.hcmc.gr](http://www.hcmc.gr)

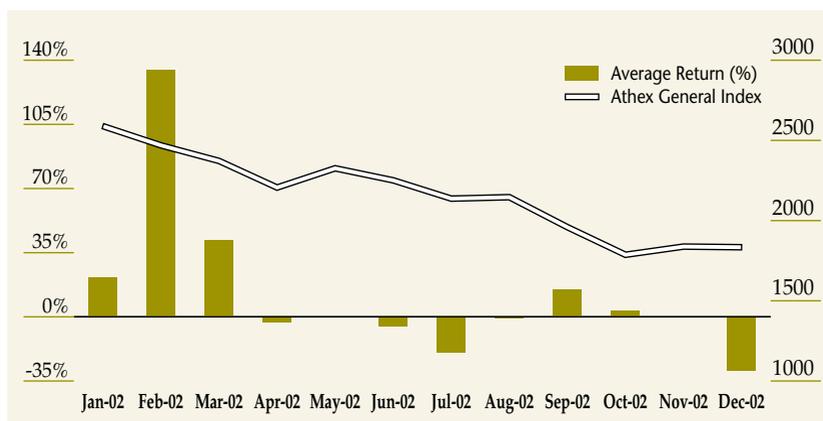
of Alsinco SA (67.6%) and Euroadvisors SA. (56.2%). The largest decrease was suffered by the share of New Millennium Investment, whose price was reduced by 38.8%, followed by the shares of P&K Securities SA (28.3%) and the Livani Publishing Organisation SA (27.3%).

Figure 8 illustrates the monthly return of newly listed shares during the first three trading days and the average monthly value of the ASE General Index during 2002. The Figure shows that positive returns of newly listed company shares are almost equal in number to negative ones. It has to be noted that, given the limited supply of the capital market with new listings (one or two per month, excluding January), the average monthly return is equivalent to the return of a single share.

According to the approved Prospectuses for public offerings in 2002, the funds raised would be used as follows: (a) 78.95% for financing fixed capital and other investments (as compared to 55.2% in 2001, 38.2% in 2000 and 18.6% in 1999), (b) 6.58% for financing corporate merger and acquisition plans (as compared to 3.7% in 2001, 28.1% in 2000 and 55.6% in 1999), (c) 7.61% for debt substitution financing (as compared to 35.6% in 2001, 17.9% in 2000 and 12.0% in 1999) and (d) 6.86% for working capital purposes (as compared to 5.5% in 2001, 15.8% in 2000 and 13.8% in 1999). These funds do not include those raised through the public offerings made by PEPC, OPAP and the 4 portfolio investment companies, since they sold existing shares, the sellers being existing shareholders (in the first two cases, the main shareholder was the Greek State) that collected the funds raised through the public offering.

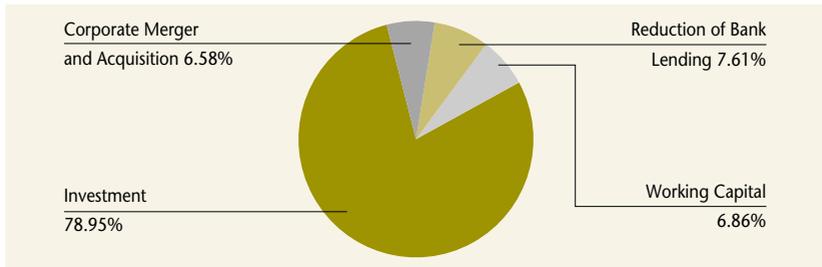
**FIGURE 8**

**Average Monthly Return of New ASE Listings After the First Three Days of Trading, 2002**



**FIGURE ■ 9**

**Uses of Funds Raised Through I.P.O. According to the Approved Prospectuses, 2002**



The above evidence shows that during the period 1999-2002 there was a major change in the use of raised funds. In 1999, these funds would be mainly used for corporate merger & acquisition plans, while in 2002 they would be mainly used for fixed capital and other investments. The gradual diminution in both investor participation in trading activity, and investor interest for public offerings, led to low valuations for the offered shares. This, in turn, forced companies to evaluate and rate their capital requirements more carefully, to revise and curtail their investment plan and to rationalise the use of the limited-as compared to their expectations-funds raised through public offerings. At the same time, their working capital requirements, as well as their debt servicing needs have become less urgent, thanks to the prevalence of low interest rates. Finally, the relatively small market capitalisation of the companies being listed and the scarcity of investor capital provided for public offerings, reduced the potential and the attractiveness of corporate mergers & acquisitions or the formation of new companies through the use of these funds and led companies to strengthen their capital base by merging with their subsidiaries.

**The Secondary Securities Market**

***Increases in share capital by ASE listed companies***

In 2002, there was a substantial decrease of both the number of share capital increases by ASE listed companies and the amount of funds raised through them. The number of listed companies that proceeded with share capital increases decreased from 103 in 2000 and 19 in 2001 to only 5 in 2002. The total funds raised were reduced from 8.68 billion Euros in 2000 and 427 million Euros in 2001 to 257.7 million Euros in 2002. All share capital increases were performed by companies listed in the Main Market of the Athens Stock Exchange.

This contraction of funds raised by listed companies is due to the uncertainty that prevailed in the capital market and helped make stocks less attractive, as well as to the decrease in the cost of borrowing from banks and the issuance of alternative securities, such as corporate bonds.

**TABLE ■ 17**

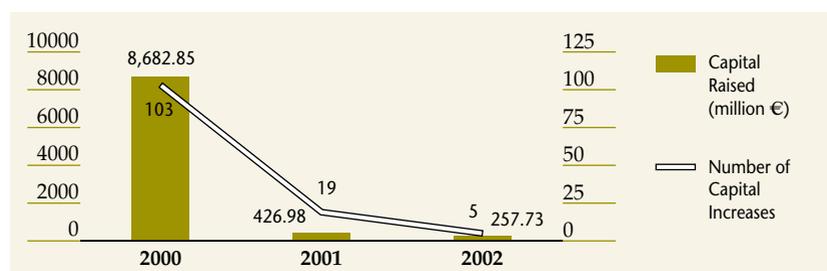
**Share Capital Increases per ASE Market, 2000-2002**

ASE Market	2000		2001		2002	
	S.C.I.	Capital raised (mil. €)	S.C.I.	Capital raised (mil. €)	S.C.I.	Capital raised (mil. €)
Main Market	79	8,020	14	320.3	5	257.7
Parallel Market	24	660	5	106.7	-	-
New Market	-	-	-	-	-	-
Total	103	8,680	19	427	5	257.7

Source: HCMC.

**FIGURE ■ 10**

**Share Capital Increases and Funds Raised in the ASE, 2000-2002**



Source: HCMC.

The quarterly distribution of share capital increases (Table 18) is the following: in the first quarter there was no share capital increase; in the second quarter there was one increase of 12.8 million Euros that absorbed 4.97% of the total funds raised, and in the third quarter there was also one increase of 38.2 million Euros, which absorbed 14.81% of the total funds raised. In the fourth quarter there were 3 increases that absorbed the remaining 80,23% of the total funds raised, i.e. 206.8 million Euros. Three out of five share capital increases were not fully subscribed, while their average weighted subscription rate was 67,83%.

Figure 11 illustrates the distribution of funds raised from share capital increases per sector of activity. The Holding & Consulting Companies sector raised the largest portion of funds (59.8%), which is equivalent to 154.1 million Euros. Banks were ranked second with one increase, which raised 69.9 million Euros, accounting

for 27.1% of the total. Next comes one increase by a company of the «Change of Activity» sector, which raised 20.9 million Euros, accounting for 8.12% of the total. Finally, there was one share capital increase by a company of the Wholesale Trade sector, which raised approximately 12.8 million Euros, i.e. 4,97% of the total.

**TABLE ■ 18**

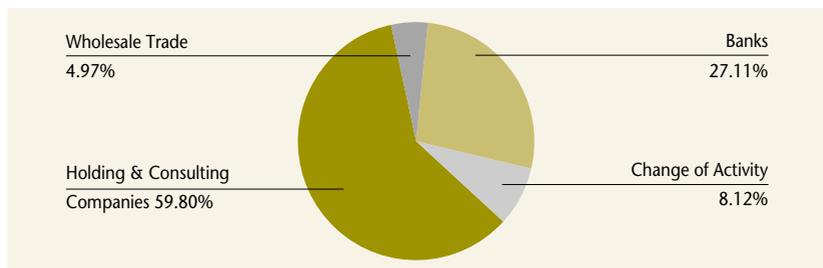
**Quarterly Distribution of Share Capital Increases in the ASE, 2002**

Quarter	Number of Share Capital Increases	Capital raised (mil. €)	% of Total
1st	-	-	-
2nd	1	12.8	4.97
3d	1	38.2	14.81
4th	3	206.8	80.23
Total	5	257.7	100.00

Source: HCMC.

**FIGURE ■ 11**

**Funds Raised through Share Capital Increases by Sector, 2002**



Source: HCMC.

***Issues of corporate bonds by ASE-listed companies***

In 2002, there was an increase in the funds raised by ASE-listed companies through the issuance of corporate bonds convertible to shares. Five new corporate bonds were issued in 2002, against two in 2001, raising 85.3 million Euros, as compared to 58.1 million Euros in 2001, which corresponds to a year-on-year increase of 46,8%. Three corporate bonds were listed for trading in the bond market of the Athens Stock Exchange.

This increase in the interest of listed companies to raise capital by means of corporate bonds is expected, given that, under the current circumstances, the acquisition of such bonds is considered as a more attractive investment option than the acquisition of new shares, since corporate bonds bear less risks, their price is less affected by short-term market volatility, and they provide their holder with a steady income throughout their entire duration. The modernisation of the institutional framework governing the

issuance of a corporate bond will enhance the listed companies' fund-raising capabilities and will expand the range of options available to investors.

Table 19 presents the quarterly distribution of corporate bond issues in the ASE during 2002. In the first quarter there were two corporate bond issues, which raised 19.8 million Euros; in the second quarter there were also two corporate bond issues, which raised 60.0 million Euros; in the third quarter there was no issue, while in the fourth semester there was one corporate bond issue, which raised 5.4 million Euros. Two out of five corporate bond issues were subscribed only in part, by 41.6% and 3.08% respectively.

**TABLE ■ 19**

**Quarterly Distribution of Corporate Bond Issues in the ASE, 2002**

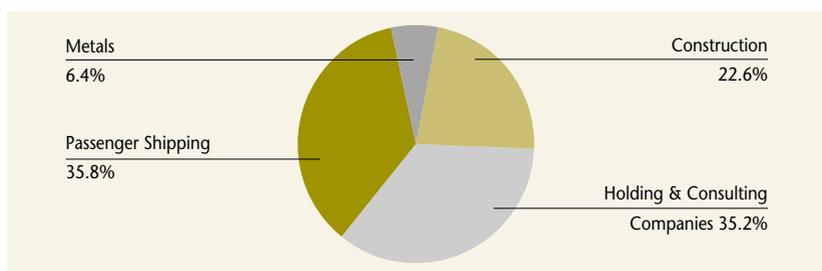
Quarter	Number of Corporate Bond issues	Capital raised (mil. €)	% of Total
1st	2	19.8	23.27
2nd	2	60.0	70.36
3rd	0	0	0
4th	1	5.4	6.37
Total	5	85.3	100.00

Source: HCMC.

Figure 12 illustrates the distribution of the funds raised in 2002 through corporate bond issues by sector of activity. The Passenger Shipping Sector absorbed the largest portion, i.e. 30.5 million Euros, or 35.8% of the total funds raised, through two corporate bond issues, followed by the Holding & Consulting Companies sector, which absorbed 30 million Euros or 35.2% of the total, the Construction sector, which absorbed 19.3 million Euros or 22.6% of the total, and, finally, the Metal Products Sector, which absorbed 5.4 million Euros or 6.4% of the total.

**FIGURE ■ 12**

**Funds Raised Through Corporate Bond Issues in the ASE by Sector, 2002**



Source: HCMC.

### *Mergers and acquisitions in the capital market*

Merger & acquisition activity between listed companies, already observed in the Greek capital market since 2001, was further intensified during 2002. The downturn of the stock market and the contraction of the market capitalisation of listed companies urged them to enhance their capital base and their capitalisation.

It has been noted world-wide that high market capitalisation companies usually feature more extensive share capital dispersion and more sustainable valuations, since their stock is more marketable. Moreover, such companies are less exposed to market abuse practices, and, therefore, are safer placements, more attractive to investors.

Under the current circumstances, the ASE includes a large number of listed companies with relatively small market capitalisation and low share marketability. Many of these companies are members of Groups, whose parent company is also listed in the ASE. These companies perform similar or complementary activities and a great portion of their turnover consists of sales to other companies within the same group. The emergence and development of Groups intensified during the great bull run in the stock market, when a large number of companies proceeded with splits or/and spin-offs and listed the new companies in the ASE with the purpose of enhancing the Group's total market capitalisation. This trend has already been reversed.

Many mergers & acquisitions were concluded in the Greek market during 2002. A large part of activity occurred in Construction, due to the tax and other incentives provided in accordance with Law 2940/2001, as the companies of this sector aim at securing the 8th class certificate, which will enable them to undertake large projects. The Insurance sector was also active, since the capital base of its companies required immediate support after the severe decrease in they value of investments held in their portfolios. During 2002, a total number of 36 listed companies activate procedures that led to 17 mergers, as compared to 9 in 2001 and 4 in 2000, which took the form of merger by absorption. Out of these 36 companies, 16 belonged in the Construction sector, 5 in insurance and 4 were Banks.

### *Share ownership dispersion of ASE listed companies*

In 2001, the Hellenic Capital Market Commission concluded, for the first time, two surveys (February 1st and September 3rd, 2001) on the dispersion of share ownership of companies listed in the ASE. According to the more recent data of July 2nd, 2002, share ownership dispersion in the ASE still ranges from medium to low, while during the surveyed period there has been a gradual decrease of dispersion levels. More specifically, as shown on Table 21, on 7.2.2003 shareholders with stakes of at least 1% and 5% accounted for 33.86% and 44.61% respectively, while on 9.3.2001 they accounted for 35.70% and 47.22% respectively and on 2.1.2001 they accounted for 38.25% and 50.03% respectively.

**Mergers & Acquisitions in the Capital Market, 2002**

Acquirer Co.	Sector	Target Co.	Sector
1 INTRACOMSA	Electronic Equipment	INTRASOFT SA (C)	IT
2 PANAFON SA	Telecommunications	NEXTNET SA (P)	Mobile Telephony Retail Services
3 EFG EUROBANK ERGASIAS SA.	Bank	TELESIS INVESTMENT BANK (C)	Bank
4 ASPIS PRONIA GEN. INS.	Insurance	ASPIS INVESTMENT (C)	Investment Companies
5 PHOENIX GEN. INS.	Insurance	METROLIFE EMBORIKI LIFE INS (P)	Insurance
6 HELLENIC TECHNODOMIKI SA.	Construction	VOLOS TECHNICAL COMPANY(C)	Construction
7 GNOMON (now EMPEDOS SA.)	Construction	GEKAT CONSTRUCTION COMPANY (C)	Construction
8 ATTIKAT SA	Construction	ATEMKE SA (C)	Construction
9 THEMELIODOMI SA	Construction	S. SIGALASA (P)	Construction
10 PANTECHNIKI SA.	Construction	NESTOS SA (C)	Construction
11 MOCHLOS SA.	Construction	G.I. SARANTOPOULOS SA (C)	Construction
		(Construction section of TECHNICAL OLYMPIC SA.)	Construction
		(Construction section of DIEKAT SA.)	Construction
12 TERNA SA.	Construction	(Construction section of GEK SA.)	Construction
13 P. KOTSOVOLOS SA.	Retail Trade	RADIO-ATHINAI CO. (C)	Retail Trade
14 ALPHA TRUST ANDROMEDA.	Investment Companies	ALPHA TRUST ORION INTERNATIONAL INV. (C)	Investment Companies
15 MICROMEDIA-BRITANNIA SA.	IT Equipment	KLAUDATOS G. SA (C)	Retail Trade
16 NATIONAL BANK OF GREECE	Bank	EVEVA SA (C)	Bank
17 AGRICULTURAL INS. SA	Insurance	AGRICULTURAL LIFE & HEALTH INS. CO. (C) (trading ended on 2.1.2003)	Insurance

**TABLE ■ 21****Share Ownership Dispersion in the ASE, 2002**

Date (mm.dd.yy)	Average Share Ownership	
	At least 1%	At least 5%
7.2.2002	33.86%	44.61%
9.3.2001	35.70%	47.22%
2.1.2001	38.25%	50.03%

Source: HCMC.

**CAPITAL MARKET ENTITIES****Brokerage Firms, Investment Firms and Firms for the Reception and Transmission of Orders***General overview*

In 2002, both the volume and the value of transactions in the ASE were reduced, causing a decline in earnings of the financial services sector. The reduction in transactions was due to the negative investment climate, which prevailed in both the Greek and international stock markets, and caused a shift of investor preferences towards lower risk investments.

Having already enacted measures that safeguard the market from systemic risks, ensure the smooth operation of the transactions system and the effective co-operation between investment firms, the Hellenic Capital Market Commission proceeded with the implementation of measures aimed at upgrading the quality and range of both the rendered services and the liquidity of the market. This provided also the basis for the clarification of issues pertaining to the granting of market maker status by the ASE, the manner for setting the opening date for market making on a given share, the proper certification of internal regulations, the definition of the minimum daily quantity of shares, as well as other technical details pertaining to the transaction process. Market makers are enabled to sell an adequate number of shares in order to fulfil their task, and to perform transactions on Repurchase Agreements in the Athens Derivatives Exchange. The possibility to handle basket orders was also established. This possibility facilitates portfolio management cost reduction by investment firms and the development of a retail securities market, enhances the protection of investors that have signed portfolio management contracts through automation and error reduction, as well as the transparency in transactions through the establishment of an audit trail concerning the entry, execution, clearing and settlement of an order.

In order to enhance the effectiveness of the stock exchange's transaction system by adding new possibilities, in 2002 the Hellenic Capital Market Commission

proceeded with consecutive amendments of the Regulation for the Clearing and Settlement Process and the Operation of the Dematerialised Securities System, with the aim of incorporating current developments concerning new markets, the demands of the market for flexibility and new investment products and the reduction of the time needed for transactions clearing.

The decrease in stock market activity and the substantial decrease in earnings of investment firm, were two of the factors that contributed to the reduction of the Common Guarantee Fund to the amount of 234.7 million Euros for the year 2002. The amount of the Supplementary Fund remained unchanged at 149.5 million Euros.

The utilisation extent of the possibility for the provision of credit by ASE members to their clients for the purchase of securities (margin account) was satisfactory. By the end of the year 2002, the number of active margin account contracts was 6,466 and the total value of security portfolios for margin trading amounted to approximately 252.4 million Euros.

During 2002, thirty two (32) brokerage firms, fifty eight (58) investment firms and thirty two (32) investment firms-non-members of the ASE were active in the capital market. The Hellenic Capital Market Commission granted an operation license to one new investment firm, and revoked the licenses of three investment firms.

Furthermore, during the same year the scope of investment services rendered was expanded, while work on the revision of EU Investment Services Directive 93/22 (ISD) continues. The provisions under revision include among others the improvement of transparency in the execution of transactions and the expansion in the scope of investment services and products offered by investment firms that are activated in organised markets of the European Union.

During 2002, the Hellenic Capital Market Commission granted modification of license to two brokerage firms, in order to enable them to provide principal underwriter services for the listing of companies to the ASE. It also approved of share capital increases in sixteen (16) brokerage firms, thirty one (31) investment firms-members of the ASE and twenty two investment firms-non members of the ASE, as well as share capital decreases in one brokerage firm, eight investment firms-members of the ASE and six investment firms-non members of the ASE. Share capital decreases were carried out for rounding purposes, in order to convert the companies' share capital from drachmae to Euro. In addition, the HCMC granted license for the extension of the operation network through the establishment of new branches and representative offices to one brokerage firm, six investment firms-members of the ASE and ten investment firms-non-members of the ASE.

During 2002, investment firms (excluding credit institutions) intensified their activation in the underwriting field. In seven out of twenty initial public offerings

performed during the year, the Main Underwriter (or one of the Main Underwriters) was an investment firm-member of the ASE, while six investment firms-members of the ASE and one investment firm-non member of the ASE provided advisor services to seven share capital increases of companies already listed in the ASE. Moreover, in four issues of corporate bonds of companies listed in the ASE one investment firm-member of the ASE and one investment firm non-member of the ASE provided advisor services.

The acknowledgement of the need to further strengthen the capital base of the sector's companies, in order to cope with the new competitive environment, led to wide-ranging corporate restructuring. In 2002 there was one acquisition of an investment firm through absorption, two acquisitions (investment firm and investment firm-non members of the ASE) and one merger between investment firms. Despite continuous restructuring, the Greek market for the provision of intermediary services still includes too many firms in comparison to other European markets. It is expected that merger & acquisition activity among companies will intensify.

According to the published financial statements for the fiscal year 2001, total capital owned by brokerage firms-members of the ASE amounted to 910.5 million Euros, as compared to 983.8 million Euros in 2000, decreasing by 7.45%. By the end of the year 2001, the companies' own capital accounted for 36% of total assets, as compared to 36.7% in 2000. Total turnover in 2001 amounted to 430.4 million Euro, representing an annual decrease of 59%. This decrease mainly reflects the decrease in transaction value, and is partly offset by the income from other services rendered. In 2001, the sector's result before taxes was negative, and equal to a loss of 6.8 million Euros, as compared to a profit of 362 million Euros 2000; this corresponds to an annual decrease in profits of 102%. This disproportionate decline in the profitability of brokerage firms, in comparison to their income, is attributed to the delays in the necessary internal restructuring of these companies' operations<sup>3</sup>. The average return of own capital was reduced from 42.6% in 2000 to almost nil (-0.72%) in 2001. Finally, the conservative policy concerning retained earnings, which was adopted by almost all firms of the sector, led to a further decrease in dividend yields from 10.1% in 2000 to 2.9% in 2001.

### *The value of transactions in the ASE executed by brokerage firms*

During 2002, the level of transactions in the ASE contracted for a third consecutive year. The total value of transactions decreased from 84.7 billion Euros in 2001 to 49.5 billion Euros in 2002, representing a decline of 41.5%. This decline contributed to the reduction of the ratio of the total value of transactions

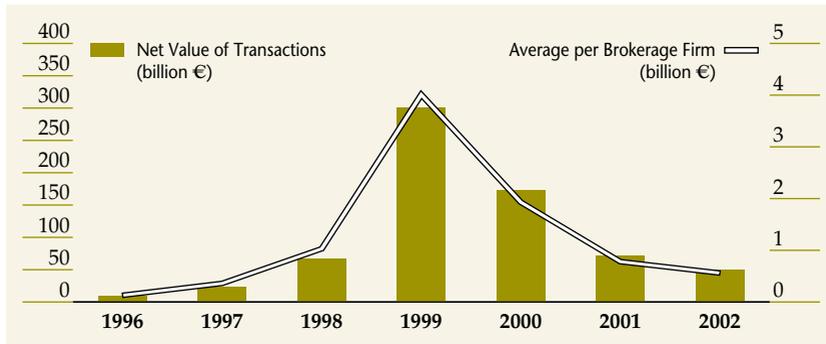
---

<sup>3</sup> This point is corroborated by the decrease of gross profit margin from 47.2% to 24.8%.

to GDP by 32.5% in 2002, as compared to a reduction of 64% in 2001. It also contributed to the decline of the ratio of the total value of transactions to total capitalisation by 13.8%. That is, the value of transactions by brokerage firms was equivalent to 75% of the total market capitalisation of listed shares in 2002, against 87% in 2001.

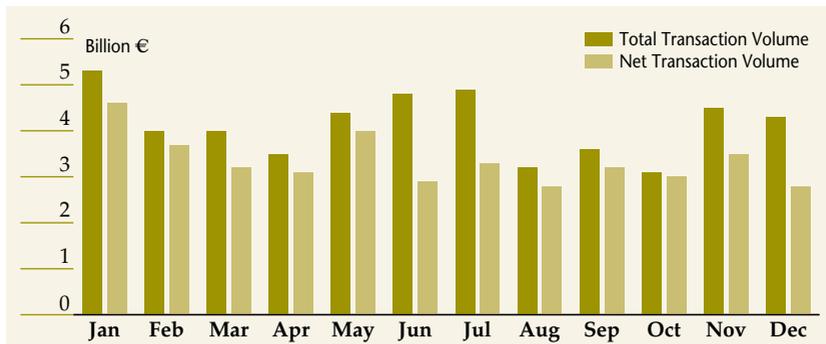
**FIGURE 13**

**Value of Transactions Executed by Brokerage Firms, 1996-2002**



**FIGURE 14**

**Value of Transactions by Brokerage Firms by Month, 2002**



The transactions performed through the Thessaloniki Stock Exchange Centre followed the downward trend of transactions in the ASE. In 2002 the value of transactions decreased to 4.6 billion Euros from 5.9 billion Euros in 2001, registering an annual decrease of 22%. Nevertheless, the ratio of transactions in the Exchange Centre to the total value of transactions in the ASE was 9.3% in 2002, versus 6.9% in 2001.

TABLE ■ 22

### Value of Transactions Executed by Brokerage Firms, 1999-2002 (thousand Euros)

Transaction Analysis	1999	2000	2001	2002	Diff% 02/01
<b>Total Transaction Value</b>	346,027,933	202,847,680	84,726,000	49,542,080	-41.53%
Share of the first 4 brokerage firms	20.43%	21.83%	26.17%	35.40%	-41.53%
Average value per brokerage firm	4,613,706	2,253,863	920,935	562,978	-38.87%
Maximum transaction value per brokerage firm	19,912,000	14,603,000	5,733,000	6,547,343	14.20%
Minimum transaction value per brokerage firm*	284,000	60,000	16,000	2,927	-81.71%
Share of transaction value by Bank subsidiaries	46.67%	46.36%	46.39%	48.37%	4.28%
<b>Net Transaction Value</b> <sup>1</sup>	300,898,415	173,253,629	72,021,000	39,944,349	-44.54%
Share of the first 4 brokerage firms	18.17%	19.51%	25.20%	27.86%	10.55%
Average value per brokerage firm	4,011,979	1,925,040	783,000	453,913	-42.03%
Maximum transaction value per brokerage firm	14,873,000	9,484,000	4,886,000	3,973,967	-18.67%
Minimum transaction value per brokerage firm*	284,000	60,000	16,000	2,927	-81.71%
Share of transaction value by Bank subsidiaries	42.29%	41.23%	43.36%	41.33%	-4.67%
<b>Block Trades &amp; Repurchase Agreements</b>	45,129,517	29,594,051	12,705,000	9,597,731	-24.46%
Percentage over the total transaction value	13.04%	14.59%	15.00%	19.37%	29.19%
Share of the first 4 brokerage firms	50.99%	52.13%	58.22%	66.80%	14.74%
Number of firms involved in block trades	69	70	57	79	38.60%
Share of transaction value by Bank subsidiaries	75.97%	76.30%	63.60%	77.68%	22.13%

<sup>1</sup> Block trades and repurchase agreements are excluded from total value (L. 2324/95, article 16).

\* Concerns brokerage firms that operated throughout the year.

The average value of transactions executed per brokerage firm in 2002 was 563 million Euros, as compared to 921 million Euros in 2001. However, only 21 brokerage firms, representing 24% of the total, exceeded this average. The increase of mergers between brokerage firms and credit institution subsidiaries led to an increase of transaction activity concentration in the sector. The share of the four largest brokerage firms in terms of transactional activity in the total value of transactions did, indeed, increase from 26.2% in 2001 to 35.4% in 2002. I.e. more than 30% of the total value of transactions was executed by 5% of the brokerage firms. It is anticipated that any further progress in mergers between brokerage firms and investment firms will cause a further increase in the concentration of activities within the sector. The on going opening of European markets, and the capability of faster and cheaper execution of financial transactions via new technologies, will play a major role in this progress. Such developments are expected to accelerate the restructuring of both company incomes and company clientele.

The net value of transactions by brokerage firms in the ASE decreased from 72 billion Euros in 2001 to 39.9 billion Euros in 2002, registering a total annual decrease of 44.5%, i.e. slightly larger than the decrease in the total value of transactions. The ratio of net to the total value of transactions decreased from 0.85 in 2001 to 0.81 in 2002, due to the slower rate of decrease in the value of transactions on block trades and repurchase agreements during 2002.

**TABLE ■ 23**

**Market Share Concentration of Brokerage Firms, 1999-2002**

Classification of firms according to market share	Market Share				
	1999	2000	2001	2002	Diff % 02/01
1-10%	39.4	39.3	50.1	55.5	10.90%
11-25%	29.8	26.6	22.6	22.8	0.89%
26-45%	20.7	19.7	15.6	13.3	-14.81%
46-89%	10.1	14.4	11.8	8.4	-28.58%

Source: HCMC.

The trends towards increased concentration are verified: in 2002, the first four major brokerage firms executed 27.9% of the net value of transactions, as compared to 25.2% in 2001, while the ten major brokerage firms executed more than 55% of the net value of transactions (Table 22). Brokerage firms that are subsidiaries of financial institutions executed 41.3% of transactions in 2002, as compared to 43.4% in 2001. It also has to be noted that this last category includes brokerage firms whose majority stake is owned by a financial institution. In 2002, 13 brokerage firms were subsidiaries of financial institution, as compared to 16

in 2001, representing 15% of the total number of brokerage firms activated in the Athens Stock Exchange.

Finally, the value of transactions on block trades and repurchase agreements amounted to 9.6 billion Euros, registering an annual decrease of 24.5%. The value of transactions on block trades and repurchase agreements accounted for 19% of the total value of transactions, registering an annual decrease of 29%. The value of pre-arranged deals executed by bank subsidiary brokerage firms increased to 77.7% of the total, while the number of brokerage firms that executed block trades increased from 57 in 2001 to 79 in 2002.

### *Margin account trading*

During 2002, the use of the provision of credit by brokerage firms to their clients for the purchase of securities was further expanded. This institution came into operation for the first time in August 2001.

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

Table 24 presents the development of margin account trading for the year 2002, according to data submitted by the members of the ASE to the Hellenic Capital Market Commission for the last trading day of each month. More specifically: first, 44 out of 48 members of the ASE that submitted the relevant notification to the Commission became active in this field; second, the number of margin accounts concluded in 2002 increased to 6,466; third, total debit balances in margin accounts increased from 62.9 million Euros in 2001 to 83.5 million Euros in 2002, and reached its high in July 2002, at 103 million Euros, only to be reduced afterwards due to the decline in the value of portfolios caused by the downturn in stock markets. Fourth, the value of security portfolios increased from 223.3 million Euros in 2001 to 252.5 million Euros in 2002. These developments show that margin account trading is an elementary instrument for increasing liquidity in the market.

**TABLE ■ 24**

**Margin Account Trading by ASE Members, 2001-2002**

Date	Anouncement of ASE members for the provision of credit	Members providing credit	Active agreements for the provision of credit	Debt margin account balances (in 000' €)	Total value of security portfolios from margin account trading (in 000' €)
Dec 30th, 2002	48	44	6,466	83,557	252,485
Nov 30th, 2002	48	43	6,607	88,883	292,753
Oct 31st, 2002	48	43	6,479	89,559	250,369
Sep 30th, 2002	48	42	6,376	90,752	251,669
Aug 31st, 2002	48	42	6,244	97,637	303,520
July 31st 2002	48	42	6,080	100,110	302,029
June 30th, 2002	48	42	5,850	102,741	312,440
May 31st, 2002	48	41	5,549	96,791	300,968
Apr. 30th, 2002	46	40	5,067	91,581	285,649
Mar 31st, 2002	45	36	4,787	89,390	280,102
Feb 28th, 2002	44	35	4,384	85,120	253,531
Jan 31st, 2002	44	31	4,062	76,075	261,938
Dec 31st, 2001	42	25	3,560	62,943	223,343

Source: HCMC.

**Collective Investment Institutions**

*General overview*

The developments in the Greek mutual funds market during 2002 were directly related to developments in the international market. The decline of share prices, along with the uncertainty regarding economic growth rates and corporate profits did not favour the growth of the mutual funds market, especially those investing in equities. Therefore, the total assets of mutual funds activated in the Greek capital market decreased by 5.26% year-on-year.

In 2002, the institutional framework for the mutual funds market was further enhanced. The use of stock repos was expanded and the segregation of the use of derivative products whose underlying instrument is a specific share was regulated according to their conditions of use. The minimum content of property insurance policies was defined, as well as the content of the semi-annual and annual report and the mutual funds' statement of investment in real property. The income and capital taxation regime was improved and the tax treatment of investors in overseas mutual funds was made equal to the tax treatment of investors in domestic mutual funds, exempting the former from

any capital gains tax. There was also progress regarding the procedure for the incorporation of directives 2001/107/EC and 2001/108/EC of the European Parliament and the European Council regarding Undertakings for Collective Investments in Transferable Securities (UCITS) into Greek Law. The incorporation process must be completed by August 13th, 2003, and is expected to produce major changes in the operation framework and the investment options of mutual fund management firms.

**TABLE ■ 25**

**Bank Deposits, ASE Capitalisation and Net Mutual Funds Assets, 1991-2002**

Date	Commercial Bank Deposits (mil. €)	ASE Capitalisation (mil. €)	Net Mutual Funds Assets (mil. €)
Dec. 2002	-	180,329,5	25,385.1
Oct. 2002	135,939.1	183,842.9	22,267.0
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 2000 <sup>1</sup>	117,825.9	194,898.0	30,887.7
Dec. 1999	67,172.4	274,397.4	35,021.3
Dec. 1998	58,910.9	133,938.4	26,405.6
Dec. 1997	57,974.8	69,099.9	21,497.6
Dec. 1996	52,816.1	68,905.6	11,367.3
Dec. 1995	46,268.8	61,946.0	7,202.1
Dec. 1994	40,344.8	45,250.5	3,943.4
Dec. 1993	32,530.0	35,817.5	2,543.8
Dec. 1992	29,784.3	27,049.2	655.6
Dec. 1991	27,097.6	22,555.8	503.3

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

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

By the end of 2002, the total number of mutual fund management firms had increased from 26 in 2001 to 30 firms. Two of these firms had not been activated during the year, although they had been granted the relevant operation license. As a result of changes occurring during the year (mergers, initiation of new firms' operation, mutual fund units splits) the number of mutual funds under management decreased from 269 in 2001 to 260 in 2002. The distribution of mutual funds by investment by the end of 2002 was the following: 40 money market funds, 63 bond funds, 121 equity funds and 36 mixed (or balanced) funds.

**TABLE ■ 26**

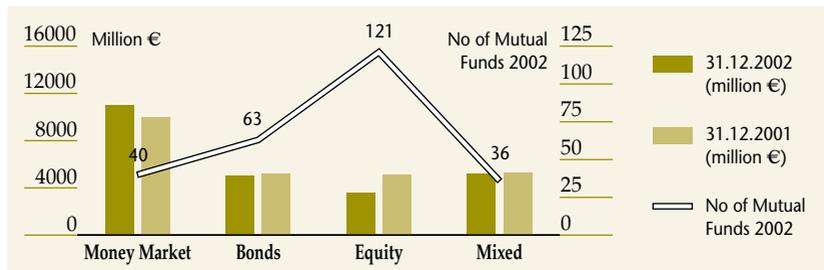
**Net Assets and Number of Mutual Funds by Type of Fund, 1999-2002**

MF Classification	31.12.2002		31.12.2001		31.12.2000		31.12.1999	
	Amount (mil. €)	No of MF						
Money Market	10,747.44	40	9,692.96	42	15,339.99	47	13,438.59	45
Bonds	5,121.93	63	5,586.55	63	4,736.61	62	4,000.29	67
Equity	3,711.26	121	5,470.21	128	7,872.63	120	14,578.43	66
Mixed	5,804.52	36	6,045.18	36	2,938.22	36	3,003.67	30
Special Type	-	-	-	-	-	-	-	-
Total	25,385.15	260	26,794.90	269	30,887.45	265	35,020.98	208

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

**FIGURE ■ 15**

**Net Assets and Number of Mutual Funds by Type of Fund, 2001-2002**



By the end of 2002, the total net assets of mutual funds had decreased by 5.26%, from 26.79 billion Euros in 2001 to 25.38 billion Euros. This decline, which amounted to almost 1.41 billion Euros, was mainly due to the decrease in the net assets of equity funds by 1.76 billion Euros, of bond funds by 464.6 million Euros (domestic bond funds participated with 625.98 million Euro) and of mixed funds by 240.6 million Euros. The shift of investors towards money market mutual funds led to an increase of their total assets by 1.05 billion Euros, and substantially improved the overall image of the Greek mutual funds market.

The decrease in the assets of equity and mixed funds during 2002 is mainly due to the decrease of share prices. Actually, the number of units in equity funds decreased, as a percentage, less (-7.56%) than their total assets (-32.16%), while the number of units of mixed funds increased by 3,65%. On the contrary, the total assets of bond funds decreased less (-8.32%) than the number of units (-12.11%), highlighting investor reservations concerning any further positive returns from investments on bonds. Greek bond funds moved against the trend prevailing in

Europe, where bond funds and money market mutual funds presented net capital inflows, justifying their selection as safe investments. Overall, during 2002 Greek mutual funds suffered net capital outflows of 207.26 million Euros. This figure was lower than the reduction in total assets. Net capital inflows occurred in the cases of domestic money market funds, foreign bond funds and international mixed funds. The highest net capital inflows occurred in the case of domestic money market funds and amounted to 864.83 million Euros, while the highest net outflows occurred in the case of domestic bond funds and amounted to 834.74 million Euros.

A review of developments in the various mutual fund categories leads to important conclusions concerning the structure of the mutual funds market for the year 2002.

Money market mutual funds enjoyed a major increase in market share, from 36.17 in 2001 to 42.34% in 2002. Their total assets increased by 10.88% year-on-year. This increase occurred during the second half of the year. The largest monthly increase occurred in December (17.7 %). Out of 40 money market mutual funds, 35 were domestic, 1 was foreign and 4 were international (see Table II of the Appendix).

Equity funds suffered a major decrease in market share, from 20.42% in the end of 2001 to 14.62% in the end of 2002, representing a 32.16% year-on-year reduction in total assets. By the end of 2002, there were 121 equity funds, as compared to 128 in 2001, of which 76 were domestic, 30 were foreign and 15 were international funds.

Bond funds managed to preserve their market share (20.18% in 2002 as compared to 20.85% in 2001) despite an 8.32% year-on-year reduction of their total assets. Bond fund assets followed a downward course from February 2002 till the end of the year, hitting a yearly low in October (-11.69%). The substantial increase of total assets by 3.51% in December improved the annual image of the bond funds market. Out of 63 bond funds operating by the end of 2002, 32 were domestic, 14 were foreign and 17 were international.

Finally, mixed bonds also preserved their market share (22.87% in 2002, as compared to 22.56% in 2001). In 2002, total assets of bond funds decreased by 3.98%, albeit during the course of the year showed monthly fluctuations related to sudden changes in the number of shares, due to the increased participation (approximately 80% throughout the year) of one mutual fund in the total assets of this category. The distribution of mixed funds remained unchanged: out of 36 mixed funds, 25 were domestic, 2 were foreign and 9 were international funds.

The make-up of the mutual funds market is illustrated on Figure 17, which correlates the quarterly change in total mutual fund assets with the corresponding ratio of equity fund to total assets.

**TABLE ■ 27**

**Net Assets and Shares of Mutual Funds  
by Type of Fund, 2002**

MF Classification		Net Assets 31.12.2002 (bn €)	% Diff. 2002-2001	No. of Shares 31.12.2002	% Diff. 2002-2001
Money Market	Domestic	10,713,817,791.55	11.11	2,074,726,595.68	24.65
	Foreign	275,513.23	-96.64	23,289.14	-97.75
	International	33,347,969.71	-21.20	2,074,669.96	-33.37
Bond	Domestic	4,276,243,653.51	-12.77	618,746,218.03	-18.39
	Foreign	524,891,655.46	35.82	86,215,782.46	35.81
	International	320,797,105.28	7.69	81,509,179.37	11.38
Equity	Domestic	3,387,989,488.15	-33.13	720,304,177.37	-11.79
	Foreign	270,247,155.84	-9.51	123,390,436.76	39.43
	International	53,024,179.32	-49.61	21,444,991.10	-30.15
Mixed	Domestic	5,648,004,730.32	-3.63	828,906,449.03	3.52
	Foreign	3,099,571.93	-22.64	1,057,632.21	-2.50
	International	153,411,739.31	-14.87	19,966,113.89	9.68
<b>TOTAL</b>		<b>25,385,150,553.61</b>	<b>-5.26</b>	<b>4,578,365,535.00</b>	<b>6.00</b>

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

**FIGURE ■ 16**

**Net Mutual Fund Assets, Market Capitalisation  
and the ASE General Index, 2002**

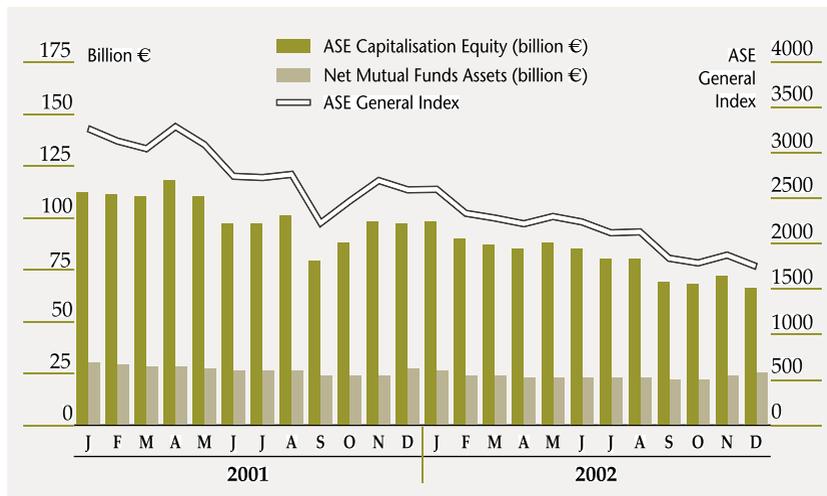
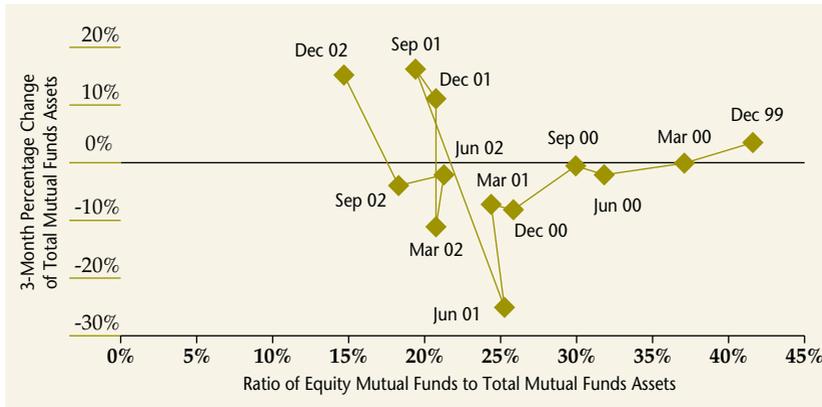


FIGURE ■ 17

The Make-up of the Capital Market and the Total Assets of Mutual Funds



In the first half of 2002, the total net assets of mutual funds registered a 14.09% decrease, which is proportionate to the 13.6% decrease of the ASE General Index during the same period. Nevertheless, the market share of equity funds remained unchanged (20.8%) thanks to the smaller decline in the number of shares during this period, in comparison to other types of mutual funds. Therefore, the decrease of the ASE General Index during the first half of 2002 did not lead to any significant redemption of equity funds units, due to the expectations for share price recovery during the second half of the year. During the second half of 2002, the total net assets of mutual funds increased by 10.18%, while the assets of equity funds decreased by 22.62%. The other types of mutual funds registered net asset increases, while mixed funds saw the number of their shares increase as well. The market share of equity funds was reduced to 14.6%, mainly due to the decrease of the ASE General Index by 21.87%, given that the number of shares in this category was reduced by only 2.5% during this specific period. Therefore, the slight annual decrease of their net assets by 5.26% can be attributed to the inflow of new capital in mixed and money market mutual funds during the second half of 2002. This conclusion is corroborated by the increase in the total number of shares by 6% in 2002.

During 2002, the concentration level in the mutual fund market increased. By the end of the year, the three largest mutual fund management firms had funds under management of 15.3 billion Euros, which accounted for 60.29% of total mutual fund assets, as compared to 55.9% in 2001, while the 5 largest mutual fund management firms had funds under management, which accounted for 76.27% of

total mutual fund assets, as compared to 72.0% in 2001 (see Table I of the Appendix).

During 2002, the Hellenic Capital Market Commission granted operating licenses to three mutual fund management firms, two of which had already been activated by the end of the year. Moreover, one firm took over the management of the funds of another mutual fund management firm, while six overseas Undertakings for Collective Investments in Transferable Securities (UCITS), whose operation is governed by the provisions of Directive 85/611/EEC, notified the HCMC about their intention to sell mutual fund shares in the Greek market through their representatives. Five of those UCITS are based in Luxembourg and one is based in Germany. Finally, the Hellenic Capital Market Commission approved the sale of shares from 264 foreign mutual funds.

**TABLE ■ 28**

**Foreign UCITS in the Greek Capital Market, 2001-2002**

Year	UCITS covered by Directive 85/611/EEC		UCITS covered by Directive 85/611/EEC	
	UCITS	MF	UCITS	MF
2001	18	316	3	11
2002	6	264	0	0
Total	24	562	3	11

Source: HCMC.

***The international mutual fund market***

According to the statistics of FEFSI, during the first nine-months of 2002, total net assets of mutual funds in European markets (UCITS and non-UCITS) were reduced by 6.9%. During the first three quarters of 2002, the total net assets of UCITS mutual funds were reduced by 7.4%, due to the reduction in the total assets of equity funds by 25.2% and mixed funds by 15.8%. Nevertheless, it should be noted that net sales of units for the first three quarters of 2002 were positive in the case of equity funds and negative in the case of mixed funds. On the contrary, total assets of bond and money market funds increased by 5.3% and 17.7% respectively. These changes in total assets led to a reshuffling of market shares for European mutual funds: 33% equity funds, 14% mixed funds, 31% bond funds and 20% money market mutual funds (excluding Irish mutual funds, for which there is no classification). France, Luxembourg and Italy dominate the European mutual fund market, with a market share of 58.3% of the total, followed by the United Kingdom and Germany.

The non-UCITS market is dominated by four product types: German special mutual funds, exclusively addressed to institutional investors, British investment trusts, real estate funds and French employee insurance funds. During the first three quarters of 2002, the total assets of non-UCITS mutual funds decreased by 5%.

**TABLE ■ 29****Net Assets of UCITS by Type of Fund, 2001-2002**

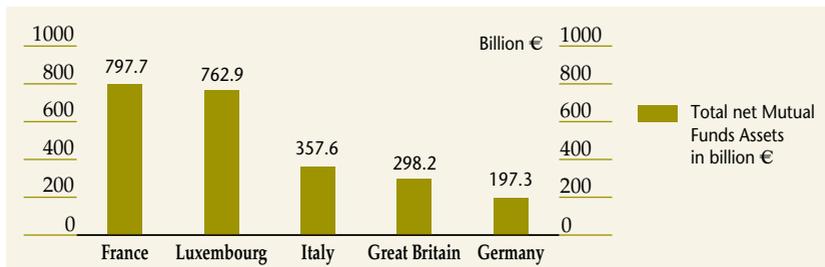
MF Classification	30.9.2002			30.6.2002	31.3.2002	31.12.2001
	Total Net Assets (bn €)	% of total	% change Sep. 2002 - Dec. 2001	Total Net Assets (bn €)	Total Net Assets (bn €)	Total Net Assets (bn €)
Equity	997	33.00%	-25.2%	1,196	1,399	1,333
Mixed	434	14.00%	-15.8%	478	521	515
Bond	962	31.00%	5.3%	926	927	913
Money Market	606	20.00%	17.7%	580	562	515
Other	61	2.00%	-1.6%	64	70	62
Total	3,060	100.00%	-8.3%	3,244	3,478	3,338
Incl. Ireland	3,290		-7.4%	3,471	3,718	3,554

Source : FEFSI

**TABLE ■ 30****Top-5 Countries in Mutual Fund Net Assets in the EU, 30.9.2002**

States	30.9.2002		% change	31.12.2001
	Total Net Assets (bn €)	% of total	Sep. 2002 - Dec. 2001	Total Net Assets (bn €)
France	797.700	24.2%	-0.3%	800.200
Luxembourg	762.872	23.2%	-10.4%	851.060
Italy	357.608	10.9%	-11.4%	403.678
United Kingdom	298.202	9.1%	-16.6%	357.461
Germany	197.300	6.0%	-9.8%	239.666
Total	3,290.449	73.4%	-7.4%	3,553.721

Source: FEFSI.

**FIGURE ■ 18****Top-5 Countries in Mutual Fund Net Assets in the EU, 30.9.2002****Portfolio Investment Companies**

The slowdown of the capital market contributed to the contraction of both the net asset value of portfolio investment companies (PIC) and the prices of their shares.

As a result, net profits are expected to decrease, affecting the amount of dividends distributed to their shareholders.

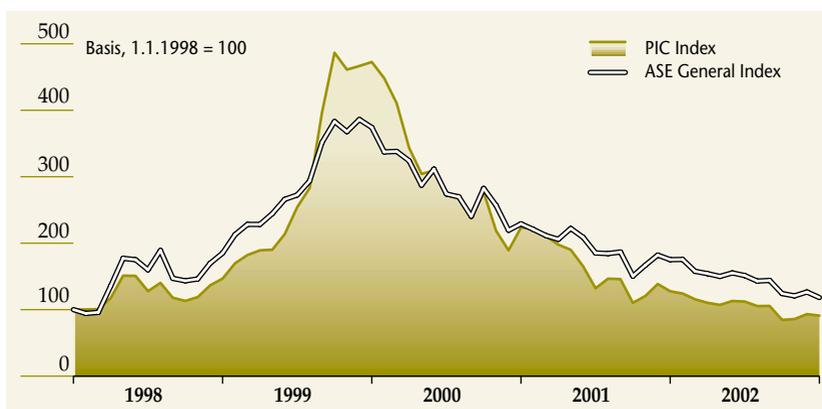
Twenty four portfolio investment companies whose share were listed in the ASE operated by the end of 2002, while during the year two non-listed companies presented the competent authorities with applications to be listed in the ASE.

By the end of 2002, the total market capitalisation of these twenty-four listed portfolio investment companies was 1.4 billion Euros, while in 2001 there were twenty companies with market capitalisation of 1.8 billion Euros. Their total net asset value was 1.7 billion Euros in 2002, as compared to 2.3 billion Euros in 2001. Finally the average discount for listed PICs decreased from 15.3% by the end of 2001, to 15% by the end of 2002. Barring one listed PIC, which showed a premium of 167%; the average discount for 2002 was 23%.

During 2002, six portfolio investment companies listed their shares in the Main Market of the ASE, raising funds of 6,277,480 Euros, while none of the already listed PICs proceeded with share capital increases against cash payment. Moreover, during 2002 the HCMC did not grant operating license to one new PIC, while it revoked the license of two companies due to dissolution and liquidation, and of another two companies due to merger by absorption.

**FIGURE ■ 19**

**The Evolution of the ASE General Index and the PIC Index, 1998-2002**



*The portfolio structure of Portfolio Investment Companies listed in the ASE*

Table 31 presents the portfolio structure of the portfolio investment companies listed, or about to be listed, in the ASE. Portfolios of such companies are allocated to the following main categories: a) placements in shares of companies listed in

the ASE, b) placements in shares of companies not listed in the ASE, c) placements in mutual fund shares and fixed income securities d) placements in foreign equities and e) investment capital in cash, including repos.

The total value of PIC portfolios amounted in September 2002 to 1,793.95 million Euros, decreased by 27.23% from December 2001. Total portfolio value followed a downward course during 2002, and registered its biggest decrease during the third quarter of 2002, when it decreased by 15.82%.

The portfolio structure of portfolio investment companies during the first nine months of 2002, shows a reduction of placements in shares listed in the ASE as a percentage of total portfolio value from 72.53% in December 2001 to 65.45% in September 2002. The reduction of placements in equities was continuous and amounted to 34.3% for the entire nine-month period. This reduction is proportionate to the decline of the stock exchange's indices during the same period (ASE General Index 29.1%; FTSE/ASE20 34.8%; FTSE/ASE Mid40 28.4%, and FTSE/ASE 80 36.4%). On the contrary, the portion of investments in bonds and mutual funds, as well as in cash (including repos) kept by companies, as a percentage of the total value of investment portfolios increased from 3.46% in December 2001 to 6.02% in September 2002, and from 13.7% in December 2001 to 17.3% in September 2002 respectively. In absolute terms, placements in bonds and mutual funds (the latter do not exceed 10% of the total value of this category) increased by 26.7% in the first nine-months of 2002. The biggest increase was observed during the third quarter of the year. These developments are due to the frustration of expectations regarding economic recovery in the second half of 2002 and the shift of portfolio managers towards lower risk investments.

The percentage of placements in foreign equities increased from 6.17% of the total in December 2001 to 6.17% in September 2002. The total value of placements in foreign equities decreased by 15.8% in the first nine-months of 2002, this decrease being lower than that of international stock exchange indices during the same period (DJ 24.2%; DJ EURO STOXX 50 42.1%; FTSE 100 28.7%; DAX XETRA 46.3% and CAC 40 39.9%). Placements in shares of non-listed companies remained unchanged as a percentage of total portfolio value, albeit in absolute terms they decreased by 3.3% in the first nine months of 2002.

A review of the portfolio structure of portfolio investment companies for the last five-year period, shows that in September 2002 placements in ASE listed shares as a percentage of total portfolio value reached an historical low, reflecting the conservative investment policies implemented by portfolio managers. However, the deviation of the percentage of equity placements from the maximum level for the last five years is limited by the addition of placements in foreign equities to the placements in ASE listed shares.

TABLE ■ 31

Portfolio Structure of ASE Listed and Non-listed PIC<sup>1</sup>, 1998-2002

Quarter/ Year	Shares of ASE listed Companies		Shares of non-listed Companies		Mutual Funds Shares & Bonds		Foreign Equities		Cash & Repos	
	Value (000' €)	% of portfolio	Value (000' €)	% of portfolio	Value (000' €)	% of portfolio	Value (000' €)	% of portfolio	Value (000' €)	% of portfolio
Dec-02		-		-		-		-		-
Sep-02	1,174,190.5	65.45%	73,865.1	4.12%	108,058.4	6.02%	127,981.1	7.13%	309,857.6	17.27%
Jun-02	1,473,524.0	69.14%	76,401.9	3.58%	82,215.7	3.86%	145,605.1	6.83%	333,446.6	16.58%
Mar-02	1,616,682.1	71.63%	79,301.1	3.51%	95,640.0	4.24%	156,450.8	6.93%	308,987.7	13.69%
Dec-01	1,788,092.7	72.53%	102,081.7	4.14%	85,293.3	3.46%	152,019.5	6.17%	337,745.5	13.70%
Sep-01	1,380,613.4	67.23%	114,852.0	5.59%	69,252.0	3.37%	125,095.8	6.09%	363,751.1	17.71%
Jun-01	1,742,100.5	71.84%	119,069.1	4.91%	96,079.4	3.96%	166,192.4	6.85%	301,545.7	12.43%
Mar-01	1,963,926.1	68.83%	117,479.3	4.12%	85,162.4	2.98%	144,318.5	5.06%	542,293.5	19.01%
Dec-00	2,209,771.8	71.57%	111,955.2	3.63%	117,772.5	3.81%	160,202.7	5.19%	487,671.9	15.80%
Sep-00	2,771,894.4	74.47%	104,819.8	2.82%	95,499.4	2.57%	171,304.2	4.60%	578,866.8	15.55%
Jun-00	2,675,316.9	71.54%	104,228.0	2.79%	117,177.1	3.13%	155,216.2	4.15%	687,643.1	18.39%
Mar-00	2,875,682.3	69.57%	103,548.1	2.51%	219,460.7	5.31%	147,023.7	3.56%	787,871.1	19.06%
Dec-99	2,827,316.7	75.93%	94,036.4	2.53%	32,799.2	0.88%	96,072.3	2.58%	673,383.7	18.08%
Sep-99	2,347,463.4	84.27%	44,573.1	1.60%	45,683.0	1.64%	71,151.5	2.55%	276,871.5	9.94%
Jun-99	1,456,406.6	77.92%	21,093.0	1.13%	66,220.2	3.54%	71,982.6	3.85%	253,522.6	13.56%
Mar-99	935,920.8	72.72%	18,871.7	1.47%	33,224.0	2.58%	54,427.0	4.23%	244,552.1	19.00%
Dec-98	740,516.9	74.98%	15,320.2	1.55%	59,738.9	6.05%	47,652.1	4.82%	124,409.1	12.60%

Source: Hellenic Capital Market Commission.

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

### *Institutional investor activity in the derivatives market*

In 2002, institutional investors increased their activity in the derivatives market. Table 32 shows the placement of mutual fund assets in derivatives at the end of each quarter by value and as a percentage of the total assets of these mutual funds. Investments are made in regulated and over-the-counter products. Investments in regulated products concern derivative products traded in a domestic and/or overseas organised derivatives market and over-the-counter investments concern derivative products that are not tradable in any organised market. Moreover, the table presents quarterly gains and losses due to investment in derivatives.

Mutual fund placements in derivatives increased both in absolute terms and as a percentage of the fund's assets, with the exception of the second quarter of 2002 when they decreased as a percentage of the total versus the same period in 2001 (Table 32). The percentage increase of mutual fund assets invested in derivatives is higher for regulated derivatives than for over-the-counter derivatives. The portion of investments in over-the-counter derivatives in total placements in derivatives decreased from 92.4% in December 2001 to 87.0% in December 2002, though it still remains higher than the portion of investments in regulated products, due to the widespread use of derivatives in the forward exchange market, as well as the structure of the Greek mutual fund market, which favours money market funds. Investment in derivatives as a percentage of total mutual funds assets was decreased.

Table 33 shows that portfolio investment company placements in derivatives increased on a year-on-year basis. The distribution of company investments between regulated and over-the-counter derivatives showed substantial fluctuations during the year, marked by an increase of investment in over-the-counter derivatives as a percentage of total investment in derivatives. The quarterly distribution of the ratio of regulated to over-the-counter derivatives for the period under review was the following: 45.1/54.9 in the 4th quarter of 2001; 18.8/81.2 for the 1st quarter of 2002; 49.8/50.2 for the 2nd quarter of 2002; 43.5/56.6 for the 3rd quarter of 2002, and 39.2/60.8 for the 4th quarter of 2002.

## **Developments in the International Capital Markets**

---

In 2002, the decline in most advanced and emerging capital markets, including the Greek capital market, continued for a third consecutive year. In Europe, the FTSE 100 index registered an annual decrease of 24%, the DAX index of the Frankfurt stock Exchange decreased by 44%, and the Euronext index decreased by 34%. In the US, the NYSE Comp and NASDAQ Comp indices registered annual losses of 19.83% and 31.5% respectively, while in Japan the Nikkei 225 index decreased by

TABLE ■ 32

## Mutual Fund Investments on Derivative Products, 2001-2002

Quarter	Regulated Derivatives			Over-the-counter Derivatives			Total		
	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter
4th Quarter 2002	190,301,239	1.09%	19,889,623	1,271,987,383	7.30%	3,577,624	1,462,288,622	8.40%	23,467,248
3rd Quarter 2002	221,295,809	1.42%	-6,523,284	881,166,293	5.66%	-1,273,145	1,102,462,102	7.09%	-7,796,429
2nd Quarter 2002	170,104,313	1.02%	-2,337,227	1,159,680,725	6.92%	8,196,923	1,329,785,038	7.94%	5,859,696
1st Quarter 2002	114,776,386	0.87%	563,149	839,206,028	6.36%	144,755	953,982,414	7.23%	707,904
4th Quarter 2001	59,853,005	0.45%	8,027,794	724,092,843	5.46%	1,997,085	783,945,848	5.91%	10,024,880
3rd Quarter 2001	50,907,672	0.38%	-1,205,719	619,979,869	4.65%	2,746,097	670,887,540	5.03%	1,540,379
2nd Quarter 2001	76,825,925	0.57%	1,683,392	1,030,021,923	7.64%	-3,311,085	1,106,847,848	8.21%	-1,627,693
1st Quarter 2001	29,500,636	0.21%	871,068	674,231,265	4.90%	2,407,704	703,731,902	5.12%	3,278,772

Source: Hellenic Capital Market Commission.

TABLE ■ 33

## Portfolio Investment Companies Investments on Derivative Products, 2001-2002

Quarter	Regulated Derivatives			Over-the-counter Derivatives			Total		
	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter	Absolute value of position (€)	% of absolute value of position	Gains or losses within the quarter
4th Quarter 2002	31,714,585	1.31%	2,659,566	49,260,237	2.04%	746,055	80,974,822	3.36%	3,405,621
3rd Quarter 2002	53,987,630	2.74%	-4,608,796	70,614,521	3.59%	706,329	124,602,151	6.33%	-3,902,468
2nd Quarter 2002	33,752,890	1.34%	957,067	34,011,426	1.35%	1,277,343	67,764,316	2.70%	2,234,410
1st Quarter 2002	17,868,518	0.71%	1,469,948	1,76,929,794	3.06%	92,692	94,798,312	3.77%	1,562,640
4th Quarter 2001	19,710,512	0.78%	-1,856,866	24,001,215	0.96%	-439,790	43,711,727	1.74%	-2,296,656
3rd Quarter 2001	24,892,694	0.99%	4,507,334	49,205,419	1.96%	264,734	74,098,112	2.95%	4,772,068
2nd Quarter 2001	16,201,221	0.64%	-1,290,517	31,065,927	1.24%	-433,405	47,267,147	1.88%	-1,723,921
1st Quarter 2001	3,427,824	0.14%	130,947	68,689,472	2.73%	565,723	72,117,296	2.87%	696,670

Source: Hellenic Capital Market Commission.

18%. The global MSCI index registered a 20% year-on-year decrease, behaving in the worst manner since 1974, while the capital losses accumulated by the global FTSE index since 2000 amounted to 43%, admittedly giving a great blow to worldwide investor confidence. Capital losses for the entire three-year period represent the greatest downturn in stock markets since the Great Depression of 1929.

International concern over the weak recovery of economies, the amount and quality of corporate profits, the bankruptcies, the pessimistic profit warnings, as well as the excessive level of listed company valuations, was instrumental in making investors behave cautiously, despite the remarkable relaxation of monetary policy and the measures for the improvement of investor sentiment. High corporate debt burdens in both the US and Europe, encouraged policies that aim at attracting foreign capital inflows. Nevertheless, concerns over the integrity of the international monetary system and the effectiveness of Japan's monetary stabilisation program discouraged international fund movements and, therefore, any increase in capital market transactions. Risk aversion was a main feature of worldwide investor behaviour, leading to a further contraction of capital inflows towards less developed markets, an increase of trading in bond markets, and a wider use of hedging methods.

Depression in the eurozone was avoided, thanks to the significant progress made regarding macroeconomic stability and the structural reforms carried out by member-states. GDP growth of the EU member-states amounted to 1.0% in 2002, as compared to 1.5% growth in 2001 and 3.4% in the year 2000. Despite low growth rates, inflation increased by 1.9% in 2002, as compared to 2.0% in 2001 and 1.9% in 2000. The substantial increase in oil and other raw material prices, as well as the devaluating trends of the euro:dollar exchange rate had been major factors contributing to inflationary pressure since 2000. Recently inflation became a source of concern for the EU due to the lack of price competition in the services sector.

Economic developments in the US during 2002 were more favourable, given that this country's GDP grew by 2.3%, while inflation increased by 1.4%. These developments mainly reflect the relative success of structural measures, despite the prevalence of cyclical fluctuations. Japan's macroeconomic condition was further aggravated in 2002, with a 0.6% contraction in GDP and a 1.4% disinflation rate. Employment rates decreased in all OECD countries. More specifically, the EU unemployment rate increased from 7.3% in 2001 to 7.6% in 2002, the US jobless rate increased from 4.8% in 2001 to 5.8% in 2002, and the Japanese increased from 5% in 2001 to 5.5% in 2002. The fluctuations of the exchange rate of the Euro against the US dollar were considerable during 2002. By the end of March the Euro was equivalent to 0.87 dollars, by the end of July it was equivalent to almost 1 dollar, while till October the Euro fluctuated from 0.97 to 0.99 dollars. Since November 2002, the Euro followed an upward course, and by the end of the year it approached 1.05 dollars.

TABLE ■ 34

## EU Basic Macroeconomic Indicators, 2000-2002

Country	Gross Domestic Product			Exchange Rates			Inflation			Gross Government Debt (% of GDP)		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
Austria	3.5	0.7	0.7	13.76	-	-	1.5	2	1.7	63.6	63.2	60.2
Belgium	3.7	0.8	0.7	40.34	-	-	2.3	2.5	1.8	109.2	107.6	105.6
Denmark	3	1	1.7	7.45	7.46	7.45	3	2.1	2.3	46.8	44.7	44
Finland	6.1	0.7	1.4	5.95	-	-	3.9	2.9	2	44	43.4	42.4
France	3.8	1.8	1	6.56	-	-	1.5	1.6	1.6	57.3	57.3	58.6
Germany	2.9	0.6	0.4	1.96	-	-	1.5	1.9	1.3	60.2	59.5	60.9
Greece	4.2	4.1	3.5	3.4	-	-	3.2	3.1	3.1	106.2	107	105.8
Ireland	10	5.7	3.3	0.79	-	-	4	4.2	4.7	39.1	36.4	35.3
Italy	2.9	1.8	0.4	1.9	-	-	2.8	2.9	2.7	110.6	109.9	110.3
Luxembourg	8.9	1	0.1	40.34	-	-	2.6	2.8	1.9	5.6	5.6	4.6
Netherlands	3.3	1.3	0.2	2.2	-	-	3.5	4.6	3.4	55.8	52.8	51
Portugal	3.5	1.7	0.7	2	-	-	2.9	4.2	3.5	53.3	55.5	57.4
Spain	4.2	2.7	1.9	1.7	-	-	3.2	3.3	3.6	60.5	57.1	55
Sweden	3.6	1.2	1.6	8.45	9.26	9.13	1	1	1.6	55.3	56.6	53.8
Britain	3.1	2	1.6	0.61	0.62	0.63	0.7	0.4	0.9	42.1	39.1	38.5
EU15	3.4	1.5	1	1	1	1	1.9	2	1.9	64.1	63	63
USA	3.8	0.3	2.3	0.92	0.9	0.94	2.5	2	1.4	59.5*	59.7*	60.7*
Japan	2.4	-0.1	-0.6	0.99	1.08	1.11	-1.1	-1.5	-1.4	123.4*	132.6*	142.7*

Source: European Economy (EU: DG of Economic and Financial Affairs), \* OECD Economic Outlook, n.72.

In real terms, the year-on-year revaluation of the euro against the dollar was approximately 6%, contradicting analyst estimates concerning its devaluation. This development elevated the new single currency of the EU as a major factor of monetary stability in the eurozone. The revaluation of the Euro in real terms contributed, amidst inflationary pressures, to the enhancement of household purchasing power, with beneficial short-term effects on domestic demand. In the US, the widening current account deficit and the weakening of macroeconomic aggregates put additional pressures on the value of the dollar, which were further increased by the outflow of investment capital due to negative investor sentiment. In Japan, the yen: dollar exchange rate increased during the first half of 2002, due to a shift in investor preferences towards high yield securities of the Japanese market. However, this revaluation was brief, since the frustration of economic recovery expectations and the weakness of the Japanese financial system caused a gradual decrease of the yen:euro exchange rate to a three-year low.

After the reduction of base rates in the eurozone by 150 basis points during 2001, the minimum deposit rate remained unchanged to 3.25% for the largest part of the year 2002. Since the beginning of the year and till May, the quarterly rate increased by only 15 basis points, was stabilised at 3.5%, and from November onwards it decreased below 3.3%. In the US, the FED implemented a loose monetary policy, decreasing quarterly rates from 4.2% in 2001 to 3.3% in 2002. In Japan, the already low level of interest rates was further reduced. Quarterly rates decreased from 0.12% in 2001 to 0.06% in 2002. Despite the slight worldwide relaxation of monetary policy, the expectations for economic recovery in the eurozone did not come true. Slower growth rates and increased exchange rates of the Euro frustrated any expectation for a counter-inflationary interest rate increase and, finally, led to an interest rate cut in autumn 2002.

The decline of share prices in most advanced and emerging capital market during 2002, led to an increase in placements in the fixed income securities market, reducing those securities' yields. In the period October-December 2002, the yields of 10-year treasury bonds in the eurozone remained at approximately 4.6%, while in the US they increased by approximately 4.2%, reducing the spread to almost 35 basis points. In Japan treasury bond yields decreased, with only a brief exception in mid-September, due to a reversal of investor sentiment caused by an announcement from the country's central bank intention regarding its intention to purchase shares of ailing banks. Despite the announcement, yields continued falling to 1%, the lowest level since the 1997 Asian crisis.

The year 2002 was also marked by reduced investor confidence in corporate bonds, due to the great number of major corporate governance scandals and bankruptcies, mainly in the US. However, since October 2002, the spread between

TABLE # 35

## Developments in Selected International Stock Exchanges, 2002

Stock Exchanges	General Index			Χρηματιστηριακή Αξία			Αξία Συναλλαγών			Turnover ratio <sup>1</sup> (%)	No. of Listed Companies
	Closing Price	% annual change	Amount (bn USD)	% annual change	% of GDP	Amount (bn USD)	% annual change	% of GDP			
London	3,940.36	-24.48	1785.2	-16.95	102.15	3,998.46	-12.13	228.79	223.98	2,824	
Germany	2,892.63	-43.94	686.01	-35.99	31.19	1,207.97	-16.11	54.92	176.09	934	
Euronext	540.27	-33.75	1,538.62	-18.59	-	1,987.193	-37.51	-	129.16	14924	
Paris	3,063.91	-32.51	-	-	-	-	-	-	-	-	
Switzerland	3,245.50	-25.95	612.66	16.17	-	600.065	1.53	-	97.94	398	
Amsterdam	322.73	-36.32	-	-	-	-	-	-	-	-	
Italy	16,954	-23.74	477.07	-9.54	36.26	636.82	-10.33	48.41	133.49	294	
Madrid	633.99	-23.10	461.55	-1.42	64.68	654.74	-22.26	91.75	141.86	3,015	
Stockholm	149.57	-37.43	179.11	-24.27	69.97	277.49	-28.25	108.41	154.93	297	
Brussels	2,025.04	-27.21	-	-	-	-	-	-	-	-	
Athens	1,748.42	-32.53	67.06	-20.87	46.06	23.51	-37.22	16.15	35.06	350	
Vienna	1,150.05	0.85	33.58	33.25	14.85	6.14	-20.26	2.72	18.28	129	
NYSE	472.87	-19.83	9,015.2	-18.24	87.41	10,311.15	-1.70	99.97	114.38	2,366	
NASDAQ	1,335.52	-31.53	2,150.46	-25.77	20.85	-	-	-	-	3,649	
Tokyo	8,578.95	-18.63	2,069.3	-15.61	49.68	1,565.82	-5.70	37.59	75.67	2,153	
Hong-Kong	9,321.29	-18.21	463.05	-8.50	-	194.003	-19.50	-	41.90	978	

Source: World Federation of Exchanges Members), Hellenic Capital Market Commission.

Notes: <sup>1</sup> Value of trading in shares / market capitalisation.

<sup>2</sup> Includes data from Amsterdam, Brussels, Lisbon and Paris.

<sup>3</sup> Includes prices from Amsterdam, Brussels, Lisbon and Paris.

<sup>4</sup> November 2002 data.

<sup>5</sup> Includes Swiss high capitalisation stocks traded in the Virt-x stock market.

<sup>6</sup> November 2002 data.

the yields of corporate bonds that received a BBB rating and 10-year treasury bonds was reduced significantly, both in the eurozone and in the US.

The general fall of share prices was accompanied by great uncertainty and wide price fluctuations, as shown by the volatility index, whose calculation is based on the value of options on main stock exchange indices. This volatility created favourable circumstances for the growth of speculative investment in prices with relatively low prices and their derivative products. After major fluctuations during the year, by late 2002 the volatility index decreased to a level that approximates its average price for the past two years. In the Eurozone, the DJ EUROSTOXX 50 volatility index increased from 26% in December 2001 to 32% in December 2002, and reached its high (55%) in late September. In the US and Japan, the volatility indices were 24% and 25.5% respectively.

Following the downward trend that begun in 2001, total market capitalisation of companies listed in stock markets registered a substantial decrease. Market capitalisation in the NYSE decreased by 18%, in the NASDAQ by 26%, and in the Tokyo Stock Exchange by 15.6%. In Europe, market capitalisation in the London Stock Exchange decreased by 16.9%, in the Frankfurt Stock Exchange by 36.0%, in the Stockholm Stock Exchange by 24.3%, in the Euronext stock exchange by 18.6%, and in the Milan Stock Exchange by 9.5%. On the contrary, market capitalisation in the Austrian stock market increased by 33.6% and in the Swiss stock exchange by 16.1% (Table 35).

## Notifications of Foreign Companies Wishing to Provide Investment Services in Greece

---

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

In the context of the implementation of Directive 93/22 for the period 1995-2002, the Hellenic Capital Market Commission has received notifications from 978 overseas firms wishing to provide investment services in Greece by means of the «European Passport.» These notifications remain active in the case of 725 of the above companies.

The overall distribution of notifications by country is the following: 605 notifications came from the UK, 29 from Ireland and 21 from the Netherlands. In addition, 17 notifications came from Austria, 14 from France, 10 from Belgium, 7

from Norway, 6 from Germany, 3 from each of Spain and Italy, 2 from each of Sweden and Finland and, finally, 1 notification came from Luxembourg (Table 36).

Furthermore, in 2002 34 new companies submitted notifications regarding the provision of investment services in the Greek capital market. Of those notifications, 19 came from the UK, 5 came from Austria, 2 from each of France and the Netherlands, 2 from Spain and 1 from each of Norway and Belgium.

**TABLE ■ 36**

**Notifications for the Provision of Investment Services  
According to the EU Directive 93/22, 2002**

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Austria	7	14	19	0	2	2	7	12	17
Belgium	8	10	11	0	1	1	8	9	10
Denmark	5	5	5	0	0	0	5	5	5
France	8	11	14	0	0	0	8	11	14
Germany	1	5	6	0	0	0	1	5	6
Ireland	31	33	35	2	4	6	29	29	29
Italy	3	3	3	0	0	0	3	3	3
Spain	0	1	3	0	0	0	0	1	3
Luxembourg	1	1	1	0	0	0	1	1	1
Norway	4	6	7	0	0	0	4	6	7
Netherlands	21	22	26	3	4	5	18	18	21
Sweden	2	5	6	1	2	4	1	3	2
Finland	0	2	2	0	0	0	0	2	2
Britain	681	789	840	162	203	235	519	586	605
Total	772	907	978	168	216	253	604	691	725

Source: Hellenic Capital Market Commission.



## PART THREE

### ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

#### The New Organisation Chart of the Hellenic Capital Market Commission

According to article 76, par. 2 of Law 1969/91, the task of monitoring the enforcement of the provisions of capital market laws has been assigned to the Hellenic Capital Market Commission. The structure and responsibilities of the various departments of the HCMC had been established by article 33 of Law 2324/1995. Articles 34 and 35 of Law 2324/1995 had set its initial personnel structure and the necessary hiring qualifications. Personnel positions were also established subsequently, through the provisions of article 3 of law 2471/1997, article 103 of Law 2533/1997 and article 5 of Law 2836/2000.

According to the aforementioned provisions, the Hellenic Capital Market Commission comprised four directorates: the Directorate of Supervision and Audit of Stock Exchange and Companies, the Directorate of Research, Monitoring of Capital Market and International Relations, the Directorate of Administration and Accounting and the Directorate of Legal Services. The Commission's operation is based on this structure till this day.

Meanwhile, though, both the capital market, and the Hellenic Capital Market Commission itself have undergone major changes. More specifically, during this period the stock exchange grew substantially, new markets were established and the institutional framework for the capital market was significantly improved. These major changes in the capital market led to an increase of the HCMC's regulatory and supervisory responsibilities, as well as its workload, necessitating an increase of its personnel. In this context, the existing structure of the Hellenic Capital Market Commission is proved inadequate for the effective fulfilment of its tasks.

Paragraph 2, article 30 of Law 2324/1995, as replaced by article 103 of Law 2533/1997, states that within five years since the last law has come into force, the organisation chart of the Hellenic Capital Market Commission may be amended by means of a presidential decree, specifying its structure and the responsibilities of its departments, the organic positions, the qualifications of its personnel and every other relevant issue and necessary detail.

In 2002 the organisation chart of the Hellenic Capital Market Commission was amended. The objective of this amendment, which redefined the structure and

responsibilities of the Commission's departments, the organic positions and qualifications of its personnel, as well as any other relevant issue, was the effective fulfilment of its tasks. The new organisation structure was published by means of presidential decree 25/2003 (Gazette 26/6.2.2003).

According to the re-organisation provided for by presidential decree 25/2003, the Hellenic Capital Market Commission will comprise the following Directorates (Table 37):

1. Directorate of Licensing and Supervision of Capital Market Entities.
2. Directorate of Research, Certification and Information Systems.
3. Directorate of Public Offerings and Supervision of Listed Companies.
4. Directorate of Monitoring and Auditing of Capital Market Transactions.
5. Directorate of International and Public Relations.
6. Directorate of Administration and Accounting.
7. Directorate of Legal Services.
8. Internal Audit Office.
9. Press Office.
10. Secretariat of the Board of Directors, the Executive Committee and the General Manager.
11. The Offices of the Chairman and the Vice-Chairmen.

The aforementioned provisions cause no change to personnel positions, while they include newly established ones.

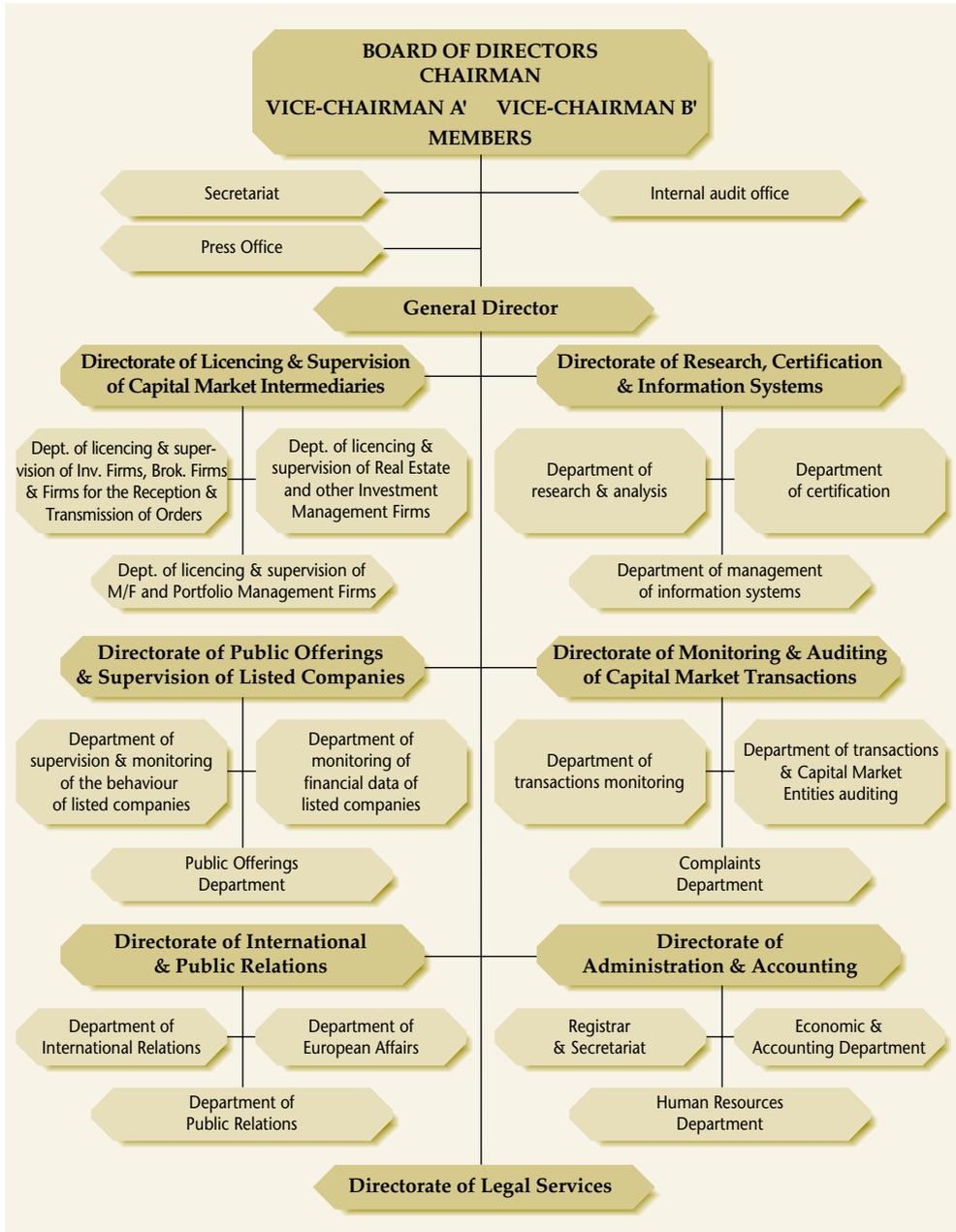
This new organisation structure will enable the Hellenic Capital Market Commission to respond more effectively to the new conditions that prevail in the capital market, and will provide it with the necessary flexibility in order to adapt to any further development in these circumstances.

The new organisation structure of the Hellenic Capital Market Commission is now equivalent to that of capital market regulators in European countries. It meets much better the need for specialised capital market supervision and implementation of the EU directives, which aim at creating a single European capital market. Moreover, the new organisation structure enhances human resources development within the HCMC.

The new organisation structure of the Hellenic Capital Market Commission, becoming effective as of February 2003, is presented in detail on the following table.

**TABLE ■ 37**

**The New Organisation Chart of the Hellenic Capital Market Commission**



## RULES AND REGULATIONS

---

During 2002, the board of directors of the Hellenic Capital Market Commission issued several rules and regulations and contributed significantly to the Ministry of Economy and Finance's legislative work on the capital market. During 2002, the Commission's regulatory activity was directed towards the enhancement of service quality and investor protection, the safeguarding of the normal operation of the market, the protection of the trading and clearing system, market transparency and the assurance of the smooth function of the market.

The following rules are regulations were issued during 2002:

### Quality of services and investor protection

---

- HCMC Rule 4/252/18.9.2002: «Amendment of HCMC Rule 4/213/28.3.2001 (Gazette B534/9.5.2001) "Specification of special qualifications and procedures for the professional certification of individuals employed by investment firms".» This rule redefines the terms and conditions for the participation of the aforementioned persons in the relevant examinations, in order to be professionally certified as securities and market analysts, due to the restructuring of tertiary education in accordance with Law 2916/2001.
- HCMC Rule 4/244/16.5.2002: «Amendment of HCMC Rule 2/132/19.5.1998: "Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Companies".» This rule amends case (e), paragraph 2, article 5 of rule 2/132/19.5.1998, so that portfolio managers of mutual fund management firms or portfolio investment companies are barred from being simultaneously executive members of the board of directors of companies whose shares are included in the portfolios under management, unless they are independent non-executive members of the board or participate in the board as representatives of the minority of shareholders and are non-executive members of the board. Furthermore, portfolio managers are barred from holding the position of the general manager of, or exercising managerial duties in, a company whose shares are included in the portfolio under management.

### Improvement of Capital Market Transparency

---

- HCMC Rule 3/236/16.1.2001: «Amendment of HCMC Rule 6A/104/8.4.1997 (Gazette B 369/12.5.1997 & B 357/2.5.1997).» This rule adds a new paragraph in Chapter III of Rule 6A/104/8.4.1997, according to which, semi-annual and annual audited financial statements of investment firms will be submitted to

the Hellenic Capital Market Commission within two months from the end of each calendar semester and year.

- HCMC Rule 2/258/05.12.2002: «Take-over Bid Regulation,» which after coming into force cancels rule 1/195/19.7.2000 (Rule 1030B/22.8.2000). According to this rule, the purpose of the regulations governing Take-over Bid is to ensure that: a) all holders of shares of the target company that are subject to similar conditions receive equal treatment; b) the recipients of the bid have adequate time and information in order to reach their decisions on the bid; c) the board of directors of the target company acts in accordance with its interests; d) distortions in the market for shares of the target company or any other company involved in the bid, are prevented; e) the activity of the target company is not hampered; and, finally, f) the bidder pays the full price and takes all reasonable measures concerning the payment of any other compensation. This rule specifies the minimum number of shares required for the bid to be valid, the conditions for the submission of a compulsory bid, the practice for meeting acceptance statements, the obligation to publicise the bid and inform the Hellenic Capital Market Commission, the restrictions of the powers of the board of directors of the target company, the contents of the Prospectus and, finally, the conditions for accepting, revoking and revising Take-over Bids.
- HCMC Rule 3/240/12.3.2002: «Amendment of Rule 2/211/19.2.2001 (Gazette B 433/19.4.2001) “Terms and conditions concerning the allocation of IPO shares in the New Market and the Greek Market for Emerging Markets”.» This rule amends articles 4 and 5 of HCMC Rule 2/211/19.2.2001 (Gazette B433/19.4.2001), in order to render more flexible the process for allocating shares in these markets.
- HCMC Rule 7/259/19.12.2002: «Definition of the minimum content of insurance policies covering property on which real estate mutual funds and real estate investment companies invest on.» This rule specifies the minimum contents of insurance policies that cover the properties on which real estate mutual funds and real estate investment companies invest on, according to a series of risks, as well as the percentage and kind of coverage of the commercial value of such property.
- HCMC Rule 5/252/18.9.2002: «Adjustment of the percentage provided for by paragraph 6, article 5 of P.D. 51/1992 regarding notifications from brokerage firms about transactions on shares under probation.» This rule increases from 5% to 30% the percentage provided for by par. 6, article 5 of PD 51/1992 regarding notifications about transactions on shares placed under probation.
- Circular Encyclical of HCMC 15/18.9.2002: «Clarifications on HCMC Rules 2/74/14.5.1996, 2/119/11.11.1997, 2/123/20.1.1998, 8/143/20.10.1998,

12A/172/12.10.1999 regarding the definition of the rights of the Depository Company.» This circular clarifies that the aforementioned rules, irrespective of title, specify the rights of the Central Securities Depository and the Members of the Athens Stock Exchange regarding only the clearing of transfers of shares listed in the ASE, and not the safeguarding and management of shares.

- HCMC Rule 8/259/19.12.2002: «Contents of the semi-annual and annual report and the investment statement for real estate investment companies.» This rule specifies the type of records and the contents of the semi-annual and annual reports of real estate mutual funds.
- Circular Encyclical of HCMC 14/21.2.2002: «Prevention of money laundering. This circular sets additional measures concerning transactions with persons or entities from Nauru.» According to this circular, the Hellenic Capital Market Commission warns investment firms, portfolio investment companies, and firms for the reception and transmission of orders that they should follow all procedures described in Circular Encyclical 8 of the HCMC concerning all transactions with persons or entities, including credit institutions and financial organisations from Nauru, irrespectively of amount. Moreover, this circular deletes Russia, Marshal Islands, Dominica and Nue from the list of countries included in par. 3 of Circular Encyclical 8 of the HCMC.

### **Safeguarding the Smooth Operation and Liquidity of the Capital Market**

---

- HCMC Rule 4/242/12.4.2002: «Amendment of HCMC Rule 2/216/17.5.2001: “Short Selling in the Athens Stock Exchange”.» This rule adds a new paragraph to article 1 of HCMC Rule 2/216/17.5.2001, which allows short selling through the process of regulated pre-arranged deals and the performance of transactions at closing prices.
- HCMC Rule 3/243/30.4.2002: «Amendment of HCMC Rule 1/216/17.5.2001: “Market Maker in the Main and Parallel Markets of the Athens Stock Exchange”.» This rule amends paragraph 3, article 3 of HCMC Rule 1/216/17.5.2001 (Gazette B667/31.5.2001), on obtaining market maker status, and also amends articles 5, 6, 8 and 9 of the same decision, concerning the written certification of the adequacy of the internal regulation by the competent internal auditor to the company’s board of directors on a monthly basis, the specification of a minimum daily quantity of shares, as well as the supervision of transactions performed by the market maker by ASE bodies. The aforementioned rule also completes certain provisions pertaining to other transactions performed by Market Makers.

- HCMC Rule 4/243/30.4.2002: «Conclusion of over-the-counter Repurchase agreements in the Athens Derivatives Exchange.» This rule allows the conclusion of over-the-counter repurchase agreements in the Athens Derivatives Exchange and specifies the terms, conditions and procedures for the conclusion of such agreements.
- HCMC Rule 26/256/14.11.2002: «Amendment of HCMC Rule 2/216/17.5.2001 (Gazette B/667/31.5.2001): “Short Selling in the Athens Stock Exchange” .» According to this rule, in the case of acquisition of shares accompanied by the total or partial closure of a net negative position that resulted from short selling, the ASE member that performs such a short sale must declare, via the electronic trading system of the ASE, purchase orders as orders for the closure of short selling positions. Moreover, according to this rule, the aforementioned purchases oblige the buyers to exercise the resale agreement regarding the purchased share, while in any case it is forbidden to perform short sales on shares acquired as a result of purchases falling under the above definition.
- HCMC Rule 7/249/25.7.2002: «Minimum amount of share capital for Real Estate Investment Companies.» This rule sets the minimum amount of the share capital of Real Estate Investment Companies to 29,350,000 Euros, fully paid up.
- HCMC Rule 5/249/25.7.2002: «Minimum amount of share capital for Portfolio Investment Companies.» This rule sets the minimum amount of the share capital of Portfolio Investment Companies to 5,870,000 Euros, fully paid up.
- HCMC Rule 6/249/25.7.2002: «Minimum amount of share capital for Mutual Fund Management Firms and of the opening assets of Mutual Funds.» This rule sets the minimum amount of the share capital of Mutual Fund Management Firms to 1,175,000 Euros, fully paid up, and the minimum amount of the opening assets of Mutual Funds to 1,175,000 Euros.
- HCMC Rule 8/249/25.7.2002: «Minimum amount of the opening assets of real estate Mutual Funds.» This rule sets the minimum amount of the opening assets of real estate Mutual Funds to 29,350,000 Euros.

### **Enhancement of the Clearing and Settlement System**

---

- HCMC Rule 10/259/19.12.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule amends parts of articles 26 and 28 of HCMC Rule 9820/154/16.3.1999 «Regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This amendment enables ASE members rendering client portfolio management services to execute basket orders. This rule achieves cost reduction for Investment Firm clients and expands the instruments and management possibilities available to investment firms.

- HCMC Rule 3/236/16.1.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule improves the efficiency of the regulation for the clearing and settlement process, as amended by HCMC Rules 9/160/2.6.1999, 11/177/7.12.1999, 9/181/18.1.2000, 5/194/4.7.2000, 11/201/10.10.2000, 1/215/10.5.01, 3/228/25.10.01 and 4/231/23.11.01, regulating issues pertaining to the transfer of shares between trading accounts created by operators following a custodian's order, in order to correct entries concerning shares of the custodian's clients.
- HCMC Rule 6/243/30.4.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule amends HCMC Rule 9820/154/16.3.1999 (Gazette900B) «Regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule simplifies the procedure for the provision of market making services in the Athens Derivatives Exchange.
- HCMC Rule 3/246/18.6.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule specifies that every issuer of registered shares, bonds, or Greek Depository Receipts, or every Real Estate Company manager will pay the CSD 0.1 Euros per each shareholder register change, or beneficiary change, due to stock exchange or over-the-counter transactions, with a minimum payable amount of 20 Euros per month.
- HCMC Rule 8/254/10.10.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule sets the confidentiality, under certain conditions, of entries in the CSD files concerning dematerialised securities, redefines the notification process regarding trades to be cleared and specifies the manner in which the CSD proceeds to the overdue settlement of liabilities of defaulting Members.
- HCMC Rule 25/256/14.11.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System.» This rule adds to article 22 of the Regulation the following case (c): «After completion of the settlement: Whenever the securities account of a beneficiary contains an available quantity of securities, while the "due securities" balance is larger than the "repo reserves" balance, these balances should be kept in the beneficiary's trading account, in accordance with paragraphs 2 and 4, article 67 of this regulation.»
- HCMC Rule 2/257/22.11.2002: «Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialised Securities

System.» This rule sets the conditions for the creation and maintenance of a register concerning the allocation of the beneficiaries of blocked shares of the Inter-ministerial Privatisation Committee.

- HCMC Rule 9/259/19.12.2002: «Additional Contributions to the ASE Supplementary Fund.» This rule extends till 31.12.2003 the validity of HCMC Rule 4/106/13.5.1997 concerning the obligation of each ASE member to pay to the Supplementary Fund an additional contribution of 0.01% on the daily value of its transactions.
- HCMC Rule 4/246/18.6.2002: «Specification of the procedure for the sale of bearer shares that were concerted to registered shares and whose owner remains unknown to the issuer.» This rule specifies the procedure concerning the sale of bearer shares that were concerted to registered shares and whose owner had remained unknown to the issuer until June 30th, 2002, thus solving a technical problem of the dematerialization process.

### **Enhancement of the Orderly Operation of Market Agencies and Institutions**

---

- HCMC Rule 2/242/12.4.2002: «Amendment of HCMC Rule 6/207/19.12.2000 (Gazette B34/9.1.2001): “Amounts paid by Members to the Athens Derivatives Exchange and the Athens Derivatives Exchange Clearing House as registration rights and annual subscriptions”.» This rule sets the amount of the annual subscriptions and registration fees paid to the Athens Derivatives Exchange and the Athens Derivatives Exchange Clearing House by their Members.
- HCMC Rule 1/241/28.3.2002: «Definition of the rights of the Central Securities Depository concerning the clearing of Futures.» This rule adds to the regulation for the clearing and settlement process and the operation of the Dematerialised Securities System certain provisions pertaining to the amount of fees for the registration of shares upon maturity of futures contracts.
- A major development for the capital market, concerning the regulation of social security organisations’ investment policy, was the issuance of common Ministerial Decision 155492/B.638/21.3.02 (Gazette 373/26.03.02): «Investment Behaviour Rules for the Utilisation of Social Security Organisations’ moveable assets.» This Ministerial Decision specifies (a) the terms and conditions for investments in securities by pension funds supervised by the Ministry of Labour and Social Security, (b) the rules governing investment behaviour for the utilisation of the moveable assets of social security organisations, and (c) the framework for the modernisation of the administrative structure of the aforementioned organisations.

## LICENSING OF SUPERVISED ENTITIES

The work of the Hellenic Capital Market Commission in the field of licensing during 2002, includes the following:

### Brokerage Firms-Members of the ASE

---

- Granted expansion of license to two (2) brokerage firms for the provision of underwriting services.
- Approved the absorption of two (2) investment firms-members of the ASE by banking institutions.
- Approved the merger through absorption of one (1) investment firm-member of the ASE by a brokerage firm.
- Approved the appointment of stock exchange representatives of brokerage firms and investment firms-members of the ASE in thirty-eight (38) cases (concerning thirty-one firms).
- Approved the operation of subsidiaries of brokerage firms and investment firms-members of the ASE in seven (7) cases.
- Approved the operation of the local representative office of one (1) investment firm-member of the ASE.
- Approved the modification of the charter of brokerage firms and investment firms-members of the ASE in fifteen (15) cases.
- Approved of share capital increases of brokerage firms and investment firms-members of the ASE in forty three (43) cases (concerning thirty-seven firms).
- Approved of share capital decreases of brokerage firms and investment firms-members of the ASE (due to conversion in Euro) for nine (9) companies.
- Approved of the transfer of shares of brokerage firms and investment firms-members of the ASE in (9) cases (concerning eight firms).
- Approved of changes in board composition of brokerage firms and investment firms-members of the ASE in thirty eight (38) cases (concerning thirty-one firms).
- Approved the replacement of the head of a brokerage firm or investment firm-member of the ASE branch in fourteen (14) cases (concerning eleven firms).
- Approved of the participation of brokerage firms and investment firms-members of the ASE in the share capital of other companies, concerning three (3) firms.

### Investment Firms-Non ASE Members

---

- Granted operating license to one (1) new firm.
- Revoked the license of one (1) firm due to change of objective and of one (1) firm due to non-activation.

- Approved of the operation of subsidiaries in seven (7) cases (concerning six firms).
- Approved of the operation of local representative offices in four (4) cases (concerning three firms).
- Approved of the modification of the charter of investment firms in twelve (12) cases (concerning 9 firms).
- Approved of share capital increases in twenty one (21) cases (concerning eighteen firms).
- Approved of share capital decreases (due to conversion in Euro) for five (5) firms.
- Approved of share transfers in twelve (12) cases (concerning nine firms).
- Approved of changes in board composition in twenty two (22) cases (concerning nineteen firms).
- Approved of the replacement of the head of an investment firm branch in five approved the replacement of the head of a brokerage firm or investment firm-member of the ASE branch in (5) cases (concerning four firms).
- Approved of the participation of an investment firm in the share capital of other companies for one (1) firm.

### Mutual Fund Management Firms

---

- Approved of fourteen (14) new mutual funds.
- Approved of the merger of twelve (12) mutual funds.
- Approved of investments in over-the-counter securities by six (6) firms.
- Approved of the modification of the charter of twelve (12) firms.
- Approved of the modification of the internal regulations of eighty eight (88) mutual funds.
- Approved of share capital increases of four (4) firms.
- Approved of share capital increases due to conversion in Euro of seven (7) firms.
- Approved of share capital decreases due to conversion in Euro of three (3) firms.
- Approved of the appointment of new board members in twenty one (21) cases.
- Granted operating license to three (3) firms.
- Revoked the license of two (2) firms.

### Portfolio Investment Companies

---

- Approved of the modification of the charter of twelve (12) firms.
- Approved of investments in over-the-counter securities by five (6) firms.
- Approved of share capital increases of twenty four (24) firms.
- Approved of share capital decreases of fourteen (14) firms.
- Approved of share capital increases due to conversion in Euro of three (3) firms.

- Approved of share capital decreases due to conversion in Euro of six (6) firms.
- Approved of the appointment of new board members in thirty five (35) cases.
- Revoked the license of two (2) firms due to dissolution and liquidation and two (2) firms due to merger by absorption.
- Approved of the listing of five (5) firms in the ASE.

### Real Estate Investment Companies

---

- Granted operating license to one (1) firm.

### Public Offerings

---

- Approved of the public offering of shares of six (6) new firms in the ASE's Main Market. The above approvals include the re-approval of the listing of two (2) firms, by simultaneously revoking the approvals granted in previous years.
- Approved of the public offering of shares of sixteen (16) new firms in the ASE's Parallel Market. The above approvals include the re-approval of the listing of three (3) firms, by simultaneously revoking the approvals granted in previous years.
- Approved of the public offering of shares of three (3) new firms in the New Market.
- Approved of the public offering of shares of two (2) firms already listed in the Main Market of the ASE.
- Approved of the sale, through public offering to the wide investing public, of co-operative units of one (1) firm.

## ENFORCEMENT AND COMPLIANCE

### The Supervisory Framework

---

For the purpose of supervision of market entities, the Hellenic Capital Market Commission monitors and analyses the developments in the capital market and exercises control and sanctions when it is considered necessary. The responsibility for the first task rests with the Directorate of Research, Monitoring of the Capital Market and International Relations, whilst the responsibility for the second task rests with the Directorate of Supervision and Audit of the Capital Market.

The Directorate 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 with the rules and regulations issued by the Commission, including the Codes of Conduct.

During 2002 the auditing activity of the Capital Market Commission was continued and expanded into many new areas. Control and sanctions contributed significantly to the rise in the market's efficiency through the establishment of the environment required for the smooth functioning of the capital market under conditions of volatility regarding both supply of, and «retail» demand for, securities.

The audits that took place during the 2002 concerned brokerage firms, investment firms, firms for the receipt and transmission of orders, and the ASE listed companies. The trading behaviour of shares of 64 listed companies for which there was evidence of illegal trading was monitored and analysed. Finally, the monitoring of the use of funds raised through public offers of shares in the market was continued in a persistent and steady manner.

### Administrative sanctions

---

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

#### *Revocation of License*

- Revoked the license of one (1) investment firm non-member of the ASE for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- Revoked the licenses of three (3) investment firms-non-members of the ASE, under the power of article 4 of Law 1806/88.
- Revoked the licenses of four (4) firms that receive and transmit orders, under the power of article 4 of Law 1806/1988.
- Temporarily revoked the licenses of ten (10) firms that receive and transmit orders for failing to comply with their obligations toward investors and the competent authorities, as well as for failing to comply with the code of conduct.

#### *Fines*

Brokerage firms and Investment firms.

- Fines were levied on ten (10) brokerage firms for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- Fines were levied on three (3) brokerage firms under the power of law 3632/28 for unlawfully engaging in short selling activity.
- Fines were levied on four (4) brokerage firms for not disclosing due information to the competent authorities.

- A fine was levied on one (1) brokerage firm for unlawfully providing investment services.
- Fines were levied on four (4) brokerage firms, for illegal trading practices and for insufficient protection of investors.
- Fines were levied on nine (9) brokerage firms for violations of the Underwriters Code.
- A fine was levied on one (1) investment firm for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.
- A fine was levied on one (1) investment firm for failing to comply with the code of conduct for investment services.
- A fine was levied on one (1) investment firm for failing to disclose information regarding changes in ownership exceeding 3 percent and certain volumes of daily transactions, as required by Presidential Decree 51/1992

#### Firms for the reception and transmission of orders

- Fines were levied on nineteen (19) firms for the reception and transmission of orders for failing to comply with the code of conduct for investment services and for illegal trading practices, such as the creation of artificial transactions and price manipulation.

#### Mutual Fund Management Firms and portfolio investment companies

- A fine was levied on one (1) mutual fund management firm for violating rules of market transparency
- Fines were levied on two (2) mutual fund management firms for failing to comply with the code of conduct for investment services and for inadequate investor protection.
- Fines were levied on one (1) mutual fund management firm for delays in the disclosure of due information to the competent authorities.
- Fines were levied on three (3) mutual fund management firms, for violating HCMC Rule 194/4.7.2000 concerning investment on derivatives.
- Fines were levied on two (2) portfolio investment companies, for violating HCMC Rule 194/4.7.2000 concerning investment on derivatives.
- Fines were levied on two (2) portfolio investment companies, failing to comply with the code of conduct for investment services and for insufficient protection of investors.
- A fine was levied on one (1) portfolio investment company for delays in the disclosure of due information to the competent authorities.

#### Listed Companies

- Fines were levied on two (2) listed companies for price manipulation, which undermined the smooth function of the capital market.

- Fines were levied on nineteen (19) listed companies for violating HCMC Rule 5/204/14.11.2000 on the non-submission of financial statements to the Commission, and the non-disclosure of major events or daily transactions affecting the share price.
- Fines were levied on fifteen (15) listed companies for failing to convert the nominal value of their shares to Euros in due time.
- A fine was levied on one (1) listed company for failing to disclose information regarding changes in ownership exceeding 3 percent and certain volumes of daily transactions, as required by Presidential Decree 51/1992.
- Fines were levied on six (6) listed companies for the provision of misleading information and delays in the publication of financial statements.
- A fine was levied on one (1) listed company for the delayed updating of its Prospectus with events of importance for investors.

#### Legal Entities

- A fine was levied on one (1) company for violating HCMC Rule 5/204/14.11.2000 on the non-disclosure of major events or daily transactions affecting the share price.
- Fines were levied on four (4) companies for listed company share price manipulation, which undermined the smooth function of the capital market.
- A fine was levied on one (1) for insider information abuse in violation of Presidential Decree 53/1992.
- A fine was levied on one (1) company for failing to disclose information regarding changes in ownership exceeding 3 percent and certain volumes of daily transactions, as required by Presidential Decree 51/1992.
- Fines were levied on two (2) companies for violations of the code of conduct for investment firms

#### Individuals

- Fines were levied on forty five (45) individuals for share price manipulation.
- Fines were levied on six (6) individuals for abuse of insider information in violation of Presidential Decree 53/1992.
- Fines were levied on eleven (11) individuals for violating HCMC Rule 5/204/14.11.2000 on the non-disclosure of daily transactions affecting the share price.
- Fines were levied on thirteen (13) individuals for failing to timely disclose to the ASE changes in share capital ownership, as required by Presidential Decree 51/92.
- Fines were levied on six (6) individuals for violations of the code of conduct for investment firms.

#### Banks and Credit institutions

- Fines were levied on three (3) credit institutions for failing to disclose changes in share capital ownership exceeding 3 percent, as required by Presidential Decree 51/1992.
- Fines were levied on two (2) credit institutions for violations of the Code of Conduct regarding the mutual funds they offer.
- A fine was levied on one (1) credit institution for insider information abuse in violation of Presidential Decree 53/1992.

#### *Indictments to Courts*

- Indictments were submitted against five (5) individuals for price manipulation and provision of false information.

During 2002, the Hellenic Capital Market Commission levied fines of a total worth of 27,030,300 Euros, as compared to 9,310,600 Euros in 2001. The allocation of fines among market entities is presented below:

**TABLE ■ 38**

#### **Fines Imposed per Supervised Entity, 2002**

Number of fines	Entity	Amount (000' €)
31	Brokerage firms-Members of the ASE	1,608.8
3	Investment firms-non ASE members	4,705.4
19	Firms for the Reception & Transmission of Orders	200
7	Mutual Fund Management Firms	118
5	Portfolio Investment Companies	108.8
43	Listed Companies	1,171.2
6	Financial Institutions	1,007.3
9	Other Legal Entities	772.1
81	Individuals	17,338.7
Total: 204		27,030.3

Source: Hellenic Capital Market Commission.

#### **Professional Certification of Market Agents**

The Hellenic Capital Market Commission, acting with the purpose of improving the quality of rendered investment services and ultimately protecting investors, proceeded during the past year, and for the first time ever, to the organisation of specialized examinations for the professional certification of market agents, on the basis of the authorisation granted on it by art. 4 of law 2836/2000.

These examinations, which will henceforth be held every year, concern employees in investment firms and firms for the reception & transmission of orders, responsible for order reception & transmission, order execution, the provision of

investment advice, the management of client portfolios and the analysis of securities and the market. The ultimate aim of this program is to enhance the credibility of the market, and ensure that it is staffed with people equipped with the appropriate knowledge and acting with conscientiousness, professionalism and integrity.

HCMC Rule 4/213/28.3.2001 (Gazette B534/9.5.2001) set the special qualifications and procedure for the certification of employees of firms for the reception & transmission of order and investment firms-non-members of the ASE. This Rule was amended by HCMC Rule 4/252/18.9.2002, which redefines the qualifications required for participation in the examinations, in accordance with the reorganisation of tertiary education introduced by Law 2916/2001 (Gazette B 114/11.6.2001). Other HCMC rules specified the make-up of the examination committee, which is composed by the Chairman of the Hellenic Capital Market Commission as President, the vice-chairman of the board of directors of the Athens Stock Exchange, a professor in the University of Athens, the General Director of the Hellenic Capital Market Commission and the head of the Directorate of Research, Monitoring of Capital Market & International Relations, as members.

During 2002, the examinations were held three times, with the aim of enabling the participation of as many candidates as possible, thus facilitating the compliance of firms. The examinations were held in Athens and Thessaloniki on March 30th and 31st, on July 5th and 6th, and on November 30th and December 1st. All three examinations were attended by a total number of 3,171 candidates. The results of the examinations were the following:

**TABLE ■ 39**

**Professional Certification Examination Results, 2002**

Examination Term	Professional position				
	Investment Advisor	Market Analyst	Portfolio Manager	Person responsible for executing orders	Person responsible for receiving & transmitting orders
<b>March 2002</b>					
Number of candidates	45	22	42	161	356
Success Rate	51.7%	75.9%	56%	41.7%	53.5%
<b>July 2002</b>					
Number of candidates	84	27	74	254	377
Success Rate	38.1%	48.1%	52.7%	40.6%	38.5%
<b>November 2002</b>					
Number of candidates	115	34	92	196	319
Success Rate	54.8%	55.9%	58.7%	60.2%	49.5%

Source: Hellenic Capital Market Commission.

The Ministerial Rule also enabled existing company executives that on the date of its issuance, i.e. December 12th, 2001, fulfilled certain conditions of specialized employment duration and knowledge, to be granted certification without participating in the examinations. During the period from December 6th, 2001 to December 5th, 2002, specified for by the Ministerial Rule, the Hellenic Capital Market Commission received 1,492 applications for exemption from the certification examinations regarding these five specialties. Of those, 717 (48%) applications were accepted.

In addition, during 2002, and in accordance with law 1806/1995, the Hellenic Capital Market Commission held examinations in Athens and Thessaloniki for the appointment of stock exchange representatives. 52 candidates attended the examinations and the success rate was 69.2%.

### Reception and Investigation of Investor Complaints

---

During the year 2002, the Investor Complaints Committee (ICC) of the HCMC continued receiving complaints and questions from investors regarding violations of capital market law. The number of submitted complaints tends to decrease in the past two year, highlighting the increased compliance of market participants and investors with their obligations.

More specifically, in 2002 there were 118 written complaints, as compared to 182 in 2001. The HCMC completed the investigation of 145 complaints.

It is worth noting that, in order to lodge a complaint, investor are obliged to accompany it with all necessary documents, as well as with the comments from the companies involved. Investors must, indeed, receive clarifications from the opposite party and be aware of all the facts and parameters of their case, in order to judge whether they should proceed with lodging the complaint.

In all cases that, during 2002, the complaint raised questions of criminal nature, the HCMC notified the contents of the file to the public prosecution authorities.

Although the Hellenic Capital Market Commission accepts and investigates only written investor complaints regarding violations of the capital market laws, written complaints from investors are only a small portion of their overall contacts with the HCMC. These contacts mainly include oral or telephone investigations and communications with investors. In 2002, the majority of oral investigations and communications between investors and the HCMC concerned either misunderstandings, which were readily settled by bringing the investor to direct contact with the companies involved, or individual disputes based on actual facts, on which the HCMC has no authority to express an opinion, or, finally, concerned complaints regarding the overall performance of the stock exchange. Oral communications, as well as written complaints, help the regulator maintain contact with investors.

## The Supervision of the Code of Conduct for Listed Companies (HCMC Rule 5/204/2000)

---

In 2002, the implementation of the Code of Conduct for listed companies and their affiliated persons, which had been enacted in order to enhance market transparency and the provision of adequate and equitable information to investors, continued for a second year. Among others, the Code imposes the timely announcement to investors of corporate decisions and actions that may affect the share's price, the timely announcement of transactions performed by the company insiders, and the improvement of the periodic information provided by companies.

Both the companies and the persons affiliated with them complied satisfactorily with the obligations emanating from the Code. During 2002 there were 199 announcements, in accordance with article 8 of the Code, by the responsible persons, concerning the notification of transactions performed within the «sensitive period», as defined in the said article. The number of notifications was high during January and October, and lower during two other sensitive months, that is April and July. During the year, four fines were levied for failure to announce transactions in accordance with article 8, amounting to a total of 63,810 Euros<sup>4</sup>.

Moreover, during 2002 and according to article 10 of the Code, there were 66 recorded cases of shareholders owning more than 10% in a company's share capital that announced in advance their intention to acquire or dispose of, more than 5% of this company's share capital. The quarterly distribution of announcements was almost even. After the end of the advance notification period, 15 of significant deviation were identified, accounting for 23% of the total. Fines amounting to 72,600 Euros were levied in six cases regarding advance notifications made in 2001.

A great number of announcements were published in the ASE Daily Bulletin in accordance with articles 4 and 5 of the Code, concerning the publication of corporate actions and decisions, as well as the confirmation, or denial, of information or rumours.

In 2002, listed companies continued publishing, for a second year, the Annual Reports in accordance with article 16 of the Code. The audits that were carried out, showed that in most cases the Reports had been prepared in accordance with the provisions of the Code. In very few cases the companies were notified about omissions concerning the minimum contents specified by the Code, and were asked to amend their Reports accordingly.

The obligation of listed companies to establish internal audit departments, investor relations departments and corporate announcements departments, in accordance with articles 12 to 14 of the Code, was further specified by the provisions

---

<sup>4</sup> Two of those concerned transactions performed during 2001 and not announced.

of law 3016/17.5.2002 «On corporate governance, payroll issues and other provisions.» It is worth noting that any possible amendment of the Code will include the complete harmonisation with the provisions of law 3016/17.5.2002.

As a conclusion, the specification of the company's transparency obligations has contributed significantly to the direct, unhindered and equitable provision of investors with information.

### **The Supervision of the Take-over Regulation (HCMC Rule 1/195/2000, as amended by HCMC Rule 2/258/2002)**

---

In 2002, there were three tender offers, in accordance with the provisions of HCMC Rule on take-over bids. In all cases, the procedure was completed without any problems.

The first bid concerned the (voluntary) bid of the listed company «Elliniki Technodomiki SA» to acquire shares of «Cambas Holding & Property Development». The Prospectus of the bid was submitted to the HCMC on February 28th, was approved by its board on March 12th, and the period concerning the acceptance of the take-over bid by the shareholders lasted from March 22nd to April 22nd. The bidder made an offer for 7.67% of the share capital of the target company, while the final percentage accepted by shareholders was 5.37%. As a result, and in accordance with the relevant regulatory provisions, the bid was considered unsuccessful, given that the requested amount of shares was not offered in order for the bidder to acquire more than 50% of the share capital of «Cambas SA.»

The second case concerned the (voluntary) bid of the listed «General Construction Company» to acquire shares of «TERNA SA», by exchanging shares in this company with shares of «Hermes Real Estate Development SA». This was the first bid ever, whose offered price did not include cash, but shares of another listed company. The Prospectus of the bid was submitted to the HCMC on March 21st, was approved by its board on April 12th, and the period concerning the acceptance of the take-over bid by the shareholders lasted from April 22nd till May 2nd. As a result of the successful outcome of the bid, the bidder acquired 50% of the share capital plus forty shares of the target company as compared to 44.5% it previously owned.

The third case concerned the (voluntary) bid of the French company «Cement Francais S.A.» to acquire share of «Halyps Building Materials SA» The Prospectus of the bid was submitted to the HCMC on June 25th, was approved by its board on July 5th, and the period concerning the acceptance of the take-over bid by the shareholders lasted from July 15th till September 2nd. The bid concerned all common shares of the target company that were not owned, directly or indirectly, by Cement Francais, i.e. 5.25% of the shares of this type. The objective of the bidder was to acquire an adequate amount of common shares, which, in conjunction with the acquisition

of preferred shares through the stock exchange, would enable the de-listing of the target company, in accordance with the capital market laws. Finally, Cement Francais acquired 4.35% of the common shares of Halyps SA by means of the bid, and by decision of the HCMC Board, dated 5.12.02, all shares of Halyps SA were de-listed.

Two penalties were imposed during 2002, for violations of the Take-over bid regulation, and more specifically, of the obligation for submitting a compulsory bid in case the shareholder's voting rights exceed 50% of the total voting rights of a listed company.

In 2002, the take-over bid regulation was amended by HCMC rule 2/258/5.12.2002. The amendment concerned the adjustment of the regulation's provisions to the new conditions prevailing in the market, as well as technical issues considered necessary for its smoother implementation. The most important changes concern exemptions from the submission of compulsory bids in case that: a) the breaking of the 50% ceiling is due to merger by absorption, split, or spin-off; b) the 50% ceiling has been exceeded as a result of a bid, which led to the acquisition of 25% of the total shares of the target company (it was initially provided for that exemptions were possible when the breaking of the 50% ceiling was the result of a previous bid, irrespective of the percentage acquired through this bid); and, c) the shares of the target companies have been under suspension for more than twelve months.

### **Enforcement: Three Serious Cases of Market Abuse During 2002.**

---

#### ***Manipulation of the share of «SP Tassoglou-Delonghi SA»***

During its 250th meeting, held on July 31st, 2002, the board of the Hellenic Capital Market Commission decided to levy fines amounting to a total of 15,216,433 Euros on «SP Tassoglou-Delonghi SA» and Active Investment SA, as well as Messrs. Spyridonas Tassoglou, Elias Bogdanos, Ioannis Moustos, Dimitrios Ranios and Constantinos Avramides, for dissemination of false information and insider trading. In addition, and on the same grounds, the HCMC decided to levy total fines of 4,252,000 Euros on Omega Securities SA, Contalex Financial Services SA, Panayiotis Contalex, Iordanis Arzoglou, Elias Kokkinons, and Lukas Mizaris.

More specifically, the competent department of supervision and audit, audited the transactions on the shares of Tassoglou-Delonghi SA that were performed during the period 1.1.99-29.2.00.

The audit showed that from March 1999 till mid-April 1999 the price of the share had increased by an impressive 336%, mainly due to purchase made through Omega Securities SA by clients of Active SA, the most important of these clients being the firm itself, as well as Mr. Lukas Mizaris, first cousin of Mr. Tassoglou. On 15.4.99, Tassoglou SA announced, through an invitation to

its shareholders, that it would proceed to a share capital increase through the capitalisation of reserves and the distribution of free shares on the basis of three new shares for every existing one. The audit showed that Mr. Bogdanos urged, as Mr. Tassoglou's advisor on investment issues, the scheduling of the share capital increase with the purpose of enhancing the company's share price, a common practice for many companies during that period. Active SA made its purchases with full awareness of this major corporate action, which would have a positive effect on the share's price. It was also found that Mr. Tassoglou had assigned Mr. Bogdanos and Active SA the task of supporting the share price in the stock exchange. Therefore, Mr. Tassoglou was involved, in common with Active SA, in trading on the share during that period. Moreover, Mr. Avramides, who was in close co-operation with both Messrs. Tassoglou and Bogdanos, purchased 267.350 shares during the period 24.3.99-22.6.99. He claimed that he made these purchases after being persuaded by Messrs. Bogdanos and Tassoglou that the price of the share would rise significantly, due to imminent agreements between Tassoglou SA and major overseas investment houses. Therefore, these purchases constitute a case of insider trading.

From mid-April 1999 till mid-August 1999, the share's price increased by almost 150%. This increase is attributed to the share capital increase and, of course, to the informal promotion of the share by Active SA to investor groups, such as clients of the firm itself, as well as clients of the Kavalla branch of DF Securities SA. Since mid-August there was a large increase of volume and price by 90%, accompanied by large block trades that lasted till 17.9.1999. After a brief decrease, the share price recovered till 22.11.99 and since then suffered a prolonged and large fall. During the period 27.8.99-16.9.99 there was a series of block trades that led to the transfer of 1,990,150 shares from Mr. Tassoglou to investors-clients of Lead Capital SA and Active Investment SA. These block trades were prepared by Omega Securities SA (1,120,000 shares) and Contalex Financial Services SA (871,150 shares). A small number of shares (below 500,000 shares or 2% of the share capital) seem to have been purchased by overseas investment houses. A relative of Mr. Contalex participated in the block trades, enjoying a substantial discount.

While these important blocks were being transferred, Tassoglou SA announced on 1.9.99 that it had reached an agreement with major overseas houses regarding the transfer of 10% (2,400,000 share in total) of its share capital, and a long-term co-operation aimed at the company's growth.

The persistent reminders and the written question of the ASE regarding the details of this agreement were answered on 7.9.99 by the company, which verified the information and disclosed the names of the investment houses. On 15.9.99 the company held a Press conference, in which it elaborated its plans for the

future, it made exclusive mention to the entry of foreign institutional investors in its share capital and introduced Mr. Moustos as the representative of foreign institutional investors. Finally, on 29.9.99 the company held a general meeting, which decided a share capital increase of 10 billion drachmae and Mr. Moustos appeared again in order to certify the institutional investors' intention to participate in this share capital increase. It is obvious that all these announcements and publications were false, given that the real purchasers were not foreign institutional investors, but mainly private investors and offshore companies. Moreover, the audit showed that Mr. Tassoglou paid almost 6 billion drachmae to Messrs. Raniou and Moustos in the form of discounts to purchasers and fees. The largest part of the shares transferred in blocks as described above, had been immediately liquidated by late November 1999.

After 16.9.99 and till 19.11.99 Mr. Mizaris and Ms. Maria Tassoglou also transferred 540,000 shares through block trades to accounts controlled by Mr. Bogdanos. The largest part of these shares was also immediately liquidated in the market.

#### ***Insider trading by Schroeder Salomon Smith Barney***

During its 237th meeting, held on January 24th, 2002, the board of the Hellenic Capital Market Commission decided to levy a fine of 225,000 Euros to Schroeder Salomon Smith Barney (SSSB) for violating Presidential Decree 53/1992 on insider trading. More specifically, it was ascertained that during the session of 31.5.2001 of the stock exchange, the company had received a client order for the sale of a large number of shares, which would, and did, obviously lead to a decrease of the ASE General Index. This order was executed during the last ten minutes of the session. Before executing the client's order, and while the ASE General Index was still rising, SSSB proceeded with large sales of owned shares. These sales that the firm made on its own account, were performed on the basis of the confidential information that by the end of the same session the firm would execute a large sale order from one of its clients.

#### ***Significant deviation of the corporate performance estimates in the Prospectus of DIONIC SA***

An audit held by the Hellenic Capital Market Commission, regarding the estimates included in the Prospectus for the share capital increase of ASE-listed company DIONIC SA, yielded the following results: During the period 20.2.2001-20.3.2001, the company made a share capital increase, having issued the necessary Prospectus. The audit detected major deviations between the Profit & Loss estimates included in the Prospectus and the Profit & Loss figures included in the brief published financial statements, whose preparation is mandated by Presidential Decree 360/85

for the fiscal year 1.1.2000 - 31.12.2000. The above deviations concerned both the company's individual and the consolidated financial statements. They were also verified by the final profit and loss figures for the fiscal year 2000 that were published on 12.5.2001.

The audit showed that these deviations were due to events that had occurred and were known to the company before the preparation of the financial statements as per 31.12.00. More specifically, the said events were known upon the approval of the Prospectus by the board of the ASE (8.2.2001), during the share capital increase (period from 20.2 - 20.3.01) and before the new shares started trading in the ASE (12.4.2001). This was also evident from the minutes of the company's board meeting that was held on 9.12.2001, as well as from the statement published on 28.2.2001, which included the results for the period 1.1.2000 - 31.12.2000. These deviations were due to the untimely delivery of the Play Station 2 by Sony Hellas SA, and the conduct of an internal audit at the Thessaloniki branch, regarding the untimely codification of stock purchased by Eurographi SA.

Therefore, the company should have taken into account the above events, which it was already aware of, in order to make the estimates concerning the results for the fiscal year 2000 that were included in the Prospectus. According to the provisions of article 24, of Presidential Decree 348/1985, the obligation of listed companies to disclose every new important piece of information that may affect the valuation of their shares does not cease to exist after the preparation, or the approval of the Prospectus by the competent authorities, nor even after the publication of the Prospectus. This obligation is extended till its shares start trading in the ASE.

The audit concluded that the estimates of the results for the fiscal year 200 that were published in the Prospectus of DIONIC SA showed significant deviations from the actual results. Nevertheless, the company did not correct the estimated results for the year 2000, as it should have done, despite being aware that substantial deviations would occur, leading to the publication of false and misleading information through the Prospectus.

Based on the above, the company has violated the provisions of article 24 of Presidential Decree 348/1995 because, despite the occurrence of new important events since the specification of the Prospectus' contents till the start of trading in the company's shares in the ASE, the company did not prepare any Complement to the Prospectus. Moreover, by means of the said Prospectus the company published false and misleading information, violating article 72, par. 2 of Law 1969/1991. Due to the above reasons, the Hellenic Capital Market Commission levied a fine of 30,000 Euros for violation of article 76, par.10 of Law 1969/1991 and a fine of 60,000 Euros for violation of article 72, par. 2 of Law 1969/1991.

## **The Commission's Contribution to Legislative and Judicial Work in 2002**

---

During 2002, the HCMC was very active in settling legal matters, concluding legal cases and processing legal provisions. The legal staff of the HCMC handled 126 cases in front of Greek courts. The handling of cases included the preparation of the relevant legal reports and memoranda and the attendance of HCMC lawyers and executives in front of the courts and criminal investigation authorities.

During 2002, the relevant files for 26 cases assigned to lawyers were prepared and their follow-up was completed. Also, the HCMC prepared the files and completed the relevant opinion reports for 5 cases on behalf of the Legal Council of the State that attended these cases.

In 2002, the Hellenic Capital Market Commission prepared and submitted 5 indictments for various violations of the Penal Code and the capital market laws (especially articles 30 of Law 1806/1988, 10 of Law 876/1979, 72 par. 1 of Law 1969/1991 and 76 par. 8 of Law 1969/1991). It also made 1 appeal against judicial council decrees.

In 2002, the Hellenic Capital Market Commission provided a major assistance to the State for the production of legislation governing the capital market. The law on corporate governance has, indeed, been enacted and is being implemented. This law constitutes an important development on the European level, and corresponds to contemporary demands for the transparent management of listed companies and the accountability of both their board members, and their senior executives against shareholders. More specifically, the law establishes increased obligations for board members, specifies the independent non-executive members of the board of directors and sets the conditions for their independence, mandates the organisational modernisation of listed companies and the preparation of an internal operation manual, with the aim of attaining transparency and facilitating shareholder information. Finally, it provides the option to change, after the General Meeting of the Shareholders has agreed, the use of the funds raised in the market, which was presented in the approved Prospectus.

Moreover, in 2002 law 2992/2002 concerning the introduction of the international accounting standards was enacted and a full timetable has been set. The law concerning mutual funds and real estate investment firms has been enacted and implemented, as well as the law on Investment Companies in ocean-going Shipping. During 2002, the draft laws on the establishment and supervision of stock exchanges and organised securities markets were completed and put forward for consultation, concerning the transfer of responsibilities from the Athens Stock Exchange to the Hellenic Capital Market Commission, due to the change in the

ownership of Hellenic Exchanges SA. Moreover, the completion of the draft law on corporate bonds, the securitisation of claims and real estate, and the draft law on the formation of an accounting standardisation and control committee was also furthered, in order to be put forward for consultation.

## **INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION**

### **Memoranda of Understanding**

---

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

In 2002, the Commission signed the following Memoranda of Understanding in the context of the general development of its international relations:

- A bilateral Memorandum of Understanding with the Securities Commission of South Africa (October 9th, 2002)
- A multilateral Memorandum of Understanding among the regulators from IOSCO member-states (International Organisation of Securities Commissions) (October 18th, 2002).

### **The Hellenic Capital Market Commission and CESR**

---

#### ***The role of the CESR***

The CESR was established as an independent Commission of European Securities Regulators. All the ventures, standards, commitments and tasks stipulated at the Forum of European Securities Commissions - FESCO, were assumed by the CESR. The CESR was established in accordance with the terms of a decision reached by the European Commission on June 6th, 2001 (2001/1501/EC). It is one of the two commissions envisaged by the final Lamfalussy report concerning the regulation

of European securities markets, which was chaired by baron Alexandre Lamfalussy. The European Council and the European Parliament ratified the report.

The role of this Commission is to:

- Improve co-ordination among European capital market regulators
- Act as a team of advisors, with the purpose of assisting the European Commission, especially in regard to the preparation of measures concerning the securities' field
- Work in order to guarantee a more consistent and timely implementation of community laws by member-states.

Each EU member-state is represented at the commission with one member. The members are appointed by member-states and are the heads of the national public authorities responsible for the supervision of the securities market. The European Commission appointed as its representative the General Director of the Internal Market General Directorate. Moreover, the supervisory authorities of Norway and Iceland are represented at the senior level.

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

The Chairman of the CESR submits reports, whenever asked, to the European Parliament. The CESR submits its annual report to the European Commission, as well as to the European Parliament and Council. The Chairman of the CESR attends the meetings of the European Securities Committee<sup>5</sup> as an observer.

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

The Hellenic Capital Market Commission is a founding member of the CESR and actively participates in all its working groups.

---

<sup>5</sup> *The European Securities Committee, which was established by the European Commission on 6.6.2001 as an advisory committee, comprises high-ranking government officials.*

## *CESR working groups*

### **1. Expert Group on Standards for Investor Protection**

The Standards for investor protection are based on a paper prepared by a working group chaired by Mr. Jacob Kaptein, member of the Dutch Securities Commission, after extensive consultation and close negotiations with all market participants and interested parties throughout Europe.

In April 2002, the CESR adopted a harmonised and detailed framework for codes of conduct concerning investment services rendered to non-professional clients, that is the «private investor status». This paper has now been completed with the principles applied for professional investors, i.e. the «professional investor status.» In order to have a common definition of private and professional investors, the CESR decided to amend investor categories. Moreover, the CESR adopted a common status for investors that may wish to be exempted by the codes of conduct regarding investor protection. The «counterparty status» is designed to deal with problems concerning the market's integrity. This status is appropriate for licensed financial mediation firms (excluding UCITS and Insurance Organisations) under the special option of concluding counterparty relations. After having set the relevant quantitative criteria, the CESR members, can extend this status to companies.

The CESR member undertook the commitment to implement these standards within the next few months, by appropriately adjusting their national laws.

### **2. Expert Group on Primary Market Practices**

The CESR Expert Group on Primary Market Practices continued its work, and in April 2002, having received a summary of comments from the second round of consultation, it published the final CESR paper titled: «Stabilisation and Distribution: A European Supervisory Approach». Mr. Kaarlo Jannari, Chairman of the Finnish supervisory authority, chaired the Group.

### **3. Expert Group on Alternative Trading Systems (ATSs).**

In the beginning of the year, the CESR published the revised working paper concerning Alternative Trading Systems, for a second round of consultation. The paper incorporates the comments received from the first round of consultation.

The CESR decided to proceed to a second round of consultation due to the extent and importance of the issues that emerged from the comments received from the first consultation of June 2001. The working group, chaired by Sir Howard Davies, Chairman of the Financial Services Authority (FSA) of the United Kingdom, studied the comments carefully and revised the proposed standards on Alternative Trading Systems.

Consultation mainly concerns a) the connection between the work of the CESR and the revision of the ISD, b) the definition of the ATS, c) the need for increased

transparency in the implementation of the standards, d) possible overlaps between certain standards and existing codes of conduct and e) the need for wider cost-benefit analysis. The comments also concerned specific standards.

During the fourth meeting of the CESR, which was held in Copenhagen in June 2002, the CESR agreed to adopt the paper on Common European Standards for Alternative Trading Systems -ATs. At the same time, the CESR issued a statement referring to the comments received during the second and final round of consultation for the adoption of these standards.

The final text sets standards for the operation of Alternative Trading Systems in the European Economic Area, with the main purpose of forming an appropriate regulatory framework for investment firms managing ATs, under the applicable Directive on Investment Services 93/22. It is based on FESCO's report to the European Commission concerning the Regulation of Alternative Trading Systems in Europe, which was issued in September 2000.

After carefully reviewing the received comments, the standards recognise certain fields that the CESR believes they require further regulation in order to ensure market integrity and investor protection More specifically:

**Disclosure:** the investment company that employs Alternative Trading Systems must provide the Competent authorities with information concerning price definition, the rules of, and participants in the system, and the types of product that are the objects of transactions within such systems.

**Transparency:** the Alternative Trading Systems must comply with minimum transparency requirements.

**Reporting Requirements:** additional reporting requirements must be imposed on Alternative Trading Systems, to the extent this is necessary, in order to enable the competent authorities to monitor the market share of Alternative Trading Systems, and any change in the information disclosed upon approval/registration.

**Prevention of market abuse:** certain rules imposed on Alternative Trading Systems must enable the detection, discouragement and punishment of market abuse.

In order to be able to monitor the implementation of the standards by various member-states, and to be in constant communication with investment firms employing such systems, the CESR decided to create an informal 'Contact Group' comprising specialists from CESR members.

#### **4. Expert Group on Market Abuse**

In July 2002, the CESR issued a consultation paper containing the detailed technical measures required for the materialisation of the proposed Directive on market Abuse. These measures were created on the basis of a mandate to the CESR

by the European Commission. This mandate instructed the CESR to proceed to wide consultation with all interested parties and submit an advisory paper to the Commission, containing all the appropriate measures for the materialisation of the proposed Directive until 31.12.2002; the CESR did, indeed, submit this paper.

The European Commission requested the proposal, in accordance with the new approach of the Lamfalussy process for the regulation of European capital markets, whose main objective is the creation of a single European capital market. The proposal is the first example of a proposal developed and submitted to the European Commission by the CESR on the basis of the new process. The European Commission, in co-operation with the ESC and the European Parliament, will use the CESR proposal as a basis for the establishment of additional European legislation concerning the implementation of the Directive.

The CESR proposal covers five main fields specified on the basis of the Mandate given by the European Commission to the CESR:

- The definition of inside information (article 1 of the proposed Directive)
- The definition of market manipulation (article 1)
- The definition of reporting requirements for listed companies (article 6)
- The definition of the research and study obligations (article 6)
- The definition of the safe harbour, regarding the share repurchase programme for the stabilisation of the share price (article 8).

A working group chaired by Mr. Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission, prepared the CESR proposal. The group's work was assisted by a group of European market executives, which played an advisory role. The members of the Group that provided their advice on this paper on market abuse are the following:

Dr. C. Hausmaninger, Hausmaninger Herbst Wietrzyk, Austria,

Mr. P. Verelst, Interbrew NV, Belgium,

Me. M. N. Dompe, Darrois Villet Maillot, France,

Mr. U. Bosch, Deutsche Bank AG, Germany,

Dr. C. Di Noia, Assonime (The Association of Italy's Limited Liabilities Companies), Italy,

Mr. J. Thiriart, Luxembourg Stock Exchange, Luxembourg,

Prof. S. E. Eisma, De Brauw Blackstone Westbroek, Netherlands,

Mr. F. Rognlien, The Association of Norwegian Stockbroking Companies, Norway,

Mr. A. del Campo, Banco Bilbao Vizcaya Argentaria (BBVA), Spain,

Mr. L. Milberg, The Swedish Shareholders Association, Sweden, and

Mr. M. McKee, British Bankers Association, UK.

In order to complete its proposal to the European Commission, the CESR working group proceeded with extensive consultation with the interested parties.

Its draft proposals were included in a consultation paper that was issued by the CESR in July 2002. Two open hearings were held in London and Paris, along with debates on the national level. Almost 100 written replies containing comments on the consultation paper were received from market participants, individual banking institutions, investment firms, asset managers, organised capital markets, financial analysts and rating agencies. Listed companies, investor organisation representatives, academics, lawyers, and the Media also made their opinions known. All public replies can be found in the CESR website.

#### **5. Joint Expert Group (CESR/ECB) on Clearing and Settlement**

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

The working group held its first meeting in January 2002. During this meeting, the working group decided to work on the following issues:

- The potential adoption of the CPSS/IOSCO proposals on Securities Settlement Systems and the possibilities for their implementation in the European Environment;
- The analysis of the clearing activities of main counterparties in Europe, with the main purpose of adopting the appropriate regulation;
- The revision of the Giovannini Group report, titled «Trans-border Clearing and Settlement procedures in the EU», with the main purpose of promoting in common a working group for the elimination of obstacles for the further convergence of clearing and settlement systems.

Then the working group proceeded with consultation with the interested parties and on August 1st, 2002, it published its first conclusions. The most important of these conclusions concerns the need for co-operation among securities commissions and central banks on the European level, with the main purpose of attaining the harmonisation of institutions and actions.

#### **6. Expert Group on Prospectuses**

In late 2002, the CESR issued an addendum to the consultation paper issued in October 2002 and containing the detailed technical measures required for the materialisation of the proposed Directive on Prospectuses, during take-over bids or the listing of securities in the capital markets. This addendum complements the consultation paper concerning the reporting requirements included in the measures

defined on the basis of the Mandate given to the CESR by the European Commission on 18.3.2002 and published on 27.3.2002. This mandate requested the CESR to proceed to wide consultation with all interested parties, in accordance with the principles described in the Final Lamfalussy Report and to submit an advisory paper regarding the appropriate measures to the Commission by 31.3.2003. These measures cover, among others, the reporting requirements concerning securities, taking into considerations the different types of issuers, investors and capital markets.

The measures were prepared by a working group chaired by Mr. Fernando Teixeira dos Santos, Chairman of the Portuguese «Comisao do Mercado de Valores Mobiliarios» and Ms. Silvia Ulissi of the CESR Secretariat. The group's work was assisted by a group of market specialists. The members of the Group that played an advisory role are the following:

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

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

Mr Jaap Winter, Unilever, Netherlands,

Ms Kaarina Stahlberg, Nokia, Finland,

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

Mr Pierre Lebeau, Petercam, Belgium,

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

Mr Stefano Vincenzi, Mediobanca, Italy,

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

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

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

The ending date for the submission of comments is 6.2.2003. As mentioned in the paper put forward for consultation, on January 24th, 2003, an open debate will be held in the CESR offices in Paris, with the main purpose of ratifying the final paper of the working group during 2003.

## **7. Expert Group on Market Transparency and Efficiency**

The working group prepared the proposals to be submitted on behalf of the CESR to the European Commission concerning the revision of Investment Services Directive 93/22. More specifically, the working group is asked to study the interrelationship among transparency requirements, market structure, price formation and optimum order execution. The co-ordinator of the group is Mr. Claes Norgren, General Director of the Swedish Regulatory Authority. A preliminary report had been submitted to the plenary session of the CESR in June 2002 and was adopted and forwarded to the European Commission in September 2002.

### ***Market Participants Consultative Panel***

According to its statute, the CESR can form consultation groups, whenever deemed necessary, and issue proposals concerning the materialisation of their findings in due time. The CESR accepts proposals by parties to the consultations concerning the aims and mechanisms for the enhancement of initiatives for the formation of consultation groups, including proposals for the achievement of an ideal balance between market participants (market members, consumers, end users) and states. The CESR is committed to play a complete role in accordance with the provisions of the Lamfalussy Report.

The CESR decided to form a high-ranking Market Participants Consultative Panel, comprising a limited number of members selected on a personal basis. The role of this Group will be to:

- Provide comments on the manner with which the CESR performs its role, and more specifically, the implementation of its Statement on Consultation Practices.
- Assist the CESR in setting its priorities and
- Draw the CESR's attention to any institutional deficiencies of the single market and other major financial developments.

The first meeting of this group was held in September 2002. The members of the group were finally appointed by the CESR during the Copenhagen meeting in June 2002 and are the following:

Pr Luis Miguel Bezeza, Consultant of the Executive Board, Banco Comercial Portugues,

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

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

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

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

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

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

Ms Sonja Lohse, Group Compliance Officer, Nordea AB,

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

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

### ***Permanent CESR Committees***

Two CESR committees that are in constant operation are the η CESR-Pol and the CESR-Fin. CESR-Pol, which is chaired by Ms. Susanne Bergstrasser, consists of

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

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

## **The Hellenic Capital Market Commission and IOSCO**

---

### *The Annual Conference of IOSCO*

The world's securities and derivatives regulators and other members of the international financial community met in Istanbul from May 18th to May 24th, 2002, on the occasion of the XXVII Annual Conference of the International Organisation of Securities Commissions (IOSCO). The Capital Markets Board of Turkey was the host of the event and offered a warm welcome to 478 participants from 85 countries.

The title of the 2002 Annual Conference was «Globalisation: Opportunities and Challenges.» This subject was chosen in recognition of the importance and role of globalisation in the creation of new opportunities for investors and financial product

suppliers and, therefore, in the creation of new challenges for capital market regulators. The discussions during the Conference focussed on issues concerning the increasing provision of cross-border financial services, as well as issues of international capital liquidity. Moreover, they focussed on issues that have gained great importance after the events of September 11th, 2001 and the recent serious cases of corporate fraud. IOSCO is committed to facilitate debate among securities commissions in order to assist them in dealing with issues that emanated from these events and form healthy regulatory frameworks for capital markets.

During the Conference, certain important initiatives were announced:

**(a) The Multilateral Memorandum of Understanding of IOSCO**

The Plenary Session of IOSCO chairmen endorsed the final form of a multilateral Memorandum of Understanding, which concerns information exchange and co-operation on issues pertaining to the implementation and observance of regulations among members of the Organisation. After the tragic events of September 11th, 2001, and after a relevant decision of the IOSCO's Executive Committee reached in Rome in October 2001, an Expert Group was formed, designed to improve co-operation and information exchange among IOSCO members. The culmination of this Expert Group's work is the Multilateral Memorandum of Understanding of IOSCO that was raised in accordance with the Organisation's main principles.

Apart from its important political message, this Multilateral Memorandum is an innovative IOSCO initiative, since it provides for a preliminary procedure for the evaluation of candidate countries that submit applications to endorse this Memorandum. To this end a comprehensive questionnaire was prepared, and the replies demonstrate a Securities Commission's capacity: (a) to gather evidence, (b) to access evidence, (c) to keep files and records, (d) to extract information from supervised entities and persons upon the execution of its supervisory duties, and (e) to provide foreign supervisory authorities with all the above information following a relevant request.

Special mention is made to the provision of assistance to foreign supervisory authorities in the case of investigations concerning: (a) market abuse; (b) dissemination of false information; (c) procedures implemented in investor portfolio management and (d) procedures for the reception and transmission of client orders.

There is also consideration about the ability of supervisory authorities to provide assistance to foreign supervisory authorities, irrespectively of their own interests on the subject under investigation. Finally, each candidate is asked to describe any rules of confidentiality or engagement that may impede supervisory authorities from gathering or providing information to foreign supervisory authorities or would restrict the use of any information provided by them. In addition, the

questionnaire records provisions of confidentiality concerning demands, data and information submitted or received from foreign supervisory authorities.

Apart from answering the questionnaire, candidates were asked to provide copies of the relevant laws, which corroborate their replies, in one of the four official languages of the IOSCO (English, French, Spanish, Portuguese).

The replies to the questionnaire are evaluated by special 4- or 5-member Verification Teams, which in turn submit evaluation reports, accompanied by the relevant approval or rejection proposal, to the plenary session of the Screening Group. The Screening Group makes its proposal to the Decision-Making Body, which comprises the Chairmen of the Technical Committee, the Emerging Market Committee, and the Executive Committee. After consultation with the Chairman of the corresponding Regional Committee, this Body decides on whether it will approve or reject the application, based on the proposal of the Screening Group.

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

Finally, it is worth noting the Hellenic Capital Market Commission is among the first nine Securities Commissions in the world that were granted approval to co-sign the Memorandum, out of a total number of 171 IOSCO members. The other eight Securities Commissions are the following:

Australian Securities and Investments Commission, Australia

Commission des Operations de Bourse, France

U.S. Securities and Exchange Commission, USA.

U. S. Commodity Futures Trading Commission, USA.

Ontario Securities Commission, Canada

Commission des Valeurs Mobilières du Québec, Canada

Portuguese Securities Market Commission, Portugal

Capital Markets Board of Turkey, Turkey

#### **(b) Implementation Committee**

This experts group of IOSCO is employed in the preparation of a paper on the methodology for evaluating the rate of implementation of IOSCO's principles. The methodology proposed by this Paper will be used as an instrument for either the own evaluation of IOSCO member states or their evaluation by third party specialists. The purpose of this methodology is not to expand the contents of the

Principles already adopted by IOSCO, but to encourage a single manner of implementing these Principles after their adoption. The Annual Conference of the Organisation in Istanbul has already approved the criteria employed by the Implementation Committee in order to evaluate the rate of implementation of IOSCO principles. The Hellenic Capital Market Commission is actively participating in the Committee's work. The objective of the committee is to submit a final paper for approval to the Technical and Executive Committee of IOSCO during the next annual conference of the Organisation, which will be held in Seoul in 2003.

**(c) Corporate Governance in Emerging Markets**

The Emerging Market Committee of IOSCO adopted a decision on corporate governance, which acknowledges that the effective corporate governance of listed companies is necessary for the development of sound and properly regulated capital markets. The Emerging Market Committee of IOSCO recommended to its members to introduce these principles into their laws, regulations and good execution codes, by using as a benchmark the «Corporate Governance Principles» of the OECD.

***The election of the members of IOSCO Executive Committee and the appointment of Chairmen and Vice-Chairmen of its various committees***

After the elections that were held during the Conference, the new Executive Committee comprises the following members: (a) the Chairmen of the Technical and Emerging Market Committees: Mr. David Knott, Chairman of the Australian Securities and Investment Commission, and Dr Dogan Cansizlar, Chairman of the Capital Markets Board of Turkey, (b) the Chairmen and deputy chairmen of the four Regional Committees: Mr. Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission, for the European Regional Committee, Mr. Suleyman A. Ndanusa, Chairman of the Securities and Exchange Commission of Nigeria for the African and Middle Eastern Regional Committee, Mr. Ali Abdul Kadir, chairman of the Securities Commission of Malaysia for the Asian and Pacific Regional Committee and Ms. Carmen Crepin, President of the Commission des valeurs mobilières of Quebec for the Trans-American Regional Committee and (c) none members elected by the Plenary Session of Chairmen, which are the Comissao de Valores Mobiliarios of Brazil, the Commission des operations de bourse of France, the Bundesanstalt fur Finanzdienstleistungsaufsicht (BAFin) of Germany, the Commissione Nazionale per la Societa e la Borsa of Italy, the Financial Services Agency of Japan, the Securities Commission of New Zealand, the Financial Services Board of South Africa, the Financial Services Authority of the United Kingdom and the Securities and Exchange Commission of the United States.

Mr. David Knott, Chairman of the Australian Securities and Investment Commission, was appointed Chairman of the Technical Committee of IOSCO,

with Mr. Jonathan Davis, Chairman of the Commission Nacional Bancaria y de Valores of Mexico as his deputy. Mr. Fernando Teixeira dos Santos, Chairman of the Comissao do Mercado de Valores Mobiliarios of Portugal, was appointed Chairman of the Executive Committee of IOSCO, with Mr. Jeff Van Rooyen, Chairman of the Financial Services Board of South Africa as his deputy. Dr Dogan Cansizlar, Chairman of the Capital Markets Board of Turkey was appointed chairman of the Emerging Markets Committee of IOSCO, with Dr Bassam K. Saket, chairman of the Jordanian Securities Commission as his deputy.

All were appointed for a two-year term.

### *Admission of New Members*

During 27th Conference, IOSCO admitted one new ordinary member: the Securities Commission of the Federal Republic of Yugoslavia.

IOSCO also admitted two new connected members: the Central Bank of Cyprus and the Conseil des Marches Financiers of France.

IOSCO also admitted two new affiliated members: the National Stock Exchange of India Limited, and the Gre Tai Securities Market of Chinese Taipei.

Thanks to these new admissions, the membership of IOSCO now stands at 174.

### *Future Conferences*

The next annual conference of IOSCO will be held in Seoul, South Korea, hosted by the Korean Financial Supervisory Commission /Financial Supervisory Service. The 2004 annual conference of IOSCO will be held in Amman, Jordan, hosted by the Jordanian Securities Commission, and the 2005 annual conference will be held in Colombo, Sri Lanka, hosted by the Securities and Exchange Commission of Sri Lanka.

### *The Meeting of IOSCO's Executive Committee*

During 2002, the Executive Committee of IOSCO convened three times: in Hong Kong in February 2002, in Istanbul in May 2002, and in Cancun, Mexico, in October 2002.

### *The Meeting of the European Regional Committee of IOSCO*

The European Regional Committee of IOSCO comprises 42 supervisory authorities, including the 15 supervisory authorities of European Union member-states. This Committee deals with the in-depth study of: the evolution of capital markets in its member states; the progress of the implementation of IOSCO's principles by member-states; the activities of off-shore financial centres; the harmonisation of the regulatory standards in accordance with European Directives, particularly in the countries of South-eastern Europe; and the progress of the national and international efforts for the implementation of the International Accounting Standards by issuers.

The Regional Committee verifies that all its members make serious efforts to adopt common regulatory standards, acknowledging the need for further action in this field.

During the latest annual conference of IOSCO that was held in Istanbul in May 2002, the Hellenic Capital Market Commission was unanimously re-elected to the chair of the European Regional Committee for the next two years. Professor Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission will be the chairman of the European Regional Committee.

The latest meeting of the European Regional Committee of IOSCO was held in Budapest in October 2002. The final paper concerning the Implementation of International Accounting Standards in Europe was presented in this meeting.

More specifically, the most important issues discussed were the following:

The reply of the European supervisory authorities to the events of September 11th, 2001 was to improve procedures for information exchange and enhance co-operation among them. To this end, the European Regional Committee urged its members to submit applications to co-sign the Multilateral Memorandum of Understanding that was approved by the plenary session of Chairmen in May 2002, in Istanbul.

The meeting stressed the major trend to modernise the European institutional framework through the formation of single supervisory authorities in an increasing number of countries and the adoption of enhanced co-operation procedures for supervision in other countries.

The results of the survey concerning the extent of the adoption of international accounting standards in Europe were also presented during the meeting. The experts group that worked in the framework of the European Regional Committee of IOSCO included the Securities commission of Cyprus, the securities commission of Denmark Finastilsynet, the Hellenic Capital Market Commission, and the Italian securities commission. The Chairman of the European Regional Committee, professor Thomadakis, presented the results of the survey of the Experts Group that was conducted on the basis of a questionnaire distributed to the member-states of the European Regional Committee in order to be completed. Out of 42 members that received the questionnaire, 33 replied. The main finding of this survey is encouraging, since it shows that many members of the European Regional Committee are on the right path of harmonising their laws with the main principles adopted by international accounting standards.

As regards the questions pertaining to the publication of financial results and audit procedures in European countries, it was noted that in most member-states of the European Regional Committee of the IOSCO, listed companies are obliged to publish annual, semi-annual or even quarterly financial statements. Moreover, in most countries the audit of financial statements is mandatory and is regulated by

laws and regulations. Furthermore, 91% of jurisdictions include domestic auditing firms, while 88% allows foreign firms or foreigners to establish auditing firms. In most countries audit firms are obliged to be insured against liability from audit errors. 94% of jurisdictions replied that investors enjoy a legal right to court protection against insufficient fulfilment of auditors' obligations. In most countries, national authorities are responsible for monitoring compliance with financial reporting requirements.

As regards questions concerning the use of international accounting standards by European countries, it is shown that 50% of jurisdictions that replied use both the national and international accounting standards. 66 % replied that there are significant differences between national and international accounting standards. The majority of jurisdictions find the implementation of the international accounting standards difficult. In most jurisdictions, the legal framework is under amendment, with the main purpose of regulating the implementation of international accounting standards. 58% of jurisdictions allow the use of international accounting standards by companies whose statutory and real base is in overseas countries, albeit intend to list their shares in stock exchanges within these jurisdictions.

Finally, the meeting decided to constitute a team of experts on corporate governance issues. This team will undertake the design of an appropriate institutional framework for the regulation of corporate governance issues in Europe. It will prepare a consultation paper for the next meeting of the European Regional Committee. The team comprises the Czech Securities Commission, the Finnish Financial Services Authority, the Guernsey Financial Services Commission, the Hungarian Financial Supervisory Authority, the Hellenic Capital Market Commission, the German BaFin and the Italian CONSOB.

---

## APPENDICES

**APPENDIX ■ 1**

**Rules and Regulations Issued by the Hellenic Capital Market Commission in 2002**

No	Title	Description
5/236/16.1.2002 (GAZETTE. 112 31.1.2002)	FORMATION OF EXAMINATION COMMITTEE AND CONDITIONS FOR PARTICIPATION IN THE EXAMINATIONS FOR THE PROFESSIONAL CERTIFICATION OF CAPITAL MARKET AGENTS	Specifies the composition of the five-member Examinations Committee, as well as the cost for the participation of each candidate in the certification examinations.
4/236/16.1.2002 (GAZETTE. 112 31.1.2002)	AMENDMENT OF HCMC RULE 6A/104/8.4.1997 (GAZETTE. B 369/12.5.1997 & B 357/2.5.1997).	The following paragraph E is added to Chapter III of HCMC Rule 6A/104/8.4.97: "E. Investment Firms are obliged to prepare annual and semi-annual statements audited by certified auditors, which will be submitted to the Hellenic Capital Market Commission within two months from the end of each calendar semester and year."
3/236/16.1.2002 (GAZETTE. 112 31.1.2002)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALISED SECURITIES SYSTEM	Amendment of HCMC RULE 9820/154/16.3.1999 (Gazette B' 900) "Regulation for the clearing and settlement process and the operation of the dematerialised securities system," as amended by HCMC Rules 9/160/2.6.1999, 11/177/7.12.1999, 9/181/18.1.2000, 5/194/4.7.2000 κατ 11/201/10.10.2000, 1/215/10.5.2001, 3/228/25.10.2001 and 4/231/23.11.2001 (Gazette B 1484, 188, 321, 946, 1353, 667 and 1641 respectively).

*Continued*

No	Title	Description
3/240/12.3.2002 (GAZETTE. 467/15.4.2002)	AMENDMENT OF HCMC RULE 2/211/19.2.2001 (GAZETTE B 433/19.4.2001) "TERMS AND CONDITIONS CONCERNING THE ALLOCATION OF IPO SHARES IN THE NEW MARKET AND THE GREEK MARKET FOR EMERGING MARKETS"	Amendment of articles 4 and 5 of HCMC Rule 2/211/19.2.2001 (Gazette B 433/19.4.2001) "Terms and conditions concerning the allocation of IPO shares in the New Market and the Greek Market for Emerging Markets".
1/241/28.3.2002 (GAZETTE. 467/15.4.2002)	DEFINITION OF THE RIGHTS OF THE CENTRAL SECURITIES DEPOSITORY CONCERNING THE CLEARING OF FUTURES	Provisions concerning the amount of rights for the registration of shares upon maturity of Futures are added to the "Regulation for the clearing and settlement process and the operation of the dematerialised securities system".
2/242/12.4.2002 (GAZETTE B 609/17.5.2002)	AMENDMENT OF HCMC RULE 6/207/19.12.2000 (GAZETTE B 34/9.1.2001) "AMOUNTS PAID BY MEMBERS TO THE ATHENS DERIVATIVES EXCHANGE AND THE ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE AS REGISTRATION RIGHTS AND ANNUAL SUBSCRIPTIONS"	Sets the amount of the annual subscription and the registration rights paid by the members of the Athens Derivatives Exchange and the Athens Derivatives Exchange Clearing House.

*Continued*

No	Title	Description
4/242/12.4.2002 (GAZETTE. B 609/17.5.2002)	AMENDMENT OF HCMC RULE 2/216/17.5.2001 "SHORT SELLING IN THE ATHENS STOCK EXCHANGE"	Amendment of HCMC RULE 2/216/17.5.2001 "Short Selling in the Athens Stock Exchange".
3/243/30.4.2002 (GAZETTE. 769/19.6.2002)	AMENDMENT OF HCMC RULE 1/216/17.5.2001 "MARKET MAKER IN THE MAIN AND PARALLEL MARKETS OF THE ATHENS STOCK EXCHANGE"	Amends HCMC Rule 1/216/17.5.2001 "Market Maker in the Main and Parallel Markets of the Athens Stock Exchange" and adds provisions regarding other transactions performed by the Market Maker.
4/243/30.4.2002 (GAZETTE. 769/19.6.2002)	CONCLUSION OF OVER-THE-COUNTER REPURCHASE AGREEMENTS IN THE ATHENS DERIVATIVES EXCHANGE	Specifies the terms, conditions and procedure for the conclusion of over-the-counter Repurchase agreements in the Athens Derivatives Exchange.
6/243/30.4.2002 (GAZETTE 763/19.6.2002)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	Amendment of HCMC RULE 9820/154/16.3.1999 (Gazette B' 900) "Regulation for the clearing and settlement process and the operation of the dematerialised securities system", as amended by HCMC Rules .9/160/2.6.1999, 11/177/7.12.1999, 9/181/18.1.2000, 5/194/4.7.2000 km 11/201/10.10.2000, 1/215/10.5.2001, 3/228/25.10.2001, 4/231/23.11.2001 and 3/236/16.1.2002 (Gazette B 1484, 188, 321, 946, 1353, 667, 1641 and 112 respectively).

*Continued*

No	Title	Description
4/246/18.6.2002 (GAZETTE 848/8.7.2002)	SPECIFICATION OF THE PROCEDURE FOR THE SALE OF BEARER SHARES THAT WERE CONCERNED TO REGISTERED SHARES AND WHOSE OWNER WAS UNKNOWN TO THE ISSUER	Specifies the procedure for the sale of bearer shares that were concerned to registered shares and whose owner was unknown to the issuer on June 30th, 2002.
5/249/25.7.2002 (GAZETTE 1197/16.9.2002)	MINIMUM AMOUNT OF SHARE CAPITAL FOR PORTFOLIO INVESTMENT COMPANIES	The minimum amount of share capital for Portfolio Investment Companies is set to 5,870,000 Euros, fully paid up.
6/249/25.7.2002 (GAZETTE 1197/16.9.2002)	MINIMUM AMOUNT OF SHARE CAPITAL FOR MUTUAL FUND MANAGEMENT FIRMS AND OF THE OPENING ASSETS OF MUTUAL FUNDS	The minimum amount of share capital for Mutual Fund Management Firms is set to 1,175,000 Euros, fully paid up, while the minimum amount of opening assets of mutual funds is set to 1,175,000 Euros.
7/249/25.7.2002 (GAZETTE. 1197/16.9.2002)	MINIMUM AMOUNT OF SHARE CAPITAL FOR REAL ESTATE INVESTMENT COMPANIES	The minimum amount of share capital for Real Estate Investment Companies is set to 29,350,000 Euros, fully paid up.
8/249/25.7.2002 (GAZETTE 1197/16.9.2002)	MINIMUM AMOUNT OF THE OPENING ASSETS OF REAL ESTATE MUTUAL FUNDS	The minimum amount of opening assets of Real Estate mutual funds is set to 29,350,000 Euros.

*Continued*

No	Title	Description
4/252/18.9.2002 (GAZETTE 1262/26.9.2002)	AMENDMENT OF HCMC RULE 4/213/28.3.2001 (GAZETTE B 534/9.5.2001) "SPECIFICATION OF SPECIAL QUALIFICATIONS AND PROCEDURES FOR THE CERTIFICATION OF INDIVIDUALS EMPLOYED BY INVESTMENT FIRMS"	Specifies the minimum qualifications for participation in the examinations for the certification of Securities and Market Analysts.
5/252/18.9.2002 (GAZETTE 1262/26.9.2002)	ADJUSTMENT OF THE PERCENTAGE PROVIDED FOR BY PARAGRAPH 6, ARTICLE 5 OF PD 51/1992 REGARDING NOTIFICATIONS FROM BROKERAGE FIRMS ABOUT TRANSACTIONS ON SHARES UNDER PROBATION	Adjustment of the percentage provided for by par. 6 article 5 of Presidential Decree 71/1992 regarding the notification from Brokerage Firms about transactions on shares under probation.
8/254/10.10.2002 (GAZETTE 1432/14.11.2002)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	This rule states that entries in the CSD registers are confidential, under certain conditions.
3/255/31.10.2002 (GAZETTE B1491/28.11.2002)	FORMATION OF EXAMINATION COMMITTEE AND CONDITIONS FOR PARTICIPATION IN THE EXAMINATIONS FOR THE PROFESSIONAL CERTIFICATION OF CAPITAL MARKET AGENTS	Sets the composition of the five-member Examinations Committee for the certification examinations.

*Continued*

No	Title	Description
25/256/14.11.2002 (GAZETTE 1548/11.12.2002)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	The following case (c) is added to article 22 of the Rule: "After completion of the settlement: Whenever the securities account of a beneficiary contains an available quantity of securities, while the «due securities» balance is larger than the «repo reserves» balance, these balances should be kept in the beneficiary's trading account, in accordance with paragraphs 2 and 4, article 67 of this regulation".
26/256/14.11.2002 (GAZETTE 1548/11.12.2002)	AMENDMENT OF HCMC RULE 2/216/17.5.2001 "SHORT SELLING IN THE ATHENS STOCK EXCHANGE, AS CURRENTLY IN FORCE"	Amendment of HCMC RULE 2/216/17.5.2001 "Short Selling in the Athens Stock Exchange".
2/257/22.11.2002 (GAZETTE B'1491/28.11.2002)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	This rule sets the conditions for the creation and maintenance of a register concerning the allocation of the beneficiaries of blocked shares of the Inter-ministerial Privatisation Committee.
2/258/05.12.2002 (GAZETTE 19/16.1.2003)	TAKE-OVER BID	The enactment of this Rule cancels HCMC Rule 1/195/19.7.2000 (Gazette 1030B/22.8.2000).
8/259/19.12.2002 (GAZETTE 19/16.1.2003)	CONTENTS OF THE SEMI-ANNUAL AND ANNUAL REPORT AND THE INVESTMENT STATEMENT FOR REAL ESTATE INVESTMENT COMPANIES	This rule specifies the type of records and the contents of the semi-annual and annual reports of real estate mutual funds.

*Continued*

No	Title	Description
9/259/19.12.2002 (GAZETTE 19/16.1.2003)	ADDITIONAL CONTRIBUTIONS TO THE ASE SUPPLEMENTARY FUND	This rule extends till 31.12.2003 the validity of HCMC Rule 4/106/13.5.1997 concerning the obligation of each ASE member to pay to the Supplementary Fund an additional contribution of 0.01% on the daily value of its transactions.
10/259/19.12.2002 (GAZETTE 19/16.1.2003)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	Amends parts of articles 26 and 28 of HCMC Rule 9820/154/16.3.1999 "Regulation for the clearing and settlement process and the operation of the dematerialised securities system".
7/259/19.12.2002 (GAZETTE 19/16.1.2003)	DEFINITION OF THE MINIMUM CONTENT OF INSURANCE POLICIES COVERING PROPERTY ON WHICH REAL ESTATE MUTUAL FUNDS AND REAL ESTATE INVESTMENT COMPANIES INVEST ON	This rule specifies the minimum contents of insurance policies that cover the properties on which real estate mutual funds and real estate investment companies invest on.

## APPENDIX ■ 2

### Participation in International Conferences, Fora and Meetings in 2002

- January 10th to 12th, 2002, Cyprus. Meeting with the securities commission of Cyprus
- January 10th to 12th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- January 15th to 18th, 2002, Stockholm. Meeting of CESR Working Group on Market Transparency and Efficiency
- January 15th to 18th, 2002, Athens. Meeting of CESR Working Group on Market Abuse
- January 17th to 19th, 2002, Brussels. European Council meeting for the preparation of a Directive on Financial Conglomerates in the EU
- January 23rd to 25th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- January 28th to February 4th, 2002, Hong-Kong. Meeting of the Executive Committee of IOSCO
- January 30th to February 1st, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- January 30th to February 1st, 2002, Brussels. European Council meeting for the preparation of a Directive on Financial Conglomerates in the EU
- February 3rd to 5th, 2002, Vienna. Ad hoc meeting of CESR's Working Group
- February 3rd to 6th, 2002, Rome. Meeting of CESR Working Group on Market Transparency and Efficiency
- February 6th to 8th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- February 12th to 13th, 2002, Paris. IOSCO Meeting
- February 12th to 13th, 2002, Rome. Meeting of CESRFIN Working Group
- February 13th to 14th, 2002, Brussels. Peer Review of the Lithuanian Financial Sector
- February 13th to 15th, 2002, Madrid. Meeting of CESRPOL Working Group
- February 19th to 21st, 2002, Rome. Meeting of CESRFIN Working Group
- February 20th to 23rd, 2002, Paris. OECD meeting on corporate governance
- February 20th to 23rd 2002, Paris. Meeting of CESR Working Group on Prospectuses
- February 20th to March 2nd, 2002. Paris, Sub-Committees' meeting
- February 28th, 2002, Cyprus. Conference of the Cypriot Securities Commission
- March 1st, 2002, Brussels. Meeting of the European Commission for the draft directive on Market Abuse
- March 6th to 8th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- March 10th to 13th, 2002, Lisbon. Meeting of CESR Working Group on Prospectuses
- March 11th to 18th, 2002, Melbourne. IOSCO Meeting
- March 13th to 15th, 2002, Paris. CESR Meeting
- March 13th to 15th 2002, Brussels. European Council meeting for the preparation of a Directive on Financial Conglomerates in the EU
- March 16th 2002, Brussels. Peer Review of the Cypriot and Slovenian Financial Sectors
- March 20th, 2002, Brussels. Meeting of the European Commission for the draft directive on Market Abuse
- April 3rd to 5th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- April 4th to 6th, 2002, Stockholm. Meeting of CESR Working Group on Market Transparency and Efficiency
- April 7th to 9th, 2002, Rome. Meeting of CESRFIN Working Group
- April 11th to 13th, 2002, Paris. IOSCO Meeting.
- April 14th to 16th, 2002, London. Meeting of CESR Working Group on Alternative Trading Systems
- April 15th to 17th, 2002, Copenhagen. CESRFIN Meeting
- April 21st, 2002, London. Meeting of CESR Working Group on Market Abuse
- April 21st to 27th, 2002, Lithuania. Peer Review of the Lithuanian Financial Sector
- April 22nd, 2002, Lisbon. Meeting of CESR Working Group on Prospectuses

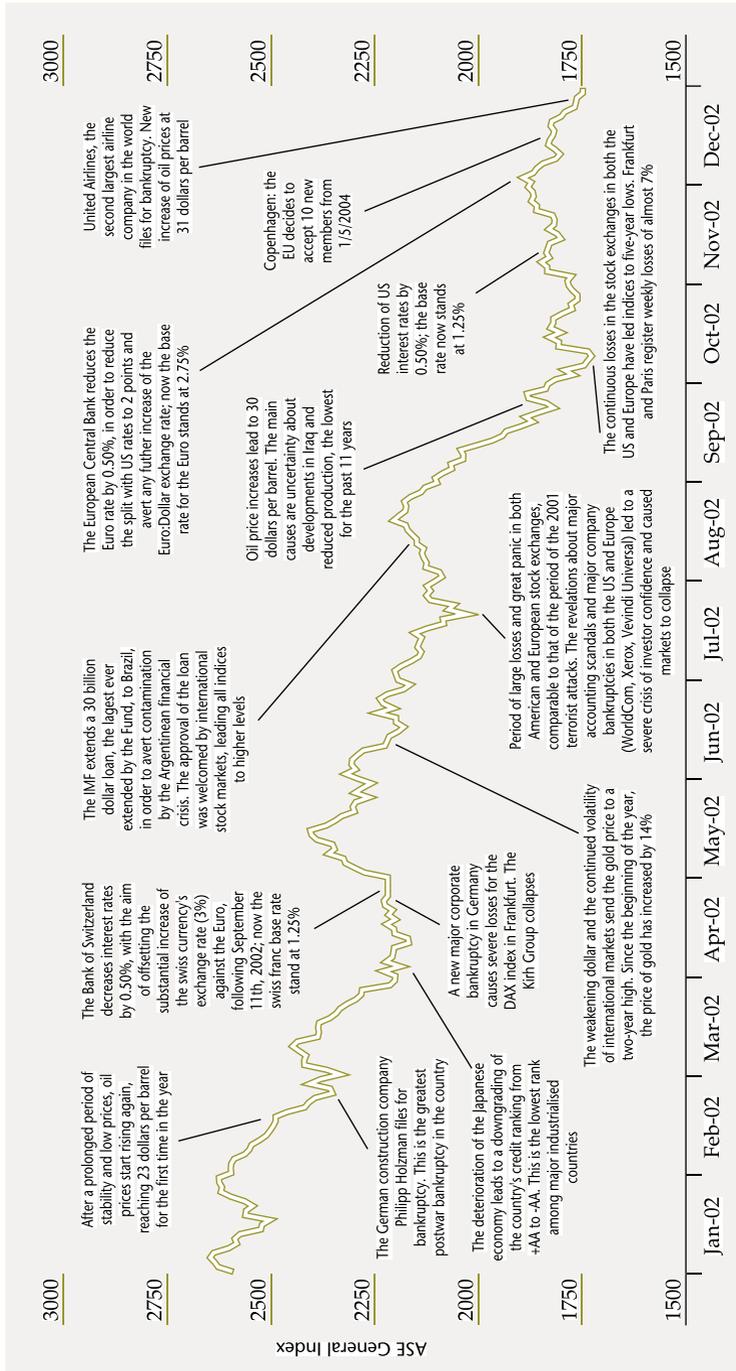
*Continued*

- April 28th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- April 28th 2002, Lisbon. Meeting of CESRFIN Working Group
- May 12th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- May 18th to 21st, 2002, Istanbul. IOSCO Annual Conference
- May 19th to 25th, 2002, Nikosia. Meeting with the securities commission of Cyprus
- May 23rd to 25th, 2002, Vienna. Meeting of CESRFIN sub-committee for the  
Endorsement of International Accounting Standards
- May 26th to 29th, 2002, Paris. Meeting of CESR Working Group on Market Transparency and Efficiency
- May 26th, 2002, Brussels. Meeting of the UCITS Contact Committee
- May 27th to 29th, 2002, Paris, Luxembourg. Meeting of CESRPOL Working Group
- May 29th, 2002, Istanbul. OECD meeting on corporate governance
- June 4th to 7th, 2002, London, FSA. Meeting, International Enforcement Conference
- June 6th to 8th, 2002, London. IOSCO Meeting
- June 10th to 12th, 2002, Copenhagen. CESR Summit
- June 11th to 13th, 2002, London. Meeting of CESR Working Group on Prospectuses
- June 17th to 18th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- June 20th to 22nd, 2002, Paris. Meeting of CESR Working Group on Prospectuses
- June 24th to 25th, 2002, Brussels. Peer Review of the European Commission
- June 26th to 30th, 2002, Paris. OECD meeting on corporate governance
- June 25th to 28th, 2002, Lisbon. Meeting of CESR Working Group on Prospectuses
- June 28th to 30th, 2002, London. Συνέδριο της European Financial Management Association
- July 1st to 2nd, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- July 7th to 10th, 2002, Jersey. Meeting of the Implementation Committee of IOSCO
- July 10th to 13th, 2002, Warsaw. Meeting of IOSCO Working Group
- July 14th to 16th, 2002, Brussels. European Council meeting for the preparation of a  
Directive on Financial Conglomerates in the EU
- July 15th to 16th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- July 22nd to 24th, 2002, Brussels. European Commission Meeting
- July 28th to 30th, 2002, London. Meeting of CESR Working Group on Prospectuses
- August 12th to 15th, 2002, Frankfurt. Meeting of CESR Working Group on Prospectuses
- August 27th to 31st, 2002, Rome. CESRFIN Meeting
- September 5th to 6th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- September 5th to 7th, 2002, London. Meeting of CESR Working Group on Market Abuse and first open consultation
- September 8th to 10th, 2002, Frankfurt. Meeting of the Implementation Committee of IOSCO.
- September 10th to 12th, 2002, Stockholm. Meeting of CESR Working Group on Market Transparency and Efficiency
- September 11th to 13th, 2002, Copenhagen. Meeting of CESRFIN Working Group
- September 11th to 15th, 2002, Reykjavik. Meeting of CESRPOL Working Group
- September 15th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- September 19th to 20th, 2002, Athens. Conference of Standing Committee IV of IOSCO
- September 22nd, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings
- September 24th, 2002, Paris. Meeting of the Consultative Panel of CESR
- September 24th to 26th, 2002. CESR Summit
- September 26th to 28th, 2002, Brussels. Peer Review of the Bulgarian Financial Sector
- September 29th, 2002, Brussels. Meeting for the revision of the Directive on Public Offerings

*Continued*

- September 30th to October 2nd, 2002, Paris. Meeting of CESRFIN sub-committee for the endorsement of International Accounting Standards
- September 30th, 2002, Paris. Meeting of the joint CESR -ECB Group on Clearing and Settlement
- October 1st to 4th, 2002, Copenhagen. NHG Conference
- October 3rd to 5th, 2002, Budapest. IOSCO Conference
- October 6th to 9th, 2002, Rome. Meeting of CESR Working Group on Prospectuses
- October 7th to 13th, 2002, Cancun. Meeting of the Executive Committee of IOSCO
- October 10th, 2002 Brussels. Meeting of CESR Working Group on Market Transparency and Efficiency
- October 15th, 2002, Copenhagen. Conference held by the Danish Securities Commission
- October 17th and 18th, 2002, Athens. Meeting of CESR Working Group on Market Abuse.
- October 13th to 19th, 2002, Madrid. IOSCO Seminar.
- October 28th to 30th, 2002, London. PriceWaterHouseCoopers Seminar.
- November 4th and 5th, 2002, Paris. Meeting of CESR Working Group on Market Abuse
- November 3rd to 10th, 2002, Washington. US SEC Seminar on Securities Enforcement and Market Oversight
- November 7th to 8th, 2002, Brussels. Meeting for the revision of the Directive on Takeover Bids.
- November 11th to 13th, 2002, Lisbon. Meeting of CESR Working Group on Prospectuses.
- November 13th to 16th, 2002, Brussels. Meeting of the UCITS Contact Committee.
- November 17th to 23rd, 2002, Sofia. Peer Review of the Bulgarian Financial Sector
- November 18th to 19th, 2002. Meeting of the ESC of the EU.
- November 19th to 20th, 2002, Brussels. Meeting for the revision of the Directive on Takeover Bids
- November 20th to 23rd, 2002, Paris. Meeting of CESR Working Group on Market Abuse and second open consultation.
- November 20th to 23rd 2002, Zagreb. OECD meeting on corporate governance
- November 25th to 26th , 2002, Brussels. EU Presidency.
- December 2nd to 6th, 2002, London. FSA: International Supervisory Authorities Seminar.
- December 5th to 7th, 2002, Paris. CESRFIN Meeting
- December 9th to 10th, New York. Meeting of the Implementation Committee of IOSCO
- December 11th to 12th, 2002, New York. Meeting of IOSCO Working Group
- December 12th, 2002, Frankfurt. Meeting of the joint CESR -ECB Group on Clearing and Settlement
- December 16th and 17th, 2002, Athens. CESR Summit

## International Developments and the ASE General Index, 2002



**TABLE ■ I**

**Market Share, Number and Total Assets of Mutual Funds by Mutual Fund Management Firm, 2000-2002**

Rank	Management Firms	December 31st, 2002			December 31st, 2001			December 31st, 2000				
		Number of M/F	Assets (mil. €)	Market Share	Assets (mil. €)	Market Share	Assets (mil. €)	Market Share	Assets % change 2002-2001	Assets % change 2001-2000	Assets % change 2000-1999	
1	ALPHA	23	3,105.0	12.23%	2,206.9	14.17%	2,206.9	20.97%	-18.21%	-41.38%	20.97%	24.93%
2	DIETHNIKI	16	4,231.8	16.67%	1,444.8	15.82%	1,766.6	16.79%	-0.19%	-18.22%	16.79%	106.50%
3	ERGASIAS <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-	-
4	INTERTRUST	25	2,195.7	8.65%	782.1	8.57%	852.6	8.10%	-4.33%	-8.27%	8.10%	-29.01%
5	ATE	9	1,005.3	3.96%	388.8	4.26%	413.5	3.93%	-11.91%	-5.94%	3.93%	-14.65%
6	ERMIS	10	1,861.9	7.33%	688.3	7.54%	917.4	8.72%	-6.44%	-24.97%	8.72%	-11.89%
7	IONIKI <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-
8	ALICO AIG <sup>(3)</sup>	15	618.9	2.44%	191.1	2.09%	905.3	8.60%	-36.19%	-78.89%	8.60%	-6.23%
9	CITI <sup>(4)</sup>	-	-	-	4	178.9	1.96%	202	-	-11.44%	1.92%	12.35%
10	MACEDONIA THRACE <sup>(5)</sup>	-	-	-	-	-	-	-	-	-	-	-
11	PIRAEUS	10	1,200.9	4.73%	454.9	4.98%	751	7.14%	-10.05%	-39.42%	7.14%	130.72%
12	NAT. NEDERLANDEN	9	300.5	1.18%	147.2	1.61%	192.2	1.83%	-30.44%	-23.41%	1.83%	-24.77%
13	KTIMATIKI <sup>(6)</sup>	-	-	-	-	-	-	-	-	-	-	-
14	XIOS <sup>(7)</sup>	-	-	-	-	-	-	-	-	-	-	-
15	SG ASSET MANAGT	7	40.4	0.16%	23.1	0.25%	31.2	0.30%	-40.47%	-25.83%	0.30%	-21.41%
16	HSBC (HELLAS)	10	356.5	1.40%	168.1	1.84%	169.6	1.61%	-27.71%	-20.78%	1.61%	-22.91%
17	ALPHA TRUST	11	256.3	1.01%	141.1	1.55%	193.2	1.83%	-38.11%	-26.90%	1.83%	-44.64%
18	ASPS	6	227.1	0.89%	96.8	1.06%	97.3	0.92%	-20.10%	-0.48%	0.92%	-7.86%
19	ETVA P&K	6	38.2	0.15%	22.6	0.25%	38.2	0.36%	-42.25%	-40.98%	0.36%	101.05%
20	ABN AMRO	4	134.5	0.53%	64.0	0.70%	76.4	0.73%	-28.42%	-16.25%	0.73%	-8.72%

Continued

Rank	Management Firms	December 31st, 2002				December 31st, 2001				December 31st, 2000			
		Number of M/F	Assets (mil. €)	Market Share	Assets % change	Number of M/F	Assets (mil. €)	Market Share	Assets % change	Number of M/F	Assets (mil. €)	Market Share	Assets % change
21	ALLIANZ ELLINIKI	14	305.5	1.20%	-16.23%	13	124.3	1.36%	-10.28%	13	138.5	1.32%	-30.30%
22	EVROPAIKI PISTI	11	70.1	0.28%	-16.38%	11	28.6	0.31%	-18.26%	9	34.9	0.33%	-21.57%
23	INTERNATIONAL	10	117.3	0.46%	-20.18%	10	50.1	0.55%	-25.54%	10	67.2	0.64%	-43.15%
24	GENIKI	8	203.4	0.80%	-51.63%	8	143.3	1.57%	-17.13%	9	172.9	1.64%	-14.28%
25	EGNATIA	6	152.5	0.60%	-38.62%	9	84.6	0.93%	-42.25%	9	146.5	1.39%	-20.64%
26	EFG	16	7,967.2	31.39%	12.75%	18	2,368.4	25.94%	137.54%	17	965.7	9.17%	8,153.85%
27	TELESIS <sup>(8)</sup>	-	-	-	-	-	-	-	-	6	31.8	0.30%	-19.08%
28	BARCLAYS <sup>(9)</sup>	-	-	-	-	-	-	-	-	5	42.6	0.40%	-23.38%
29	CYRPUS	5	556.2	2.19%	-8.15%	5	206.3	2.26%	209.99%	5	66.6	0.63%	23.56%
30	MARFIN	11	17.6	0.07%	-28.97%	11	8.4	0.09%	12.71%	11	7.5	0.07%	-
31	LAIKI	4	49.8	0.20%	-40.27%	4	28.4	0.31%	-24.45%	4	37.6	0.36%	-47.56%
32	IBG <sup>(10)</sup>	4	4.9	0.02%	3.55%	4	1.6	0.02%	-	-	-	-	-
33	PROFUND <sup>(11)</sup>	3	14.1	0.06%	431.23%	1	0.9	0.01%	-	-	-	-	-
34	ATTIKI <sup>(12)</sup>	4	24.4	0.10%	-19.19%	-	-	-	-	-	-	-	-
35	INS. ORGANIZATIONS <sup>(13)</sup>	1	323.2	1.27%	-	-	-	-	-	-	-	-	-
36	ELINIKI TRUST <sup>(14)</sup>	2	6.2	0.02%	-	-	-	-	-	-	-	-	-
	TOTAL	260	25,385.1	100%	-5.26%	269	9,130.4	100%	-13.25%	265	10,525.2	100%	-11.79%

Source: Union of Greek Institutional Investors: HCMC.

Notes: <sup>(1)</sup> Since 10.11.2000 EFG management firm manages Ergasias management firm's Mutual Funds. <sup>(2)</sup> Since 19.10.2000 the Ioniki management firm was merged with ALPHA management firm. <sup>(3)</sup> Change of name from ALICO EUROBANK on 2.9.2002. <sup>(4)</sup> The management of its Mutual Funds has been undertaken by ALICO AIG. <sup>(5)</sup> & <sup>(7)</sup> Since 1.8.2000 Pinacous management firm manages XIOS' and Macedonia-Thrace management firms' Mutual Funds. <sup>(6)</sup> Since 30.6.2000 Ktimatiki management firm was merged with Diethniki management firm. <sup>(8)</sup> Since 16.11.2001 EFG management firm manages TELESIS management firm's Mutual Funds. <sup>(9)</sup> Since 2.4.2001 HSBC Greece management firm manages BARCLAYS management firm's Mutual Funds. <sup>(10)</sup> Started operating on 17.10.2001. <sup>(11)</sup> Started operating on 1.11.2001. <sup>(12)</sup> Transfer of the management of three Mutual Funds of ATTIKH from HERMES MFMF. on 3.1.2002. <sup>(13)</sup> Mutual Fund Shares started being sold on 19.11.2002 and <sup>(14)</sup> Started operating on 4.12.2002.

**TABLE ■ II**

**Number and Total Assets of Mutual Funds by Type of Fund, 31.12.2002**

Rank	Management Firms	No of M/F	Bond Funds		Money Market Funds		Mixed Funds		Equity Funds			
			Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign		
1	ALPHA	23	13.91%	5.26%	51.49%	-	2.06%	0.08%	-	24.87%	2.05%	0.29%
2	DIETHNIKI	16	13.73%	3.96%	67.97%	0.03%	3.54%	-	0.11%	10.42%	0.24%	-
3	EFG	16	11.18%	1.17%	20.70%	2.52%	59.99%	-	0.51%	3.19%	0.74%	-
4	ERMIS	10	12.99%	-	68.44%	-	2.88%	-	-	15.50%	0.19%	-
5	ALICO AIG	15	23.96%	12.54%	30.92%	1.27%	1.22%	-	10.35%	17.40%	2.07%	0.27%
6	INTERTRUST	25	36.39%	-	32.69%	0.01%	1.31%	-	-	26.15%	0.80%	0.16%
7	PIRAEUS	10	21.21%	-	62.00%	-	6.86%	-	-	8.37%	-	0.86%
8	ATE	9	36.39%	-	44.28%	-	0.22%	-	3.48%	11.93%	-	0.82%
9	PENSION FUNDS	1	-	-	-	-	100.00%	-	-	-	-	-
10	ALPHA TRUST	11	10.09%	1.61%	14.88%	1.43%	3.95%	-	-	59.13%	8.91%	-
11	NAT. NEDERLANDEN	9	-	5.21%	-	-	6.06%	-	-	38.87%	17.35%	-
12	GENIKI	8	34.27%	3.07%	35.77%	-	3.85%	-	-	21.25%	1.78%	-
13	HSBC (HELLAS)	10	16.11%	2.99%	45.06%	-	-	-	-	29.30%	6.54%	-
14	EGNATIA	6	3.55%	-	43.28%	-	-	-	-	49.61%	-	3.56%
15	ALLIANZ ELLINIKI	14	41.88%	3.84%	8.79%	-	24.64%	-	-	17.28%	0.39%	3.18%
16	ASPIS	6	50.60%	2.40%	30.82%	-	-	-	-	16.17%	-	-
17	ABN AMRO	4	19.96%	-	69.68%	-	-	-	-	10.35%	-	-
18	INTERNATIONAL	10	48.91%	-	3.40%	-	19.40%	-	4.42%	23.87%	-	-

*Continued*

Rank	Management Firms	No of M/F	Bond Funds		Money Market Funds		Mixed Funds		Equity Funds					
			Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign				
19	CYPRUS	5	5.24%	-	89.80%	-	0.22%	-	4.73%	-				
20	ETVA P&k	6		16.08%	61.05%				16.97%	5.90%				
21	LAIKI	4	15.73%	-	19.41%	-			64.85%	-				
22	EVROPAIKI PISTI	11	28.27%	4.88%	26.35%	-	7.02%	1.26%	30.64%	1.60%				
23	SG ASSET MANAG'	7	34.36%	-	37.18%	-	1.89%	-	26.57%	-				
24	MARFIN	11		6.20%	29.65%		18.81%	9.98%	24.88%	10.48%				
25	IBG	4		26.75%	31.50%			22.35%	19.40%	-				
26	PROFUND	3		41.59%	44.32%				14.10%	-				
27	AITIKI	4	27.48%	-	11.48%	-	56.12%	-	4.92%	-				
28	HELLENIC TRUST	2		-	80.90%				19.10%	-				
TOTAL		260	32	14	17	35	1	4	25	2	9	76	30	15

Source: Union of Greek Institutional Investors, HCMC.

**TABLE ■ III**

**Mutual Funds Returns by Type of Fund, 1997-2002**

Mutual Fund Classification	End of year return						Average Annual Return					
	2002	2001	2000	1999	1998	1997	2002	2001	2000	1999	1998	1997
<b>BOND</b>												
Domestic	4.89%	4.11%	7.83%	15.07%	11.40%	11.43%	4.89%	4.11%	7.98%	5.63%	11.90%	12.01%
Foreign	0.45%	4.52%	12.25%	13.88%	9.12%	11.91%	0.45%	4.85%	-	15.38%	8.38%	11.65%
International	1.07%	4.37%	10.48%	14.57%	10.32%	8.85%	0.75%	5.48%	11.19%	-5.37%	10.18%	11.85%
<b>MONEY MARKET</b>												
Domestic	2.26%	3.44%	6.37%	14.62%	12.33%	11.46%	2.40%	3.70%	7.15%	12.96%	11.73%	11.62%
Foreign	3.28%	0.26%	6.94%	6.63%	6.19%	0.25%	3.28%	2.87%	-	9.11%	5.47%	2.30%
International	2.05%	5.67%	7.43%	9.77%	9.25%	10.33%	-2.84%	5.67%	9.97%	12.80%	7.33%	23.15%
<b>EQUITY</b>												
Domestic	-26.35%	-22.63%	-38.42%	116.56%	80.27%	47.06%	-27.24%	-23.97%	-45.66%	98.32%	78.27%	46.50%
Foreign	-27.84%	-12.79%	-7.43%	50.68%	2.29%	6.60%	-29.39%	-17.66%	-10.91%	44.71%	2.09%	23.53%
International	-30.41%	-15.66%	-13.21%	57.52%	15.24%	20.36%	-30.41%	-18.47%	-19.24%	68.66%	15.24%	34.72%
<b>MIXED</b>												
Domestic	-12.80%	-10.56%	-20.19%	80.68%	49.31%	28.86%	-13.40%	-11.78%	-23.23%	64.75%	45.32%	29.96%
Foreign	-20.27%	-10.87%	4.04%	22.48%	9.47%	21.50%	-20.27%	-10.87%	5.52%	19.15%	4.76%	22.33%
International	-11.95%	-4.64%	-10.04%	41.58%	24.85%	14.96%	-11.95%	-6.46%	-11.50%	35.98%	19.28%	20.76%
<b>SPECIAL TYPE</b>												
Domestic	-	-	-	-	72.02%	28.94%	-	-	-	85.37%	72.02%	28.94%
Foreign	-	-	-	-	41.40%	0.94%	-	-	-	-	41.40%	-
International	-	-	-	-	-	-	-	-	-	-	-	-

Source: Union of Greek Institutional Investors, HCMC.

**TABLE ■ IV**

**Assets of Mutual Funds by Type of Fund, 1998-2002**

Month /Year	Total Assets <sup>1</sup>		Bond Funds <sup>1</sup>		Domestic Equity Funds <sup>1</sup>		Domestic Mixed Funds <sup>1</sup>		Domestic Money Market Funds <sup>1</sup>	
	Assets	% Diff.	Assets	% Diff.	Assets	% Diff.	Assets	% Diff.	Assets	% Diff.
Dec-02	25,385.1	3.51	3,388.0	7.74	5,648.00	2.47	10,713.82	17.91		
Nov-02	24,052.4	0.30	3,672.1	4.13	5,791.20	33.25	9,086.17	1.34		
Oct-02	22,306.7	0.84	3,526.3	2.43	4,346.20	7.02	8,965.79	-1.31		
Sep-02	22,246.3	0.21	3,614.0	13.12	4,060.94	3.43	9,084.83	1.93		
Aug-02	22,824.1	0.09	4,159.8	0.39	4,205.21	1.56	8,913.13	0.51		
Jul-02	22,864.0	1.46	4,176.3	5.44	4,271.92	1.09	8,867.53	2.47		
Jun-02	23,040.6	1.60	4,416.6	2.19	4,319.15	1.88	8,633.53	-2.99		
May-02	23,458.6	2.99	4,515.6	3.64	4,239.51	3.67	8,919.99	0.70		
Apr-02	23,249.4	2.00	4,356.8	2.74	4,089.48	0.64	8,858.25	-4.34		
Mar-02	23,863.6	3.82	4,479.7	2.94	4,063.30	3.36	9,260.31	-1.10		
Feb-02	24,424.7	0.84	4,617.7	9.21	4,204.57	6.06	9,363.54	-4.11		
Jan-02	25,627.4	1.41	5,083.6	0.34	4,475.82	23.63	9,764.53	1.27		
Dec-01	9,130.4	0.30	1,903.6	0.22	1,726.4	2.77	1,997.12	56.56	3,285.66	1.04
Nov-01	8,329.5	1.892.8	1,892.8	8.11	1,792.5	6.88	3,187.96	-1.93		
Oct-01	8,130.7	1.73	1,890.9	9.82	1,606.4	4.81	3,283.60	-9.78		
Sep-01	8,180.9	1.858.1	1,858.1	22.90	1,479.5	2.59	3,567.13	-5.29		
Aug-01	8,796.4	1.865.7	1,945.4	1.02	1,058.07	10.56	3,712.64	-3.76		
Jul-01	8,284.1	1.804.9	1,836.3	9.17	948.59	18.44	3,513.13	22.82		

*Continued*

Month /Year	Total Assets <sup>1</sup>	Bond Funds <sup>1</sup>		Domestic Equity Funds <sup>1</sup>		Domestic Mixed Funds <sup>1</sup>		Domestic Money Market Funds <sup>1</sup>	
		Assets	% Diff.	Assets	% Diff.	Assets	% Diff.	Assets	% Diff.
Jun-01	7,147.2	1,622.2	16.85	1,686.3	20.93	796.23	.03	2,806.32	-29.32
May-01	9,269.9	1,947.6	3.50	2,174.2	6.29	874.66	3.89	4,025.26	,5.45
Apr-01	9,616.6	1,979.9	2.69	2,332.6	5.04	839.90	0.51	4,217.55	,5.70
Mar-01	9,629.3	1,915.7	5.25	2,228.6	0.09	830.53	2.23	4,418.46	,6.30
Feb-01	9,845.0	1,817.9	4.36	2,242.1	0.79	853.41	3.39	4,680.90	,7.40
Jan-01	10,188.5	1,733.2	7.39	2,268.7	9.38	882.90	3.48	5,027.27	,3.63
Dec-00	10,525.0	1,514.0	1.14	2,503.7	1.58	914.76	1.75	5,216.52	0.60
Nov-00	10,454.7	1,414.9	0.62	2,436.8	11.68	898.00	7.05	5,322.61	0.29
Oct-00	10,989.4	1,406.0	0.14	2,827.0	11.32	957.77	5.31	5,398.87	0.40
Sep-00	11,357.1	1,408.0	0.98	3,242.6	8.14	1,013.88	6.08	5,278.86	0.67
Aug-00	10,969.9	1,416.6	0.07	2,951.7	10.18	1,011.53	4.87	5,168.75	0.43
Jul-00	11,571.7	1,420.9	0.51	3,358.6	1.42	1,016.58	0.26	5,374.54	0.53
Jun-00	11,481.3	1,439.7	0.33	3,450.5	11.18	1,000.85	5.88	5,192.32	0.39
May-00	12,052.4	1,443.3	0.57	3,956.0	11.02	1,002.60	5.52	5,247.24	0.74
Apr-00	11,527.3	1,488.2	0.19	3,473.4	12.30	962.45	6.31	5,189.61	0.38
Mar-00	11,894.3	1,390.6	0.85	4,205.8	7.72	949.50	3.80	4,919.14	0.63
Feb-00	12,033.1	1,325.5	1.72	4,703.1	3.67	964.70	,0.89	4,701.10	0.90
Jan-00	11,930.8	1,270.7	0.63	4,788.4	6.43	924.10	,3.61	4,644.18	0.85
Dec-99	11,933.5	1,277.3	1.08	4,880.8	6.11	910.73	2.38	4,568.49	1.01
Nov-99	12,143.6	1,311.8	1.88	5,137.6	3.49	910.86	3.18	4,509.53	1.44
Oct-99	12,110.1	1,371.5	0.21	4,738.4	4.94	905.08	1.80	4,843.40	0.84

Continued

Month /Year	Total Assets <sup>1</sup>	Bond Funds <sup>1</sup>		Domestic Equity Funds <sup>1</sup>		Domestic Mixed Funds <sup>1</sup>		Domestic Money Market Funds <sup>1</sup>	
		Assets	% Diff.	Assets	% Diff.	Assets	% Diff.	Assets	% Diff.
Sep -99	11,626.9	1,484.0	1.07	3,993.0	8.58	897.24	6.46	5,000.87	1.32
Aug -99	11,341.2	1,646.1	2.00	3,023.6	26.56	934.65	16.53	5,490.84	2.55
Jul -99	10,383.1	1,763.0	0.05	1,951.0	10.28	832.83	5.66	5,600.04	0.78
Jun -99	10,110.8	1,824.6	0.54	1,516.1	6.73	808.43	3.75	5,726.38	0.94
May -99	9,851.6	1,798.1	1.24	1,289.9	12.70	788.89	7.91	5,744.81	0.87
Apr -99	9,468.4	1,728.2	1.63	979.0	7.89	762.40	6.15	5,763.00	0.91
Mar -99	9,326.9	1,681.5	2.11	840.3	0.42	750.41	0.53	5,827.47	1.10
Feb -99	9,367.6	1,602.6	1.13	726.0	8.80	760.69	6.43	6,050.74	0.87
Jan -99	9,254.7	1,537.2	0.92	623.1	14.05	801.05	8.74	6,054.45	0.92
Dec -98	8,997.7	1,550.9	1.23	473.5	6.06	756.61	3.28	5,946.69	1.05
Nov -98	8,895.0	1,586.0	1.08	434.5	14.32	706.50	8.05	5,880.31	0.98
Oct -98	8,639.9	1,588.6	0.84	353.7	1.47	694.64	1.78	5,716.10	0.96
Sep -98	8,839.0	1,590.5	0.75	339.0	2.40	695.64	0.60	5,914.30	0.93
Aug -98	8,737.5	1,673.2	0.69	329.8	15.52	683.81	8.81	5,738.44	0.81
Jul -98	8,506.8	1,686.4	1.10	375.9	14.38	693.78	8.23	5,439.45	1.04
Jun -98	8,121.8	1,663.6	0.73	330.3	7.02	693.27	3.84	5,113.46	1.04
May -98	8,040.2	1,889.6	1.10	334.3	5.24	714.45	3.13	4,929.55	1.09
Apr -98	7,988.8	1,703.7	1.33	304.5	27.38	703.70	14.71	4,904.05	1.14
Mar -98	8,343.8	1,720.1	1.14	265.5	30.20	709.46	16.49	5,405.20	1.25
Feb -98	8,179.6	1,748.9	0.36	217.2	1.98	700.67	1.14	5,358.86	0.98

Source: ASE, Union of Greek Institutional Investors, HCMC.

Note: <sup>1</sup> For the period Feb. 98-Dec. 01 amounts are expressed in million drachmas, whilst for the period Jan - Dec.02 they are expressed in million €. -

TABLE V

## Mutual Fund Assets, ASE Capitalisation and the ASE General Index, 1998-2002

Month /Year	Total MF Assets <sup>1</sup>	% Change	ASE Capitalisation <sup>1</sup>	ASE General Index	Return (%)
Dec-02	25,385.1	5.54	180,329.5	1,748.42	6.64
Nov-02	24,052.4	7.83	187,284.1	1,872.83	4.90
Oct-02	22,306.7	0.27	183,842.9	1,785.28	2.84
Sep-02	22,246.3	2.53	180,857.5	1,837.52	13.69
Aug-02	22,824.1	0.17	80,745.0	2,129.06	0.65
Jul-02	22,864.0	0.77	197,862.9	2,115.39	5.47
Jun-02	23,040.6	1.78	198,659.9	2,237.86	2.60
May-02	23,458.6	0.90	202,448.0	2,297.56	3.57
Apr-02	23,249.4	2.57	198,084.4	2,218.35	2.73
Mar-02	23,863.6	2.30	166,127.8	2,280.72	2.24
Feb-02	24,424.7	4.69	164,469.9	2,332.89	10.16
Jan-02	25,627.4	4.36	177,428.8	2,596.75	0.20
Dec-01	9,130.4	9.62	60,697.7	2,591.56	3.80
Nov-01	8,329.5	2.45	61,193.5	2,694.02	9.15
Oct-01	8,130.7	0.61	57,498.8	2,468.26	10.88
Sep-01	8,180.9	7.00	58,343.1	2,226.05	19.41
Aug-01	8,796.4	6.18	65,715.5	2,762.12	1.28
Jul-01	8,284.1	15.91	64,427.3	2,727.21	0.51

Continued

Month /Year	Total M/F Assets <sup>1</sup>	% Change	ASE Capitalisation <sup>1</sup>	ASE General Index	Return (%)
Jun-01	7,147.2	22.90	65,062.1	2,741.18	11.25
May-01	9,269.9	3.61	68,797.7	3,085.66	6.02
Apr-01	9,616.6	0.13	72,117.7	3,286.67	7.95
Mar-01	9,629.3	2.19	69,510.0	3,044.55	2.70
Feb-01	9,845.0	3.37	70,113.9	3,129.06	4.16
Jan-01	10,188.5	3.20	70,415.4	3,264.76	3.66
Dec-00	10,525.0	0.67	66,411.5	3,388.86	4.41
Nov-00	10,454.7	4.87	65,242.1	3,245.77	14.54
Oct-00	10,989.4	3.24	70,770.1	3,797.84	7.16
Sep-00	11,357.1	3.53	75,742.1	4,090.89	15.00
Aug-00	10,969.9	5.20	73,360.8	3,557.15	10.81
Jul-00	11,571.7	0.79	78,767.6	3,988.28	1.63
Jun-00	11,481.3	4.74	79,883.0	4,054.41	12.02
May-00	12,052.4	4.56	91,179.9	4,608.24	8.44
Apr-00	11,527.3	3.09	74,705.5	4,249.45	11.35
Mar-00	11,894.3	1.15	82,842.9	4,793.47	4.17
Feb-00	12,033.1	0.86	89,120.8	5,002.23	0.24
Jan-00	11,930.8	0.02	89,330.1	4,990.02	9.85
Dec-99	11,933.5	1.73	93,500.9	5,535.09	3.10
Nov-99	12,143.6	0.28	97,586.9	5,712.26	4.96
Oct-99	12,110.1	4.16	92,183.3	5,442.14	3.98

*Continued*

Month /Year	Total I/F Assets <sup>1</sup>	% Change	ASE Capitalisation <sup>1</sup>	ASE General Index	Return (%)
Sep -99	11,626.9	2.52	89,350.8	5,667.60	8.88
Aug -99	11,341.2	9.23	82,660.1	5,205.34	19.80
Jul -99	10,383.1	2.69	67,542.1	4,345.13	7.78
Jun -99	10,110.8	2.63	62,340.0	4,031.64	2.46
May -99	9,851.6	4.05	60,346.3	3,934.67	8.77
Apr -99	9,468.4	1.52	53,974.2	3,617.42	7.14
Mar -99	9,326.9	0.43	50,891.8	3,376.37	0.04
Feb -99	9,367.6	1.22	51,530.3	3,377.58	7.24
Jan -99	9,254.7	2.86	48,268.8	3,149.50	15.05
Dec -98	8,997.7	1.15	45,639.5	2,737.55	8.99
Nov -98	8,895.0	2.95	42,897.3	2,511.82	16.13
Oct -98	8,639.9	2.25	38,698.2	2,162.93	1.98
Sep -98	8,839.0	1.16	38,919.5	2,120.90	2.51
Aug -98	8,737.5	2.71	38,014.0	2,175.53	22.23
Jul -98	8,506.8	4.74	41,974.4	2,797.41	18.26
Jun -98	8,121.8	1.01	39,694.0	2,365.45	8.71
May -98	8,040.2	0.64	40,961.5	2,591.03	1.16
Apr -98	7,988.8	4.25	38,703.7	2,621.44	30.69
Mar -98	8,343.8	2.01	35,465.7	2,005.82	41.33
Feb -98	8,179.6	4.72	32,003.2	1,419.22	1.71
Jan -98	7,810.8		30,004.5	1,395.40	

Source: ASE, Union of Greek Institutional Investors, HCMC.

Note: <sup>1</sup> For the period Jan. 98-Dec. 01 amounts are expressed in million drachmae, whilst for the period Jan - Dec.02 they are expressed in million €.

TABLE ■ VI

## The performance of Portfolio Investment Companies, 31.12.2002

Rank	Portfolio Investment Companies	Date of listing in the ASE	Share price Dec. 12st, 2002	Market Capitalisation (000' €)	Net Asset Value (000' €)	Premium / Discount (%)
1	Active Invest.	01.09.1999	0.92	6,240.88	9,975.78	-37.41
2	Alpha Investment	19.11.1984	2.23	234,150.00	290,553.77	-19.49
3	Aeolian Invest. Fund	09.08.1993	0.88	19,673.28	33,324.78	-40.94
4	Dias Closed & Inv. Fund	27.07.1992	0.62	15,568.20	23,192.06	-32.61
5	National Invest. Co	19.06.1981	1.28	126,766.08	159,207.59	-20.50
6	Hellenic Invest. Co	19.01.1973	1.55	184,977.00	239,099.51	-22.50
7	Commercial Invest.	17.08.1993	1.83	65,944.05	79,788.08	-17.19
8	Exelixa	06.05.1992	0.74	62,937.00	59,925.52	5.71
9	Investment Dev. Fund	12.08.1982	1.61	47,128.43	58,009.87	-18.69
10	Ergo Invest	11.11.1977	1.23	163,590.00	180,431.23	-9.56
11	Interinvest	15.01.1992	0.85	14,577.50	15,191.73	-4.49
12	Alpha Trust Asset Manager	02.08.1993	1.70	8,925.00	13,220.83	-32.54
13	Marfin Classic	18.08.1993	1.04	95,979.38	128,994.23	-25.71
14	Praeus Investment	06.12.1990	1.19	57,917.30	73,839.72	-21.71
15	The Greek Progress Fund	30.07.1990	2.31	74,474.40	90,241.85	-17.50
16	Eurodynamic Closed End Fund	05.10.2001	1.95	14,751.75	16,358.07	-9.72
17	Domus	04.12.2001	5.26	19,988.00	7,483.18	167.01
18	Alpha Trust Andromeda	19.12.2001	1.91	48,009.11	62,318.86*	-24.21
19	Arrow	11.01.2002	1.77	57,702.00	71,108.85	-18.81
20	Nexus	23.01.2002	0.80	6,000.00	9,568.14	-37.50
21	P&K	19.04.2002	0.75	18,750.00	24,088.97	-21.88
22	Altius	16.08.2002	1.39	6,672.00	8,668.40	-23.20
23	Euroline Investment	11.12.2002	1.44	13,780.80	20,504.12	-32.71
24	New Millennium Investments	18.12.2002	0.89	16,295.90	29,749.88	-45.06
	TOTAL			1,380,798.06	1,704,845.04	

Source: Union of Greek Institutional Investors, HCMC.

**TABLE ■ VII**

**FEFSI Statistics on EU Member-States Mutual Funds Sector (1), 30.09.2002**

Member States	Total Assets (000' €)			UCITS members Assets (000' €)		UCITS non-members Assets (000' €)	
	30.9.2002	31.12.2001	30.9.2002	31.12.2001	30.9.2002	31.12.2001	
Austria	84,809	81,656	62,654	61,93	22,155	19,726	
Belgium	73,236	82,28	67,672	77,017	5,564	5,263	
Czech Republic	3,305	2,348	3,028	1,979	0,277	0,369	
Denmark	37,027	37,974	37,027	37,974	0	0	
Finland	14,949	14,507	14,949	14,507	0	0	
France	888,6	875,4	797,7	800,2	90,9	75,2	
Germany	734,035	796,051	197,3	239,666	536,735	556,385	
Greece	24,005	29,074	22,246	26,795	1,759	2,279	
Hungary	3,463	2,581	3,408	2,529	0,055	0,052	
Ireland	295,674	284,178	230,395	215,188	65,279	68,99	
Italy	367,634	411,667	357,608	403,678	10,026	7,989	
Luxembourg	835,594	928,447	762,872	851,06	72,722	77,387	
Netherlands	106,3	106,3	88,8	88,8	17,5	17,5	
Norway	14,507	16,594	14,507	16,594	0	0	
Poland	3,963	3,384	3,9	3,332	0,063	0,052	
Portugal	24,226	23,798	18,781	18,64	5,445	5,158	
Spain	170,757	179,359	168,73	177,871	2,027	1,488	
Sweden	53,423	74,118	52,982	73,551	0,441	0,567	
Switzerland	96,003	92,731	87,69	84,949	8,313	7,782	
UK	395,641	497,502	298,202	357,461	97,439	140,041	
<b>TOTAL</b>	<b>4,227,151</b>	<b>4,539,949</b>	<b>3,290,451</b>	<b>3,553,721</b>	<b>936,7</b>	<b>986,228</b>	

Source : FEFSI.

**TABLE ■ VIII**

**Structure of the Assets of mutual funds of UCITS members  
in F.E.F.S.I. European Member-States, 2002**

Type of M/F	30.9.2002			30.6.2002			31.3.2002			31.12.2001		
	Total Assets (bn €)	% of Total	% Quarterly change	Total Assets (bn €)	% of Total	% Quarterly change	Total Assets (bn €)	% of Total	% Quarterly change	Total Assets (bn €)	% of Total	% Quarterly change
Equity	997	33.00%	16.60%	1,196	37.00%	-14.50%	1,399	40.00%	2.80%	1,333	39.93%	2.80%
Mixed	434	14.00%	-9.20%	478	15.00%	-8.20%	521	15.00%	-0.10%	515	15.43%	-0.10%
Bond	962	31.00%	-14.50%	926	29.00%	0.00%	927	27.00%	1.50%	913	27.35%	1.50%
Money market	606	20.00%	3.80%	580	18.00%	3.30%	562	16.00%	9.00%	515	15.43%	9.00%
Other	61	2.00%	-3.50%	64	1.00%	-8.90%	70	2.00%	9.10%	62	1.86%	9.10%
Total	3,060	100.00%	-5.70%	3,244	100.00%	-6.70%	3,479	100.00%	3.10%	3,338	100.00%	3.10%
Incl. Ireland	3,290		-7.40%	3,471		-6.60%	3,718		3.60%	3,554		3.60%

Source: FEFSI.

**TABLE ■ IX**

**The Trading Status  
of ASE Listed Companies, 31.12.2002**

**A. Total**

	Under Regular Trading	Under Probation	Companies Trading	Under Suspension	Under Listing	Total Companies listed in the ASE
Main Market	220	7	227	8	0	235
Parallel Market	106	2	108	1	1	110
New Market	5	0	5	0	0	5
Total	331	9	340	9	1	350

**B. Delisting of Companies**

Main Market	Date
Pavlidis Confectionery SA	12.3.2002
Halyps Building Materials SA	5.12.2002
Econ Industries SA	14.11.2002
Inter Clothing Ind SA	14.11.2002
Magrizos Bros SA	14.11.2002

**C. Companies Under Suspension**

Main Market	Date	Parallel Market	Date
ALCAR Trans. Com. & Tour. SA	9.8.1989	ELVIEMEK SA	26.6.1997
Greek Powder Co.	2.4.1992		
Philippou De SA	20.1.1995		
Cosmos SA	11.6.1996		
Globe SA	11.6.1996		
Dane See Line	7.10.1998		
Thessaliki Spirits Co.	1.7.1999		
Nimatemporiki SA	23.7.1999		

**D. Companies Under Probation**

Main Market	Date	Parallel Market	Date
Technodomi M Travlos	25.11.1998	Mouriadis SA	23.3.2001
Emporikos Desmos SA	23.9.1999	Xifias SA	6.12.2002
Viosol SA	23.9.1999		
Intersat SA	8.11.1999		
Parnassos SA	23.3.2001		
Keranis Holding SA	23.3.2001		
Stabilton SA	2.12.2002		

Source: HCMC.

TABLE X

## Initial Public Offerings in the ASE, 2002

No	Company	IPO period	Date of listing	Type of Market	Type of share	Initial share price (€)	No of New Shares		No of existing shares	
							Private placement	Public Offering	Private placement	Public Offering
1	DIAS AQUA CULTURE SA	28-30/1/2002	18 Feb 02	Parallel	KO	5.2	32,300	648,700	0	0
2	ALSINCO SA	13-15/2/2002	14 Mar 02	Parallel	KO	2.53	20,000	1,005,000	0	0
3	GALAXIDI FISH FARMING SA	25-27/2/2002	20 Mar 02	Parallel	KO	3.72	50,190	1,003,800	0	50,190
4	COMPUCON	6-8/3/2002	2 Apr 02	New Mrkt	KO	9.6	28,000	612,000	0	0
5	P & K PORTFOLIO INV. SA	26-29/3/2002	19 Apr 02	Main	KO	1.2	0	0	0	1,500,000
6	HYGEIA SA	16-19/4/2002	7 Jun 02	Main	KO	4.82	185,462	3,712,000	0	0
8	STELIOS KANAKIS SA	19-21/6/2002	18 Jun 02	Parallel	KO	3.1	59,000	1,191,000	0	0
7	ZENON SA	14-19/6/2002	19 Jul 02	Parallel	KO	5.9	45,750	927,220	0	0
9	LIVANI PUBLISHING ORGANISATION SA	25-27/6/2002	26 Jul 02	Parallel	KO	4.84	70,480	1,409,620	0	0
10	DESPEC MULTIMEDIA SYSTEMS SA	3-7/7/2002	2 Aug 02	Parallel	KO	4.8	31,500	633,000	0	0
11	ALTIUS INVESTMENT FUND SA	16-19/7/2002	16 Aug 02	Main	KO	2.02	0	0	0	720,000
12	HITECH ADVISORS SA	24-26/7/2002	4 Sep 02	New Market	KO	5.98	27,270	545,570	0	0
13	OPAP SA <sup>1</sup>	10-12/7/2002	19 Jul 02	Main	KO	8.44	0	0	300,000	60,000,000
14	DYNAMIC LIFE SA	28-30/8/2002	25 Sep 02	New Mrkt	KO	4.2	90,400	1,809,600	0	0
15	LANTEC COMMUNICATIONS SA	10-12/9/2002	10 Oct 02	Parallel	KO	5.5	65,000	1,300,030	0	0
16	EUROLINE INVESTMENTS SA	19-22/11/2002	11 Dec 02	Parallel	KA	2.05	0	0	0	765,600
17	NEW MILLENIUM INVESTMENTS SA	25-28/11/2002	18 Dec 02	Parallel	KO	1.6	0	0	0	908,500
18	PUBLIC POWER CORPORATION SA <sup>2</sup>	3-6/12/2002	12 Dec 02	Main	KO	12.4	0	0	1,339,050	29,284,950
19	FASHION BOX HELLAS SA	9-11/12/2002	3 Jan 03	Parallel	KO	4.7	30,000	625,000	0	0
20	NEWSPHONE HELLAS SA AUDIOTEX	17-19/12/2002		Parallel	KO	6.2	69,600	1,392,400	0	0
	TOTAL									
	GRAND TOTAL									

Source: HCMC. <sup>1</sup> Includes the distribution of shares in the international market. Over-subscription concerns only the public offering in the domestic market. The amount of capital raised includes the value of converted «prometoxa». The combined offering amounted to 60,300,000 shares (including 7,000,000 shares of pre-emptive rights), of which 17,760,780 were distributed in the domestic market and 42,539,220 in the international market. Institutional and non-institutional investors, holders of «prometoxa» were offered the shares at a 5% discount on the initial price, i.e. 8.02 Euros. Finally, the shares distributed to employees and management executives enjoyed a discount of 10% on the initial price to non-institutional investors i.e. 7.60. <sup>2</sup> Includes the distribution of shares in the international market. Over-subscription concerns the public offering in the domestic and international market. The amount of capital raised includes the value of converted «prometoxa». The combined offering amounted to 30,624,000 shares (including 4,640,000 share for hedging transactions) of which 12,689,050 were distributed in the domestic market and 16,595,670 in the international market. Institutional investors were offered an initial price of 12.40 while institutional investors holders of «prometoxa» were offered the shares at a 5% discount on the initial price, i.e. 11.78. The discounts for non-institutional investors and non-institutional investors holders of «prometoxa» were 3% and 5% i.e. 12.03 and 11.43 respectively. Finally, the shares distributed to employees and management executives enjoyed a discount of 10% on the initial price to non-institutional investors i.e. 10.83.

Funds Raised		Main Underwriter	Advisor	End of sensitive period	Oversubscription			Weighted Oversubscription (€)
New issues (€)	Shares outstanding (€)				Institt investors	Retail investors	Total	
3,541,200	0	PIRAEUS BANK	OMEGA SEC SA	18/5/2002	149.76	22.49	60.67	214,844,604
2,593,250	0	COMMERCIAL BANK	MARFIN HELLENIC SEC. SA	14/6/2002	114.07	15.9	45.35	117,603,888
3,920,843	186,707	ALPHA FINANCE	ALPHA FINANCE	20/6/2002	118.11	25.8	53.49	219,712,828
6,144,000	0	ALPHA FINANCE	OMEGA SEC SA	2/7/2002	135.42	64.26	85.61	525,987,840
0	1,800,000	NATIONAL BANK	P & K CAPITAL SEC. SA	19/7/2002	1.47	1.44	1.45	2,610,000
18,785,767	0	PIRAEUS BANK	PIRAEUS BANK		3.2	1.15	1.76	33,062,950
3,875,000	0	EFG TELESIS FINANCE	EFG TELESIS FINANCE	18/10/2002	36.83	6.52	15.61	60,488,750
5,740,523	0	AGRICULTURAL BANK	AGRICULTURAL BANK	18/10/2002	23.16	8.85	13.14	75,430,472
7,163,684	0	INVESTMENT BANK	CONTALEXIS FINANCIAL SERVICES	26/10/2002	5.73	2.58	3.52	25,216,168
3,189,600	0	DEVLETOGLOU SEC.	DEVLETOGLOU SEC.	2/11/2002	34.84	9.97	17.43	55,594,728
0	1,454,400	AGRICULTURAL BANK	AGB FINANCE	16/11/2002	2.89	0.63	1.3	1,890,720
3,425,583	0	MEGATRUST SEC. SA	MEGATRUST SEC. SA	4/12/2002	22.35	7.3	14.82	50,767,143
0	503,453,730	EFG Eurobank & ALPHA FINANCE	EFG Eurobank & ALPHA FINANCE	19/10/2002			1.79	901,182,177
7,980,000	0	EGNATIA SEC. SA	EGNATIA SEC. SA	25/12/2002	46.06	1.82	15.09	120,418,200
7,507,665	0	NATIONAL BANK	PIRAEUS BANK	10/1/2003	9.84	1.54	4.49	33,709,416
0	1,569,480	AGRICULTURAL BANK	AGB FINANCE	6/3/2003	1.26	0.45	0.68	1,072,089
0	1,453,600	AGRICULTURAL BANK	EGNATIA SEC. SA	18/3/2003	2.11	0.61	1.04	1,511,744
0	370,023,257	NATIONAL BANK & ALPHA FINANCE	NATIONAL BANK & ALPHA FINANCE	12/3/2003			4.59	1,698,406,750
3,078,500	0	EFG TELESIS FINANCE	EFG TELESIS FINANCE	3/4/2003	69.76	4.49	24.07	74,108,420
9,064,400	0	AGRICULTURAL BANK	OMEGA SEC SA		8.75	1.99	4.02	36,438,888
86,010,015	879,941,174							
965,951,189								4,250,057,773

**TABLE ■ XI**

**Share Capital Increases in the ASE, 2002\***

No	Company	Market	Approval date	Ex-right date	SCI period	Total funds raised (Euro)	Issuing price	Number of shares/ bonds	Beneficiaries	Advisor
<b>A. SHARE ISSUES</b>										
1	EMBORIKOS <sup>1</sup> DESMOS SA.	Main	23.5.02	27.5.02	30.5-14.6.02	11,606,400.0 1,190,142.0	0.80 0.74	14,508,000 1,608,300	Strat. Investor (CR) Existing Shareholders 2N(CR): 2E(CorPR)	ALPHA FINANCE
2	KLONATEX SA. <sup>2</sup>	Main	31.5.02	13.6.02	19.6-3.7.02	38,062,073.0 98,290.8	3.80 3.80	10,016,335 25,866	3N(CB): 10E(CB) 2N(CB): 10E(PB) 1N(PB): 10E(PB)	PIRAEUS BANK
3	LAMDA DEVELOPMENT SA	Main	8.8.02	18.9.02	24.9-8.10.02	115,970,000.0	4.00	28,992,500	Existing Shareholders 2N(CB): 1E(PB)	EFG TELESIS FINANCE
4	PIRAEUS BANK SA	Main	18.7.02	-	5.11.02	69,871,835.0	8.36	8,357,875	Strat. Investors	-
5	A. CAMBAS REAL ESTATE <sup>3</sup>	Main	17.10.02	11.11.02	11.11-2.12.02	20,927,189.4	1.95	10,731,892	8N(CB): 10E(CB)	DEVLETGLOU SEC SA
<b>TOTAL (1)</b>									<b>257,725,930.2</b>	

*Continued*

No	Company	Market	Approval date	Ex-right date	SCI period	Total funds raised (Euro)	Issuing price	Number of shares/bonds	Beneficiaries	Advisor
<b>B. BOND ISSUES</b>										
1	EDRASSI - C. PSALLIDASSA	Main	31.1.02 14.2.02	-	19.2.02	19,300,000	10,000.0	1,930	Elimination of pre-emptive right / Coverage by Manager	ALPHA BANK / Tradable & Convertible 3-year / ALPHA FINANCE
2	ATTICA ENTERPRISES SA	Main	31.5.02	-	25.6.02	30,000,000	10,000.0	3,000	Elimination of pre-emptive right / Coverage by Manager	ERG EUROBANK ERGASIAS / Tradable & Convertible 3-year / ERG TELESIS FINANCE
3	STRINTZIS LINES SA	Main	13.6.02	-	25.6.02	30,000,000	10,000.0	3,000	Elimination of pre-emptive right / Private placement in favour of ATTICA ENTERPRISES	ERG EUROBANK ERGASIAS / Tradable & Convertible 3-year / ERG TELESIS FINANCE
4	O. DARINGSA <sup>4</sup>	Main	6.11.02	15.11.02	21.11-5.12.02	5,428,419	100.84	53,832	Existing Shareholders / 1 BND : 120 SHARES	SOCIETE GENERALE / Non Tradable & Convertible 3-year
5	LESBOS MARITIME COMPANY <sup>5</sup>	Main	27.9.01	15.10.01	30.10-15.2.02	543.86	2.2	247	Existing Shareholders / 2 BND : 10 SHARES	EGNATIA BANK / Non Tradable Convertible
	TOTAL (2)					84,728,962.7				
	<b>GRAND TOTAL (1 + 2)</b>					<b>342,454,892.9</b>				

Source: HCMC.

\* Share capital increases in favor of existing shareholders, cash-financed, or share capital increases by private placement, completed within the year 2002.

<sup>1</sup> The initial share capital increase of 18,763,680 Euros was subscribed by 68.2%.

<sup>2</sup> The initial share capital increase of 53,539,689.6 Euros was subscribed by 71.3%.

<sup>3</sup> The initial share capital increase of 32,691,859 Euros was subscribed by 64.01%.

<sup>4</sup> The initial share capital increase of 13,049,401.88 Euros was subscribed by 41.6%

<sup>5</sup> The subscription period for the bond began in November 2001 and was extended till February 15th, 2002. The initial issue of 17,655,442 was subscribed by 3.08%

**Postal Address:**

---

HELLENIC CAPITAL MARKET COMMISSION  
1, Kolokotroni & Stadiou Str. • GR-105 62 Athens • GREECE

**Contact person:** Ms Eleftheria Apostolidou, Director  
Directorate of International & Public Relations  
Tel: +30-210-3377215 or 216  
Fax: +30-210-3377210  
Web site: [www.hcmc.gr](http://www.hcmc.gr)