HELLENIC CAPITAL MARKET COMMISSION

2004

ANNUAL REPORT

TABLE OF CONTENTS

Appendices

Tables of the text

Figures in the text

Tables in the Appendices

A NOTE OF THE CHAIRMAN

The year 2004 featured a rise in Greek capital market indices, in a moderately favorable international financial climate. Trading activity in the Athens Stock Exchange markets increased evenly.

In 2004 the Hellenic Capital Market Commission enhanced the regulatory framework and the infrastructure for the supervision of the capital market, with new measures that protected the market from systemic risks and phenomena of speculative behavior. The development of capital market supervision included measures for the enhancement of the market's effectiveness and liquidity, the improvement of the efficient operation of investment firms, the continuation of the program for the certification of market agents, the modernization of the framework governing the listing of companies in the Stock Exchange and their oversight, as well as other ameliorating interventions in the operation of the market, and in the trading and clearing system.

The year 2004 saw major developments regarding the operation and supervision of stock markets and clearing systems that resulted from the implementation of Law 3152/2003. The rulebooks for the Athens Stock Exchange, the Central Securities Depository and the Athens Derivatives Exchange Clearing House were, indeed, completed and approved.

Investor protection was significantly enhanced by officially requiring investment firms to segregate their own funds from those of their customers, which are now kept in a separate special bank account. It was also enhanced through the improvement of certain provisions of the code of conduct for mutual fund management firms, by officially requiring them to provide more comprehensive information to the holders of shares in mutual funds. The quality of investment services rendered was increased through the continuation of the program for the professional certification of market participants. The investor insurance system was improved by appointing the Common Guarantee Fund as the administrator and depository of the Supplementary Clearing Fund and by increasing the size of the Common Guarantee Fund for the year 2004.

Transparency in the market was reinforced through the improvement of the terms and conditions for book building and the allocation of shares in public offering in the Main and Parallel markets of the ASE, as well as the terms and conditions regarding the allocation of IPO securities in the New Market of the Athens Stock Exchange and the Greek Market of Emerging Capital Markets. Transparency in the market was further enhanced through the establishment of the obligation of mutual fund management companies to prepare quarterly investment lists regarding their funds under management, and to make this list available to investors through their websites. Moreover, the provisions of the Code of Conduct for Listed Companies were improved by establishing the disclosure of additional information in the companies' Annual Reports, while the classification of mutual funds was updated according to the new Law 3283/2004 on UCITS.

The smooth operation of the market was safeguarded by clearly segregating cash from margin purchases. A regulation of the HCMC established for the first time the obligation of ASE members to proceed to the forced sale of shares not purchased on margin, if the deal has not been settled on the third day after its execution. At the same time, the maximum credit limit allowed was increased, further expanding the capacity of investment firms-members of the ASE to provide credit to their clients. The smooth operation of the market was also enhanced by the appropriate adjustment of the daily price fluctuation limits of share prices, block trades and clearing entries. The minimum share capital required for the establishment of an investment firm was adjusted, along with the minimum amount of own capital required for the submission of applications from companies for the listing of their shares for trading in the Main market of the ASE. In order to enhance the smooth operation of the market, there was also a change in the percentages concerning share blocking in the New Market, and in the terms and conditions for the gradual removal of this constraint. The terms and conditions for the listing of shares and bonds in the Parallel market were specified, along with the place and time for the public sessions of the parallel market, and the reasons for the suspension of trading and the delisting of company shares from the Parallel market.

One of the priorities for the year 2004 was the supervision of listed company compliance with transparency obligations and corporate governance provisions.

The Hellenic Capital Market Commission provided a major assistance for the incorporation of both the EU Directives, and the Regulation on Market Abuse, into Greek law. This incorporation is due to be completed in the beginning of 2005, through the ratification of a new law and the introduction of Hellenic Capital Market Commission regulations. The new regulatory framework constitutes a serious effort to adopt an effective and comprehensive structure for the prevention of market abuse, in harmony with European practices.

During 2004, prudential supervision of financial intermediaries (investment firms-ASE members and non-members, and mutual fund management firms), listed companies and financial transactions by the Commission was carried out forcefully. Both prudential supervision, as well as control and sanctions, brought considerable benefits. There were many audits on brokerage firms, investment firms, mutual fund management firms and listed companies. Moreover, many cases concerning the disclosure of information by large shareholders were audited. The Commission examined in detail several cases of share transactions, which showed indications of market abuse practices.

Several illegal practices were detected by those audits, which led the Commission to levy fines worth 3.3 million Euros in total, and to submit indictments against a large number of persons and legal entities to criminal courts.

Alexios Pilavios

PART ONE

OBJECTIVES AND TASKS OF THE CAPITAL MARKET COMMISSION

The Hellenic Capital Market Commission (HCMC) is an independent decision-making body, in the form of a Public Law Legal Entity. It is established in Athens and its organizational structure is defined by presidential decree 25/2003 (Gazette A 26/6.2.2003). Its responsibilities and operation are mainly governed by laws 1969/91, 2166/93, 2324/96 and 3152/2003, as well as presidential decree 25/2003. As a legal entity of the public sector, the HCMC operates under the supervision of the Ministry of Economy and Finance.

Its objectives are to promote the establishment of sound conditions for the operation of the capital market, to enhance public confidence to the institutions of the market, and to protect investors by increasing transparency and preventing and punishing capital market law violations. In order to achieve these objectives, and in accordance with the relevant legal authorization, the Commission can set rules regulating the organization and operation of the capital market and issues instructions on compliance procedures. The legislative framework of the Greek capital market has already been adapted to relevant guidelines and directives of the European Union. The HCMC is operating on the basis of European regulation and supervision standards.

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. ASE listed companies are supervised by the HCMC, as far as capital market legislation and conduct issues, as well as corporate governance rules, are concerned. The members of the boards of directors and the executive managers of the aforementioned entities have to comply with rules and regulations set by the Commission. Entities and organizations subject to supervision by the HCMC also include organized markets and clearing houses, such as the Athens Stock Exchange (ASE), the Athens Derivatives Transactions Clearing House (ADECH) and the Central Depository of Securities (CSD), as well as investor insurance schemes, such as the Common Guarantee Fund and the Supplementary Fund. To this end, Law 3152/2003 transferred the regulatory responsibilities of the Ministry of Economy and Finance and the Athens Stock Exchange to the Hellenic Capital Market Commission.

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

A central means for exercising prudential supervision of capital market entities by the Hellenic Capital Market Commission is the license authorization function and the monitoring of compliance with European Union (EU) standards of fitness and propriety regarding natural persons. More specifically, the granting of a license for the provision of investment services is tantamount to the granting of a “European passport” for the provision of such services throughout the entire EU area. 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 assignment of stock exchange representatives and the granting of licenses for the establishment of subsidiaries by financial intermediaries, constitute fundamental means for the exercise of prudential supervision of the capital market entities. With respect to the mutual fund management firms and the portfolio investment companies, prudential supervision involves in addition the monitoring of their portfolio composition and compliance with the transparency rules and regulations.

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

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

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

As a national regulation authority, the Hellenic Capital Market Commission can engage in the conclusion of bilateral and multilateral agreements with the regulation authorities of other countries for the exchange of confidential information and cooperation in maintaining the smooth operation of the capital market. The Commission was a founding and active member of FESCO (Forum of European Securities Commissions), whose work until September 2001 had been directed at the uniform implementation of EU Directives pertaining to the capital market, and the overall promotion of a single capital market in Europe. The CESR (Committee of European Securities Regulators) was established in September 2001 as the successor to FESCO and is already an official institution of the European Union.

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

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

ORGANIZATION OF THE HELLENIC CAPITAL MARKET COMMISSION

The Board of Directors

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

From 01.01.2004 to 26.04.2004, the seven members of the Board of Directors of the HCMC, in accordance with the initial provision of article 77 par. 3, Law 1969/1991, were the following:

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

From 27.04.2004 to 31.12.2004, the Board of Directors of the HCMC comprised the following nine members, in accordance with Ministerial Decision 18249/_644 (Gazette 615/27.04.2005):[1]

Chairman:	Mr. Alexios Pilavios
First Vice-Chairman:	Mr. Yangos Charalambous
Second Vice-Chairman:	Mr. Anastassios Gabrielides
Members:	Mr. Spyridon Kapralos
	Mr. Nikolaos Pantelakis
	Mr. Panagiotis Kavouropoulos
	Mr. Ioannis Gousios
	Mr. Christos Gortsos
	Mr. Nikolaos Travlos

1. According to decision 37213/1611/21.09.2004 (Gazette 228/28.09.2004) by the Minister of Economy and Finance, resigning member Mr. Pan. Alexakis was replaced by Mr. Sp. Capralos.

The law states that the members of the Board must be prominent and prestigious personalities, with expertise and experience on capital market issues. The Chairman and the two Vice-Chairmen are employed full time. The Board is appointed for a five-year period. The Chairman and the two Vice-Chairmen may be re-appointed, nevertheless, no term can exceed a total period of ten years. The remaining members of the Board may by freely re-appointed.

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

Where the law requires a decision to be made by the HCMC, this decision is a mandate of the Board of Directors, unless the specific responsibility has been ceded to the Commission's Executive Committee. The Board of Directors is convened by its Chairman and meets at least twice a month, provided that at least five of its members are present.

The Executive Committee

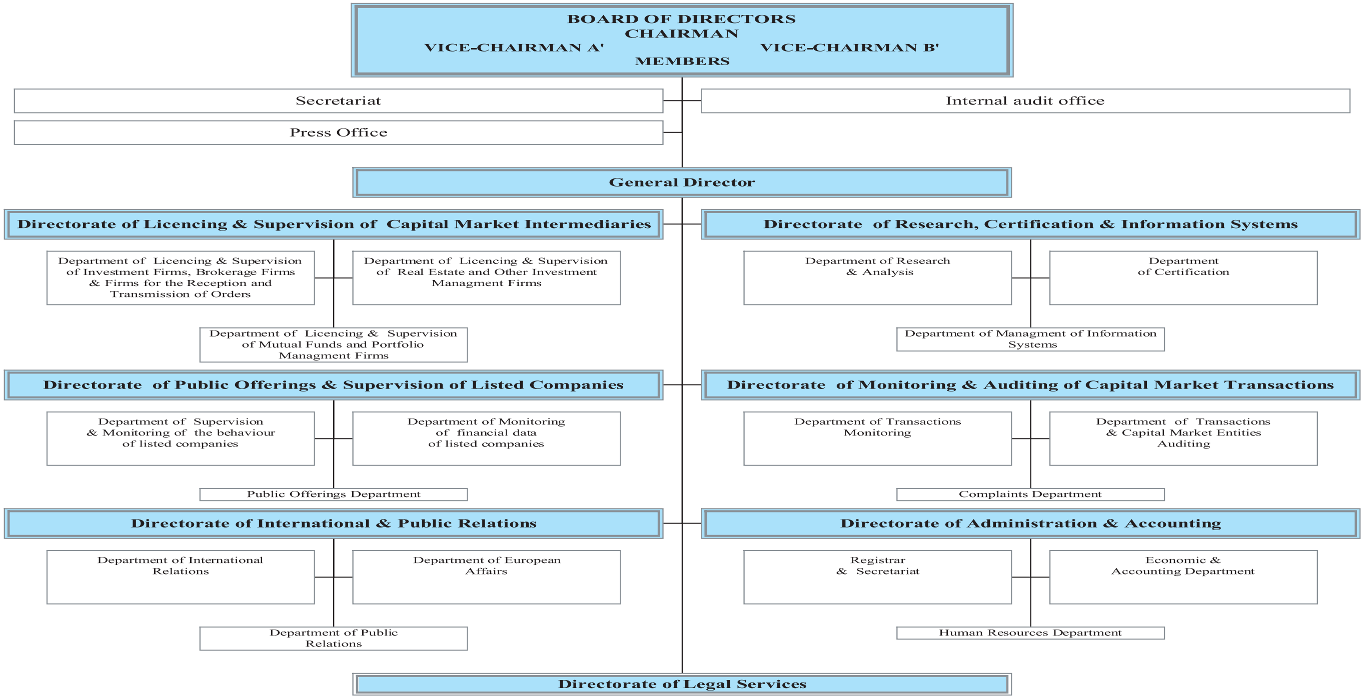
The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions made by the Board of Directors. The Executive Committee is convened by the Chairman and meets at least once a week, provided that at least two of its members are present. It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

The Organization of the Hellenic Capital Market Committee

The organization chart and the responsibilities of the departments of the HCMC were enacted by Presidential Decree 25/2003 (Gazette 26/6.2.2003). The organization chart of the HCMC is the following:

FIGURE 1

The Organization Chart of the Hellenic Capital Market Commission



PART TWO

MARKET DEVELOPMENTS

Macroeconomic Developments

The Greek Economy

In 2003 the Greek economy remained in the growth path of the past few years, against a moderately favorable international background. According to the Update of the Hellenic Stability & Growth Programme 2004-2007, of the Ministry of Economy and Finance, Greece's real Gross Domestic Product (GDP) increased by 3.7% in 2003, as compared to 4.5% in 2003. The corresponding figure for eurozone members is estimated to 2.1%, ranking Greece among the EU member-states with the highest growth rates for 2004.

The growth of the Greek economy is driven by external factors, mainly related to the inflow of EU funds, domestic consumer expenditure and the consequences from the holding of the Olympic Games. On the aggregate demand side, total gross fixed capital formation increased by 5.8% in 2004, as compared to 13.7% in 2003, because of the completion of most Olympic projects. Total real consumption expenditure increased by 3.9% in 2004, as compared to 2.7% in 2003. This development is attributed to the substantial increase in the growth rate of real public consumption to 5.5% in 2004, following a decrease of 2.5 % in 2003. Private consumption increased by 3.6% in 2004, as compared to 4.4% in 2003, mainly driven by increased lending from both households and enterprises. The value of exports of goods and services in constant prices increased by 7.3% in 2004, as compared to 1.0% in 2003, mainly due to an increase in the export of services. The imports of goods and services also increased by 8.3% in 2004, as compared to 4.8% in 2003. The change in the real external balance had a negative contribution of 1.1 percentage points in GDP growth for 2004, as compared to a negative contribution of 1.3 percentage points in 2003. These developments led to an increase in effective total domestic demand by 4.8% in 2004, as compared to 6.1% in 2003.

On the aggregate supply side, total annual industrial output (as calculated by the general index of industrial production) decreased by 0.9% in 2004, after registering a 2.5% increase in 2003. Total employment decreased and the unemployment rate increased by 11.1% in 2004, as compared to 9.5% in 2003, while it is estimated that the average gross real wage for the entire economy increased by 3.3%, as compared to an increase of 2.4% in the previous year, a rate almost five times the average rate of increase for the eurozone. In 2004, labor productivity increased by 1.6%, as compared to 3.1% in 2003.

According to Bank of Greece data, by the end of 2004 the Consumer Price Index (CPI) registered an increase of 3.1%, the same as in 2003. Despite oil price hikes, and the acceleration of nominal unit labor cost growth, the drop in the prices of fruit and vegetables, food, and non-alcoholic beverages helped the CPI to sustain a relatively stable course. By the end of the year, the average harmonized rate of the CPI amounted to 3.1%, higher than both the corresponding average for the 12-member eurozone (1.9%) and the corresponding average for the EU-25 (1.8%).

Although the main objective of the European Central Bank's (ECB) monetary policy in 2004 remained the mid-term containment of inflation below 2% for all euro zone member-states, ECB interest rates remained stable in the 9-months from January to September 2004, while Greek money market rates showed slight changes during the same period. More specifically, the average 12-month overnight and savings rates in the money market decreased by 0.49% and 3.36% respectively on a year-on-year basis. In December 2004, the average short term lending rate to non-financial enterprises stood at 5.04%, while the long-term lending rate amounted to 5.29%. The 12-month consumer lending rate fell to 8.58% in December 2004, from 9.60% in the end of 2003, while the rate for fixed rate mortgage loans with durations over ten years rose to 5.34% in December 2004, from 4.90% in December 2003.

Total credit expansion towards domestic businesses and households registered an annual increase of 15.8% in 2004, as compared to a 17.0% increase in 2003, consumer credit expansion towards households registered an annual increase of 37.4% in 2004, as compared to a 27.2% increase in 2003, and total money supply, based on the M3 index, registered an annual increase of 6.4% in 2004, as compared to 7.1% in 2003.

The yields of Greek treasury securities showed fluctuation during 2004. The yield of the 10-year benchmark bond for Greek treasury bonds stood at 3.77% in December 2004, as compared to 4.45% in December 2003, continuing the decline of the previous years.

Following the adjustment in the method for calculating public finances, general government deficit as a percentage of GDP rose to 5.3% in 2004, from 4.6% in 2003, the primary surplus of the general government remained unchanged in 2004, while general government debt, as a percentage of GDP, rose to 112.1% in 2004 from 109.9% in 2003.

As far as the country's external transactions during 2004 are concerned, the average annual growth of the Greek trade weighted exchange rate of the euro was limited to 0.9% in the first 10-months of 2004, as compared to 3% for the year 2003. The trade balance, as a percentage of GDP, shows a 12.6% deficit in 2004, as compared to a 14.5% deficit in 2003. The limited improvement of the trade deficit was due to the significant increase in the cost of imports, as well as the substantial increase in net payments for fuel imports. The current account, as a percentage of GDP, also shows a deficit of 2.3% in 2004, as compared to 5.8% in 2003. This reduction reflects the significant improvement of the services and transfers account, which more than offset the expansion of the trade deficit.

TABLE 1

Macroeconomic Indicators of Greece, 2003-2004

Macroeconomic aggregates	2004	2003
Aggregate Demand and GDP		
(Constant prices, percent change over previous year)		
Gross Domestic Product	3,7	4,5
Final consumption	3,9	2,7
Private Consumption	3,6	4,4
Public Consumption	5,5	-2,5
Gross Fixed Capital Formation	5,8	13,7
Domestic effective demand	4,3	4,2
Exports of Goods & Services	7,3	1,0
Imports of Goods and Services	8,3	4,8
Production & Employment		
General Index of Industrial Production (percent, y-o-y)	-0,9	2,5
Labor productivity (percent, y-o-y)	1,6	3,1
Nominal Unit Labour Cost (percent, y-o-y)	4,8	0,9
Real average wage (percent, y-o-y)	3,3	2,4
Unemployment rate	11,1	9,5
Prices & Monetary Aggregates		
Inflation (CPI, year average percent change)	3,1	3,1
Difference in Greek and euro zone inflation rates (% points)	0,8	1,5
Deposits and repos (percent, y-o-y.)	15,4	-2,3
Total credit expansion (percent, y-o-y)	9,9	4,0
Credit expansion to the private sector (percent, y-o-y)	16	18,4
Credit expansion to the Public sector (percent, y-o-y)	-1,6	-15,3
10-year Treasury Bond Yield (percent, year average)	3,8	4,5
Public Finances (percent of GDP)		
General Government Balance	-5,3	-4,6
General Government Primary Surplus	0,0	-
General Government Debt	112,1	109,9
External Transactions		
Trade weighted exchange rate (percent, annual change)	0,9	2,6
Trade Balance (percent of GDP)	-12,6	-14,5
Current Account Balance (percent of GDP)	-2,3	-5,8

Sources: Ministry of Economy and Finance: Revised Program of Economic Stability & Growth, 2004-2007, Dec. 2004.
Bank of Greece: Statistical Bulletin, Febr. 2005

The European Economy

The performance of international capital markets follows the course of the global economy, which, according to European Commission data, grew by an average rate of 5% in 2004, as compared to 3.5% in 2003. International economic growth rates for the first six-months of the year exceeded the long-term trend, albeit were not sustained during the second semester, mainly because of the completion of the growth cycle and the increase in oil prices. Nevertheless, the percentage increase of world GDP was the largest since the 70s. Its main driver was the invigoration of international trade, whose value increased, according to OECD data, by 9.5% in 2004.Growth was further bolstered by the preservation of a stable international financial environment, the improvement of corporate results and the strength of investment activities, especially in developing economies. Economic growth in the eurozone was slower in comparison to other developed countries, despite the implementation of stabilizing macroeconomic policies and the fact that the base rate of the ECB remained fixed at 2%. According to the European Commission, the economic activity of the 25 member-states of the EU is affected by structural problems, which have a negative effect on domestic demand. More specifically, it is argued that the lack of adequate flexibility in the labor market and the degree of competition, especially in the services sector, may prevent any increase in investment, while the uncertainty regarding the fiscal policy mix, and the timidity of social security and labor reforms prevent any increase in consumption. Nevertheless, the outlook for the year 2005 is positive.

The macroeconomic developments of the year 2004 led to an increase in the market capitalization of companies listed in stock markets (See Table I of the Appendix, which contains harmonized comparative data). The market capitalization of companies listed in the NYSE increased by 12.2%, in the Tokyo Stock Exchange by 20.5%, in the London Stock Exchange by 16.1%, in the Frankfurt Stock Exchange by 10.7%, in the Stockholm Stock Exchange by 18.1%, in the Euronext stock exchange by 17.6% and in the Milan Stock Exchange by 28.4%.

In 2004 there were, also, intense fluctuations in the international markets. In the first two months of 2004, share prices rose worldwide, whereas from March the course of the markets was adversely affected by international terrorist threats, stagnant employment in the US, oil price increases and doubts concerning the potential for economic recovery in the eurozone. The announcement of strong results by listed companies worldwide, did not manage to boost market performance, at least till the end of the first semester, since, because of the anticipated increases in US interest rates, and the continuation of oil price hikes, investor senti-

TABLE 2

E.U. Macroeconomic Indicators, 2002-2004

Country	Gross Domestic Product (annual change %)			Exchange Rate			Inflation (annual change %)			Gross National Debt (% of GDP)		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Austria	1,9	0,8	1,2	-	-	-	2,0	1,5	1,2	64	64,5	65,7
Belgium	2,5	1,3	0,9	-	-	-	2,0	1,8	1,7	95,8	100	105,4
Denmark	2,3	0,5	1,0	7,44	7,43	7,43	1,4	1,8	2,1	43,4	45,9	48,8
Finland	3,0	1,9	2,3	-	-	-	0,6	0,5	3,1	44,8	45,6	42,6
France	2,4	0,5	1,2	-	-	-	1,7	2,0	1,9	64,9	63,7	58,8
Germany	1,9	-0,1	0,1	-	-	-	1,7	1,0	1,1	65,9	64,2	60,9
Greece	3,8	4,5	3,6	-	-	-	3,1	3,4	3,6	112,2	109,9	112,5
Ireland	5,2	3,7	6,1	-	-	-	2,2	3,8	5,6	30,7	32,1	32,7
Italy	1,3	0,3	0,4	-	-	-	2,4	2,5	3,1	106	106,2	107,9
Luxembourg	4,0	2,9	2,5	-	-	-	2,3	1,9	2,1	4,9	5,3	5,7
Netherlands	1,4	-0,9	0,6	-	-	-	1,1	2,3	2,7	55,7	54,1	52,6
Portugal	1,3	-1,2	0,4	-	-	-	2,3	3,4	3,5	60,8	60,3	58,4
Spain	2,6	2,5	2,2	-	-	-	3,1	3,1	3,4	48,2	50,7	54,4
Sweden	3,7	1,6	2,1	9,13	9,12	9,16	1,5	2,5	1,8	51,6	52	52,6
Britain	3,3	2,2	1,8	0,68	0,69	0,63	1,7	1,8	1,6	40,4	39,8	38,3
EU-25	2,5	1,0	1,1	-	-	-	2,0	1,9	2,1	63,5	63,2	61,6
USA	4,4	3,1	1,9	1,23	1,13	0,95	2,4	1,9	1,4	N/A	N/A	N/A
Japan	4,2	2,4	-0,3	1,34	1,3	1,18	-1,3	-1,4	-1,3	N/A	N/A	N/A

Source: European Economy, Oct. 2004.

ment remained weak and investors preferred to wait. Asian markets were adversely affected by concerns about whether China's economic policy would manage to control the overheating of the Chinese economy, which fuels the growth of other economies in the region.

International market fluctuations were sustained during the second semester of the year, and especially till mid-August, because of contradicting news and projections regarding the growth potential of the world's largest economies. Afterwards, share prices started to recover, thanks to the positive estimates about the course of corporate profits, and the announcement of positive information about the US economy, and regained their previous levels. The recovery of stock market prices was interrupted in October, when oil prices spiked, exceeding on October 26th the price of 55 US dollars per barrel in the New York market, and the price of 51 dollars per barrel in the London market. Overall, oil price increases played a decisive role regarding market performance during 2004, because of their negative consequences on global economic growth. Uncertainty was further aggravated by the repression of expectations regarding the economic development of the euro zone's largest economies, the stagnation of the US labor market, the mixed quarterly financial results in the US and the suspense regarding the result of the US elections.

The decrease in oil prices during the last two months of the year, reversed the downward course of international markets. This reversal was also facilitated by the announcement of strong third quarter results by both US, and European companies, as well as the announcement of positive estimates by international analysts regarding the growth potential of the global economy for the next two years.

General Overview of the Capital Market

International Market Developments

In 2004, investor activity increased and capital market indices rose in most emerging and advanced capital markets. According to data from the Financial Times, the MSCI World ($) index registered an annual gain of 13.4%, sustaining the good performance of the previous year. Moreover, the MSCI Europe (€) index rose by 10.0%, the MSCI Pacific ($) index by 19.1%, the DJ Euro Stoxx (€) index by 7.3%, and the FTSE Eurotop 300 (€) index, which includes the largest listed European companies, rose by 9.0%. European capital markets performed slightly better than those of the US and Japan. In fact, the FTSE 100 (£) index of the London Stock Exchange rose by 7.7% year-on year, the CAC-40 (€) of the Paris Stock Exchange rose by 8.3% and the Dax Xetra (€) index of the Frankfurt Stock Exchange rose by 7.4%, whereas the Dow Jones Industrial Average rose by 3.4%, the NASDAQ Comp ($) by 8.7% and the Nikkei 225 Average (¥) by 7.6%.

This increase of stock market indices took place in a moderately favorable international enviroment, marked by concerns about the fluctuation of nominal interest rates and the declining international exchange rate of the US dollar, uncertainty regarding the potential for global economic growth, the progression of the war in Iraq and the threat of international terrorism, substantial increases in international oil and commodity prices, and, of course, skepticism regarding the humanitarian and financial consequences of the tsunami that struck Asia shortly before the year's end.

Despite the discouraging effect of the above factors, and initial investor uncertainty, there were many new security issues in international capital markets. According to data from Thomson Financial (Global Financial Markets), the total international value of issues of shares, fixed income securities, and other securities, by means of initial public offerings, exceeded US$5.7 trillion, registering an annual increase of 6.2% and including 20,066 issues. In Europe the total value of issues exceeded US$2.2 trillion, registering an annual increase of 21.5%. Among European countries, most issues took place in the United

Kingdom (529 public offerings, with a market share of 18.2%), followed by France (65 and 16.4%), Germany (38 and 13.3%), Italy (34 and 11.2%) and Spain (17 and 5.0%).

The total value of share issues worldwide exceeded US$505.1 bn, registering an annual increase of 29.9%. This dynamic recovery of the share market demonstrates that investor expectations have been positive, despite the moderately favorable international environment, the concerns of many international bankers and the relative weakness of activity in the initial public offerings market. The total value of corporate bond issues worldwide consisted by 91.1% of non-convertible bonds, whose issuance registered a slight annual decrease of 2.1%, and by 8.9% of convertible bonds, whose issuance registered a substantial annual decrease of 40%. In Europe, the total value of corporate bond issues amounted to euro101 bn, registering an annual decrease of 39%. The declining activity of high market capitalization companies in corporate bond markets came together with an increase of activity in high risk security markets. In fact, the total value of securitized claims issues worldwide reached the amount of US$982 bn, representing 20.5% of the total value of fixed income security issues. This development was facilitated by low interest rates, and the improvement of corporate fundamentals. In Europe, the total value of corporate security issues with credit ratings of up to BBB- or Baa3 reached euro17.3 bn, registering an annual increase of 65% and including 1933 issues. Once more, the financial sector showed the greatest IPO activity, since its companies captured 17.9% of the international market for new share issues, and 22.2% of the international market for new fixed income security issues.

The same data indicate that, in 2004, there was increased international activity in the initial public offerings market. Indeed, the total value of new issues reached US$135.5 bn, registering an annual increase of 240%. The growth of this field was also marked by the cancellation of many IPOs and the final valuation of new listings at levels much lower than initially proposed, demonstrating the increased caution shown by investors. In 2004, the alleviation of concerns about company over-capitalization, the improvements in IPO practices, and the growing number of companies that seek finance, led to an increase in business plan financing through venture capitals. These developments confirm that recourse to the capital market for capital raising purposes has been the main source of business financing during 2004, a practice that is expected to persist in 2005.

In 2004, corporate restructuring was a main feature of international markets, because of the persistence of consolidation in the financial sector, the reorganization of firms in the telecommunications sector, and the re-emergence of moves towards the absorption and restructuring of heavily indebted companies. The total value of corporate merger & acquisition deals worldwide reached US$1.95 trillion, registering an annual increase of 40%. The value of mergers & acquisitions among credit institutions increased by 61.6%, reaching US$236 bn, the value of M&A among telecommunications companies increased by 88.6%, reaching US$215 bn, and the value of M&A in the energy sector increased by 92.2%, reaching US$296 bn.

The total value of stock market transactions increased worldwide. Given the slow international growth rates, this increase was substantial, and emanated from the growth of cross-border portfolio restructuring investments, the privatization of state enterprises and the increased use of venture capital to finance new security issues. The value of transactions rose substantially in Europe, whose markets executed deals worth US$180.8 bn, increased by 32% year-on-year, as compared to US$172.5 bn in the US.

Although most stock exchange indices rose during the first quarter of 2004, they fell during the period from May to August, causing a substantial loss of accumulated capital gains. From autumn 2004, and by the end of the year, market indices registered a slight increase. The fall of stock market indices in the second quarter of 2004, resulted from the reduction in corporate profits and the uncertainty regarding the progress of international macroeconomic aggregates. The recovery of the US economy incited hopes for a rise of stock market indices, hopes dampened by oil price hikes and the fluctuations in the supply of crude oil. The improvement of corporate profits during the third quarter of 2004, and the abatement of oil price-related risks, boosted investor confidence in the markets, and led to a rise of stock market indices and a reduction of share price fluctuations, especially in the eurozone.

The uncertainty regarding corporate profits did not prevent investors from expecting positive performance from companies in the eurozone, and especially in the US, thanks to the recovery of the American economy. In Europe, the recent signs of recovery are encouraging, despite any differences in performance among member-states. In Japan, strong export growth and the increase in business investment, have sustained high hopes for economic development.

In 2004, the performance of international stock exchange indices featured wide deviations among different sectors. According to OECD data, the return of advanced technology company shares was negative or nil, at least during the first quarter of the year. The diminution of profit expectations and the extensive programs for the repurchase of own shares by major companies of the sector (Intel, CISCO, Hewlett Packard, Nokia, etc), were regarded not so much as positive messages for the sector, but, rather, as a contraction of investment opportunities. Financial sector company shares yielded positive returns worldwide, and confirmed investor confidence towards the restructuring policies pursued by financial sector firms, with the exception of Germany, where the relevant index fell. The returns of financial sector company shares are expected to be positively affected by the international implementation of the Basel Accord II proposals, concerning capital adequacy. The Accord introduces a capital adequacy regime that is more responsive to the risks undertaken by companies, than the existing one. Certain analysts have noted that, in times of reduced liquidity, the new provisions of the Accord may lead to credit contraction phenomena.

The year 2004, was also market by an emphasis on the adoption of competitive corporate governance practices by listed companies, which are mainly focused on increased senior executive and board member accountability towards shareholders, and the adoption of the International Accounting Standards for the preparation of their financial statements, as a main transparency measure. However, the exact final content of the IAS-39 standard, concerning the valuation of the companies' financial obligations, is still pending. The European Commission placed great emphasis on the adoption of competitive corporate governance policies by the member-states of the eurozone, in the context of initiatives for the reform of corporate law and capital market legislation that are much more comprehensive than those of the Sarbanes-Oxley Act in the US. These initiatives are expected to facilitate the improvement of corporate governance practices, albeit without bringing their harmonization in the immediate future. Anyhow, the active involvement of investors, especially institutional investors, in corporate activity control can, when prudently exercised, exert great influence for the adoption of competitive corporate governance practices. In May 2004, the member-states of the OECD approved the revision of its Corporate Governance Principles, which emphasize, among other things, on the disclosure of transactions performed by senior executives and board members of the companies, and the manner in which institutional investors exercise the voting rights they possess in the companies they invest in. Finally, in the end of the year, the I.O.S.CO released a document containing the self-supervision principles that must govern the conduct of credit rating agencies.

Developments in the Greek Capital Market

International developments affected the course of the Greek capital market, which in 2004 featured a rise in stock market prices and increased trading activity in the share, derivatives and corporate bond markets of the Athens Stock Exchange (ASE). The rise in the total value of transactions and the market capitalization of the companies listed in the Athens Stock Exchange was even, and stock market fluctuations did not have any destabilizing effect on market systems.

The ASE General Index closed at the year's end at 2,786.2 units, realizing an annual increase of 23.1%. In 2004, the daily value of transactions in the ASE was on average 140.9 million euros, registering a slight annual increase of 1.5%, while the total annual value of transactions amounted to 35.7 bn euros, registering an annual increase of 2.3%. By the end of 2004, the total market capitalization of ASE-listed companies amounted to 92.1 billion euros, representing an annual decrease of 9.0%, and was equivalent to almost 56% of the Greek GDP.

The ASE General Index and the sectoral indices followed an upward, fluctuating course. In January, the General Index rose by 8.3%, exceeding index increases in the eurozone, and fluctuated at 2400-2500 units, while the average value of transactions amounted to 215.3 million euros. Macroeconomic developments for the period included a fall of the inflation rate (CPI) to 2.9%, with hopes for further reduction. Investor confidence was boosted by the promising prospects created in late 2003, the dynamic political developments of the period, and the announcement of OECD estimates, according to which the growth rate of the Greek economy for the period 2006-2009 was expected to exceed the average growth rate of the eurozone by 3.1%, the inflation rate would amount to 3.2% by 2009, while the budget deficit and the public debt for the same period would amount to 1.5% and 83% of GDP respectively.

In February, stock market index movements were affected by expectations concerning corporate results for the year 2003, as well as political developments. While the General Index increased by 0.78%, the share prices of most listed companies decreased. Uncertainty about the outcome of the March 7th general election, affected developments in the market and in certain occasions led to liquidation of holdings. The announcements of corporate results did not cause any shock, and nurtured investor expectations for further corporate profitability growth, albeit without acknowledgement of any special advantage against European capital markets. Alpha Bank reported a small decrease in operating profits, and as a result its share price dropped by 1.85%, the share price of the National Bank of Greece remained stable, while the share price of EFG Eurobank increased by 3%. The share price of Emboriki Bank decreased, while that of General Bank registered the greatest gains for the period, because of a share capital increase with favorable terms for the principal shareholder, Societe Generale. The share prices of both OTE and Cosmote increased significantly, thanks to their inclusion in the global MSCI index, as well as the successful sale of Telenor's 9% stake in Cosmote to international institutional investors. The share price of OPAP SA also registered substantial gains, because of the company's strong results and the promising prospects of its litigation with Intralot SA. Although the Public Power Corporation (PPC) reported mediocre results, as a result of the high cost incurred in order to cover the increased requirements of the Olympic Games, the positive expectations concerning the company were sustained. Furthermore, the share prices of certain dynamic middle capitalization companies increased substantially. The macroeconomic developments for the month were favorable, showing a marginal increase of the current account deficit, albeit a slight year-on-year decrease to 5.7% in 2003, from 6.1% in February 2002. The European Commission approved the Update of the Hellenic Stability & Growth Programme 2003-2006, noting the expectation for high growth rates in the following years, as well as the dubious condition of the country's public finances, and stressing on the need for closer harmonization of Greece's economic policy with basic European guidelines.

In March-April, the stock exchange indices of the Greek capital market outperformed those of European stock exchanges. Both domestic, and international, institutional investors bought shares of high market capitalization companies. In April, the General Index increased by 6.2%, and was stabilized at 2,500 units. The National Statistical Service reported a small reduction of the unemployment and inflation rates to 9.3% and 2.7% respectively, while the report of the Institute of Economic and Industrial Research (IOVE) corroborated estimates for a growth rate of approximately 4%. The European Commission released its spring report on the Greek economy, noting the high growth rate, but also the delays in the necessary fiscal consolidation. According to the Report, the Greek economy was expected to grow by 4% in 2004 and by 3.3% in 2005. In its Annual Report, the Bank of Greece confirmed the estimates of the European Commission for high growth rates, conditional on the formation of a favorable financial environment and the pursuit of institutional, and company, restructuring.

In May, the stock exchange indices of the Greek capital market decreased more than those of European countries. Anyhow, this decline came after a rally that lasted four months, and was the greatest among European countries. The General Index decreased by 3.7%, while the FTSE/ASE20 index decreased by 3.2%. The finalization of the companies' financial results helped create expectations for further corporate profit increases, though the overall reaction of the market was rather neutral. The revision of macroeconomic aggregates by the Ministry of Economy and Finance, led the European Commission to criticize Greece for its increased budget deficits. According to a new Report by the OECD, the growth rate of the Greek economy was estimated to exceed the average for the eurozone, albeit would slow down in the post-Olympic era. At the same time, the National Statistical Service reported an expected growth rate of 4.1% for the first quarter of 2004, because of Olympic-related expenditure. Finally, during this period the Greek General Confederation of Labor (GSEE) and the Federation of Greek Industries (SEV) signed a minimum wage agreement providing for nominal wage increases of 6.0% in 2004 and 5.5% in 2005.

In June, the stock exchange indices of the Greek capital market decreased more than European indices. The General Index decreased by 3.1%. This decrease was coincidental and was mostly due to the diminution of trading activity, as a result of the imposition of strictest rules by the HCMC, regarding the coverage of open positions. This weak trading activity was also due to the lack of important corporate or macroeconomic announcements and developments in international markets. Investors remained out of the market, waiting the companies' financial results for the first semester. On June 13, Greece held the election for the European Parliament, whose outcome did not affect investor expectations, while the European Commission issued a new statement, setting a deadline for the material reduction of Greek budget deficits.

In July, the General Index decreased by 1.3%, albeit less than other European markets. The features of the market were a lack of important announcements, reduced trading activity and an average value of transactions approximating 90 million euros. High market capitalization shares showed the best, in comparative terms, performance in the market. The National Bank of Greece and OPAP SA reported satisfactory results for the semester, and managed to sustain their share price levels.

August was the month of the Olympic Games and of worldwide oil price decreases. The market suffered a small loss, comparable to that of European markets. Trading activity was limited, and investors focused on the Games and their summer vacations. The General Index fell by 0.2%, approaching 2,300 units. In the macroeconomic front, inflation rose to 2.9%, the growth rate during the second quarter approached 3.9%, and the budget deficit was re-estimated to 5% of the GDP. In late August, the decrease in oil prices led to an increase in share prices, which was short-lived because of the uncertainty regarding the international economy and corporate profitability. Investors focused on the forthcoming economic policy statements of the Prime Minister at September's Thessalonica International Fair, whose main focus would be on privatization and the changes in the tax regime, while the debate concerning public finances continued fervently. The end of the Olympic Games on August 29th brought international acclaim for their success, and the international Media responded enthusiastically to the fact that the outcome exceeded their expectations, given that the 2004 Olympics were the first to be successfully held at such a scale by a small country.

In September, the General Index registered a slight gain of 0.6%, less than the increase in European stock exchanges, and closed just above 2,300 units, while the FTSE/ASE20 index increased by 2.3%. In the same month, the Ministry of Economy and Finance presented the draft budget for 2005, whose targets were to reduce the deficit to 2.8% of GDP, from 5.3% that was estimated for 2004, by curbing expenditure for wage increases and public investment and by boosting tax revenues, and to achieve a growth rate of about 3.9% for 2005. The deterioration of public finances led the international rating agencies Standard and Poor's and Fitch to a small downgrade of Greece's sovereign rating.

In October, the Greek capital market outperformed other European markets, thanks to increased demand for telecom and bank shares. The General Index increased by 6.9%, and the FTSE/ASE20 index increased by 8.5%. Investors appraised favorably both the development potential of Greek banking institutions, and the restructuring program of OTE. The European Commission declared its intension to take measures against the Greek economy, aimed at reducing the Greek budget deficits, and voiced doubt regarding the budgeted reduction of the deficit to 2.8% of the GDP. Moreover, the European Commission estimated that the projected economic growth rate of 3.9% was rather optimistic. These developments dampened the performance of stock exchange indices. Nevertheless, favorable expectations were generated by the impeding presentation of the new tax law, and the reduction of capital taxation rates from 35% to 25% by 2007. This development is expected to help in boosting the company's profits and cash flows, and lead to an increase of share evaluations.

In November, the Greek capital market performed better than the European ones, thanks to the final announcements concerning the reduction of the capital tax rates, and the substantial increase in demand for OTE and Bank shares. The General Index increased by 6.7%, and the FTSE/ASE20 index increased by 6.2%. Certain analysts expressed the opinion that the General Index would rise by another 10%, approaching the level of 2,800 units. The debate on public finances for both the current, and previous years, as well as the recommendations of the European Commission, continued. On November 18, the government submitted the 2005 Budget to the Greek Parliament for discussion and ratification.

In December 2004, the performance of the Greek capital market remained superior to the performance of European capital markets, mainly driven by the increase in share prices of middle capitalization companies, banks, and telecoms. The General Index increased by 4.9%, and the FTSE/ASE20 index increased by 6.0%. The value of transactions during the last month of the year was low. The release of revised data concerning public finances led Fitch, the international rating agency, to downgrad Greece's sovereign credit rating from A+ to A. On December 22nd, the Greek Parliament ratified the 2005 Budget, and in the end of the year the Ministry of Economy and Finance released the new Updated Stability and Growth Program 2004-2007.

The rise of stock market indices in the Athens Stock Exchange during 2004 was accompanied by fluctuations in the overall price level and the relevant share prices, which are mainly due to the persistence of the adverse effects caused by the international and domestic financial developments of previous years. These developments mainly emanate from the grand "boom and bust" cycle of the previous years, in both the international and domestic stock markets, and from the uncertainty about the developing international financial climate. Anyhow, based on domestic and international estimates, the substantial improvement of international financial conditions and corporate fundamentals, the dynamics of structural reforms on the Greek economy, and the continuous streamlining of the institutional framework for the capital market are expected to boost the positive sentiment in the Greek market and stimulate transaction activity in the stock exchange.

The bear market of the previous years led to decreased issuance activity in the markets of the ASE during 2004. Indeed, 10 new companies proceeded to the initial public offering of their shares, raising 95.4 million euros, and 11 listed companies proceeded to share capital increases, raising 244.0 million euros. By the end of 2004, the total number of companies listed in the ASE rose to 360.

During the period 2003-2004, the listed companies' profitability was increased. Net profits of listed companies, based on their 2003 annual financial statements, amounted to 4.8 billion euros, increased by 53.9% as compared to the previous year, while distributed dividends decreased by 31.2%. The first estimates of the listed companies' results for 2004 show that a decline in net profits for the first three quarters.

In the past few years, placements in mutual fund and portfolio investment company shares were marked by upward and downward trends, with continuous inflows and outflows of liquidity. In 2004, the trend remained the same. By the end of the year, the total assets of 262 mutual funds amounted to 31.7 bn euros, registering a total annual increase of 4%. The increase in collective fund assets in recent years laid the groundwork and provided the incentives for the competitive rationalization and restructuring of the industry's investments through new mutual fund types and placements in new products and foreign securities.

There was also a change in the composition of mutual fund investments. In the end of 2004, the net assets of money market funds amounted to 48.8% of total assets, increasing by 6.1%, the net assets of equity funds amounted to 16.3% of total assets, increasing by 2.3%, while the net assets of bond funds amounted to 24.1% of total assets, increasing by 11.9%.

These changes prove that there is a steady change in the treatment of Greek savings, which is determined by overall developments in the stock market. While in previous years a large and increasing portion of savings was channeled into high risk-bearing financial placements, the reversal in investor sentiment of the past two years led money savings to low risk placements, a trend that was reversed again during the course of the previous year. That is, there is both greater sensitivity to stock market developments, and a consequent change in the supply of funds that accept the undertaking of higher risks in return for higher yields.

Institutional Developments in the Greek Capital Market

In 2004, both the supervisory authorities and the State enhanced the regulatory framework and the infrastructure for the supervision of the capital market, with new measures that protected the market from systemic risks and phenomena of extreme speculative behavior and disorganization. The measures included improvements and extensions of the existing regulatory framework, on the basis of the new demands of the market and the substantial experience thus far accumulated. In 2003, the development of capital market supervision included measures such as the reinforcement of the regulatory and supervisory capabilities of the capital market and the regulatory authorities, the enhancement of the market's effectiveness and liquidity, the improvement of the efficient operation of investment firms, the continuation of the program for the certification of market agents, the modernization of the framework governing the listing of companies in the Stock Exchange and their oversight, as well as a series of ameliorating interventions in the operation of the market, as well as in the trading and clearing system.

In 2004 there were major developments regarding the operation and supervision of stock markets and clearing systems that resulted from the implementation of Law 3152/2003. The procedures for the execution, clearing and settlement of transactions were streamlined and substantially improved through the preparation and approval of the rulebooks for the Athens Stock Exchange, the Central Securities Depository and the Dematerialized Securities System, as well as the Athens Derivatives Exchange Clearing House. The establishment of these rules is a major step towards the improvement of flexibility and the strategic development of the Athens Stock Exchanges, as well as the effective supervision of market operations.

In 2004, the Board of Directors of the Hellenic Capital Market Commission, having obtained the necessary authorization, issued a large number of rules and regulations, circulars and proposals to the Minister of Economy and Finance. These are rules and regulations which contributed to ongoing institutional progress, by aiming principally at the protection of investors, the improvement of the smooth functioning and systemic protection of the market, the establishment of transparency in the capital market and the improvement of the operating conditions and efficiency of market intermediaries. These rules and regulations helped to improve the institutions and rules governing the security of transactions and investors, as well as the financial adequacy of financial intermediation firms, to adapt the codes of their business conduct with the view of protecting investors from unethical behavior, and to enhance the rules concerning transparency, which improved the provision of information to investors.

Investor protection was significantly enhanced by further requiring from investment firms to segragate further their own funds from those of their customers, which are now kept in a separate special bank account. It was also enhanced through the improvement of certain provisions of the code of conduct for mutual fund management firms, by requiring those firms to provide more comprehensive information to the holders of shares in mutual funds. The quality of investment services was increased through the continuation of the program for the professional certification of market participants and the assignment of stock exchange representatives. More than 2,800 capital market executives have been certified under this program, for the specialties of market and securities analyst, investment consultant, asset manager, person responsible for executing orders, and person responsible for receiving and transmitting orders. The investor insurance system was improved by appointing the Common Guarantee Fund as the administrator and depository of the Supplementary Clearing Fund and by setting the size of the Common Guarantee Fund for the year 2004 to 187 million euros.

Transparency in the market was reinforced through the improvement of the terms and conditions regarding book building and the allocation of public offerings of shares among the various types of investors in the Main and Parallel markets of the ASE, as well as the terms and conditions regarding the allocation of IPO securities listed in the New Market of the Athens Stock Exchange and the Greek Market of Emerging Capital Markets. Transparency in the market was further enhanced by establishing the obligation of mutual fund management companies to prepare quarterly investment lists regarding their funds under management, and to release this list to investors and via their websites. Moreover, the provisions of the Code of Conduct for Listed Companies were improved by establishing the disclosure of additional information in the companies' Annual Reports, while the classification of mutual funds was updated through the implementation of new Law 3283/2004 on UCITS.

The smooth operation of the market was safeguarded by improving the system of margin account trading in the ASE. The new system provides for an increase in the maximum credit limit allowed, but also strict adherence to the rules concerning the coverage of open positions, as regards the settlement of trades. The smooth operation of the market was also enhanced by the appropriate adjustment of the daily price fluctuation limits of share prices, block trades and clearing entries. Moreover, the regime for the appointment of stock exchange representatives at ASE-members was deregulated. There was an adjustment in the minimum share capital required for the establishment of an investment firm, the minimum amount of own capital required for the submission of applications for shares listing in the Main market of the ASE, as well as the minimum size of corporate bond issues, in order to rationalize the existing procedures. In order to enhance the smooth operation of the market, there was also a change in the percentages concerning share blocking in the New Market, the duration of this constraint and the terms and conditions for its gradual removal, while the emerging markets in which Emerging Market Investment Funds and Emerging Market Portfolio Investment Firms may invest their respective assets and cash were defined. The terms and conditions for the listing of shares and bonds in the Parallel market were specified, along with the place and time for the public sessions of the Parallel market, and the reasons for the suspension of trading and the delisting of company shares from this market.

Developments in the Supervision of the Greek Capital Market

Another major priority during 2004 was the supervision of listed company compliance with transparency obligations. Controls regarding the disclosure of additional information in the financial statements published by listed companies were continued, with the aim of providing investors with complete information about the use of the funds raised.

There were also further controls regarding the disclosure of information in cases of share capital increases by listed companies, and the observance of restrictions regarding the amount of such increases, and especially of 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 oversight of the implementation of the code of conduct for companies listed in the Athens Stock Exchange (HCMC rule 5/204/14.11.2000), regarding the mandatory disclosure of transactions by company executives that are holders of confidential information, as well as the announcement of major corporate actions. Moreover, the oversight of compliance with the provisions of Law 3016/2002 on corporate governance, regarding the composition of the board of directors, the internal audit and organization of the companies, and the use of funds raised in the market continued and showed a satisfactory degree of company compliance.

As far as infrastructure is concerned, the Dematerialized Securities System was continuously upgraded in order to meet the demands of the constantly expanding Greek capital market. In 2004, the institutional framework was also improved through the enrichment of investment options with new products. It is expected that this new potential for low cost business funding through the capital market will further encourage issuing companies to make new investments, which in turn fuel their growth and competitive reorganization, and consequently, foster positive expectations, attracting new businesses and funds to the capital market.

In 2004, the Hellenic Capital Market Commission provided a major assistance to the State for the production of legislation regulating the capital market. The most important development was the formation of a committee to prepare the incorporation of EU Directives and the Regulation on Market Abuse (price manipulation and insider trading) into Greek law. This incorporation is due to be completed in the beginning of 2005, in the form of new legislation, and Hellenic Capital Market Commission regulations. It is also the first implementation of the new four-level European legislative process, proposed by the Committee of Wise Men ("Lamfalussy" Report) for the regulation of European securities markets. These regulations constitute a balanced effort to adopt an effective and comprehensive structure for the prevention of market abuse, harmonized with European practices.

During 2004, prudential supervision of financial intermediaries (investment firms member and non-members of the ASE, and mutual fund management firms), listed companies and financial transactions by the Commission was carried out forcefully. More specifically, prudential supervision principally involved the setting of fit and proper criteria for granting operating licenses to financial intermediaries and the listing of shares in the stock exchange, the monitoring of capital adequacy of investment firms through monthly regular and ad hoc audits, the monitoring of the asset structure of institutional investors through quarterly and ad hoc audits, the monitoring of the financial behavior of firms for the reception and transmission orders through recurring sample audits, the cross-checked monitoring of transactions in the securities and derivative products markets of the stock exchange for the prevention of market abuse practices, the daily monitoring of the clearing and settlement process and imposition of 'automatic sanctions' in cases of malpractice, as well as the monitoring of illegal short selling.

During the year the Commission continued to follow-up news publications regarding shares and listed companies, and asked for the required explanations regarding the content of announcements in the ASE Daily 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 2004, the Commission expanded its auditing work. 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 that were performed during 2004 covered all capital market entities. There were many audits on brokerage firms, investment firms, mutual fund management firms and listed companies. Dozens of cases concerning the disclosure of information by large shareholders were audited. The Commission examined in detail several cases of share transactions, showing indications of market abuse practices. The monitoring of the use of funds raised through IPOs in previous years continued at the same pace, and a certain amount of evidence was released. Several illegal practices were detected by those audits, which led the Commission to levy fines totally worth 3.3 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.

Developments in the Commission's international activity

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, and co-operation on issues related to the safeguarding of market stability. In the context of international relations development, members of the Commission's staff participated in numerous international conferences. Moreover, during 2004 there was further co-operation with other countries' regulatory authorities, and the coordinating bodies continued their work for the improvement of co-operation between stock exchanges, clearing houses and regulation authorities.

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, such as the completion of the Directive on Prospectuses; the revision of the Directive on investment services; the promotion of work for the Directive on transparency and the frequency of financial disclosure by listed companies; and the promotion of work for the Directive on mergers & acquisitions.

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

Developments in the Greek capital market

The Stock Market and the ASE General Index.

The year 2004 featured a recovery of share prices in the Greek capital market, after a bear market that lasted for four-years. The Greek capital market followed international trends, confirming its significant degree of correlation with major European markets.

In the last trading session of the year 2004, the General Index of the Athens Stock Exchange closed at 2,786.18 units, registering an annual gain of 23.1%. This level represents an overall decrease of 56.16% from the historic high (17.9.1999) of the General Index, as compared to an overall decrease of 64.4% by the end of 2003. The average closing value of the General Index during the year was 2,439.23 units. During the session of 20.08.2004 the Index registered its lowest intraday value (2,225.16units) and its lowest closing price (2,227.33 units). Moreover, the Index registered its highest price for the year on 30.12.2004 (2,801.71 units), and its highest closing value on 29.12.2004 (2,788.67units).

The average standard deviation of the daily returns of the General Index was 1.05% in 2004, as compared to 1.13% in 2003 and 1.04% in 2002, while the average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index was reduced from 9.72 units in 2003 to 8.82 units in 2004 (Figure 2), registering a slight decrease in the fluctuation of share prices in comparison to the previous year. The reduction of intraday share price fluctuations during the past few years is due to the increased efficiency of the Greek capital market.

TABLE 3

Average Annual Change (%) of the ASE General Index, 1994-2004

	Placement Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Return Year	Year										
	1995	5.2%									
	1996	3.6%	2.1%								
	1997	19.4%	27.2%	58.5%							
	1998	33.2%	44.2%	71.3%	85.1%						
	1999	44.8%	56.9%	81.0%	93.4%	102.2%					
	2000	25.5%	30.0%	38.0%	31.8%	11.3%	-38.8%				
	2001	16.9%	19.0%	22.7%	15.0%	-1.8%	-31.6%-	-23.5%			
	2002	9.1%	9.7%	11.0%	3.4%	-10.6%	-31.9%	-28.2%	-32.5%		
	2003	12.7%	13.8%	13.5%	7.3%	-4.6%	-20.0%	-12.6%	-6.5%	29.5%	
	2004	12.4%	13.2%	14.7%	9.5%	0.3%	-12.8%	-4.8%	2.4%	26.3%	23.1%

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

FIGURE 2

Monthly Volatility of the ASE General Index, 2004

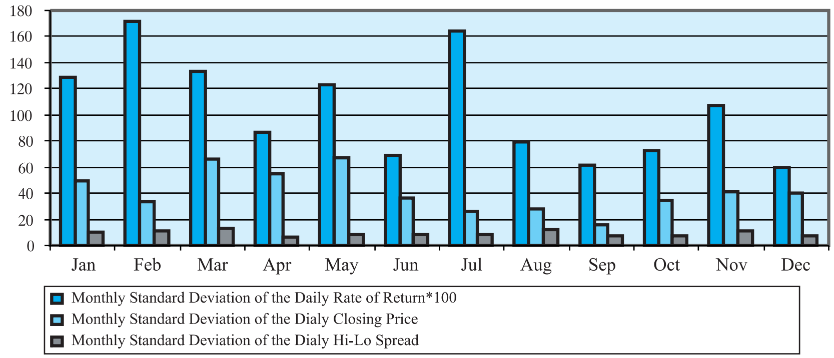
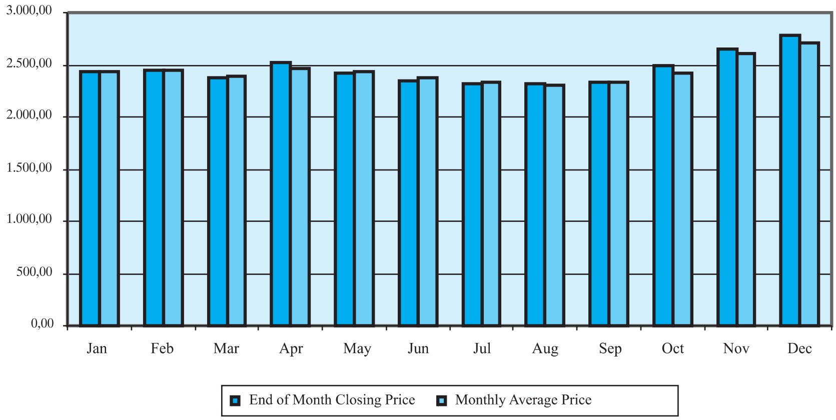


FIGURE 3

Monthly Closing Price of the ASE General Index, 2004



The Stock Market and the Sectoral Stock Exchange Indices

In 2004, most sectoral indices in the Athens Stock Exchange followed an upward course (Tables 3 and 4), led by large capitalization stocks. The FTSE/ASE 20 index rose by 32.27% year-on-year, the FTSE/ASE Mid 40 index, which includes middle capitalization stocks decreased by 2.83%, while the FTSE/ASE Small Cap 80 index, which includes small capitalization stocks decreased by 21.31%. The greatest gains were realized by Banks (44.32%), Oil Refineries (23.29%), Telecommunications (23.27%) and Industrial Minerals (21.7%). Conversely, the following indices suffered losses for the year: Textiles (-50.95%), Construction (-30.38%), Real Estate (-5.51%), Publishing-Printing (-19.09%), Insurance (-16.7%), IT Equipment (-15.99%), Food & Beverages (-13.08%), Retail Trade (-7.87%) and Wholesale Trade (-2.81%). In total, 3 out of 18 sectoral indices in the ASE outperformed the General index. The Parallel Market Index registered an increase of 15.1%. Finally, out of 360 stocks listed in the Athens Stock Exchange, only 76 stocks (21% of the total) registered annual gains during the period 2.1.2004-31.12.2004, while the remaining 284 closed the year at lower levels. Moreover, 93 stocks suffered price declines ranging from 50% to 95%.

TABLE 4

Sectoral Share-price Indices in the ASE, 2004

ASE Indices	Closing price 31.12.2004	Lowest price for the year	Highest price for the year	Annual change (%)
General Index	2,786.18	2,770.93	2,787.30	23.09
FTSE/ASE 20	1,547.47	1,540.57	1,549.11	32.27
FTSE/ASE MID 40	2,309.91	2,290.05	2,309.91	-2.83
FTSE/ASE Small Cap 80	470.05	463.23	470.05	-21.31
FTSE/ASE 140	3,263.14	3,245.94	3,263.94	22.26
Banks	6,129.02	6,094.37	6,137.86	44.32
Insurance	593.17	592.68	601.07	-16.70
Investment	993.85	973.17	994.52	18.69
Industrial	1,227.06	1,217.25	1,227.06	4.75
Holding Companies	1,416.15	1,406.80	1,417.75	1.30
Construction	624.52	611.69	624.52	-30.38
Metals	435.05	429.21	436.98	0.17
IT Equipment	221.62	218.00	221.67	-15.99
Publishing-Printing	353.22	351.08	358.11	-19.09
Textiles	165.02	164.05	166.90	-50.95
Retail Trade	1,003.74	984.11	1,003.74	-7.87
Industrial Minerals	935.47	926.02	935.47	21.70
Information Technology	437.80	433.76	437.80	2.09
Telecommunications	1,078.01	1,072.83	1,083.30	23.27
Food & Beverages	409.91	404.39	409.91	-13.08
Wholesale Trade	500.73	494.60	500.73	-2.81
Real Estate	634.37	622.20	635.56	-25.51
Oil Refineries	1,323.07	1,319.98	1,332.98	23.29
Parallel market	132.69	131.67	132.69	-15.10

Source: ASE

TABLE 5

Monthly Distribution of Sectoral Share-price Indices in the ASE, 2004

Month	General Index	Banks	Insurance	Investment	Holding Companies	Industrial	Construction	Parallel Market	FTSE/ ASE 20	FTSE/ ASE Mid 40	FTSE/ ASE Small Cap 80
Dec.	2,786.2	6,129.0	593.2	993.9	1,416.2	1,227.1	624.5	132.7	1,547.5	2,309.9	470.1
Nov.	2,654.8	5,640.2	566.7	906.4	1,401.5	1,227.3	621.7	129.4	1,459.7	2,203.2	465.3
Oct.	2,489.2	5,327.2	515.4	856.8	1,279.9	1,151.7	562.1	127.2	1,374.1	2,028.6	445.9
Sep.	2,328.2	4,757.8	403.8	805.2	1,246.0	1,112.1	556.7	123.3	1,266.1	1,934.7	436.5
Aug.	2,314.3	4,517.2	428.8	796.4	1,260.2	1,161.6	588.0	131.1	1,238.0	1,980.0	468.1
Jul.	2,319.3	4,511.4	442.0	831.1	1,234.7	1,165.3	640.3	134.4	1,231.3	2,028.6	496.3
Jun.	2,349.2	4,661.1	444.9	857.6	1,247.4	1,156.3	608.1	132.9	1,260.1	2,043.4	479.4
May	2,423.7	4,799.0	580.1	892.8	1,285.6	1,187.6	716.7	142.6	1,288.2	2,167.0	532.9
Apr.	2,517.6	4,809.5	655.2	903.2	1,322.2	1,289.2	728.8	150.9	1,330.7	2,289.3	553.6
Mar.	2,370.7	4,421.7	636.1	852.0	1,286.5	1,245.5	747.4	147.0	1,238.1	2,235.4	554.2
Feb.	2,451.5	4,484.0	693.9	873.8	1,374.4	1,258.5	823.6	154.7	1,269.5	2,384.8	615.9
Jan.	2,432.6	4,515.8	726.4	868.4	1,490.8	1,269.8	887.9	162.5	1,269.4	2445.6	648.8
Max 2004	2,788.7	6,155.4	795.7	993.9	1,597.5	1779.8	910.3	169.8	1,550.5	2,445.6	671.0
Min 2004	2,227.3	4,206.9	395.33	790.7	1,200.2	1,112.1	536.6	122.8	1,174.8	242.7	428.6

Source: ASE. End of month closing prices

The Value of Transactions in the ASE.

In 2004, the total annual value of transactions amounted to 35.7 bn euros, registering an annual increase of 2.3% (Table 6). The daily value of transactions in the ASE was on average 140.9 million euros, registering a slight annual increase of 1.5%. The highest monthly value of transactions was observed in November (4.5 billion euros) and was equivalent to 12.7% of the total annual value of transactions, while the lowest monthly value of transactions was observed in August (1.6 billion euros) and was equivalent to 4.6% of the total value of transactions for the year.

In 2004, the value of transactions in the Main Market increased by 8% and was equivalent to 89.3% of the total value of transactions in the ASE, the value of transactions in the Parallel Market increased by 29.3% and was equivalent to 9.8% of the total value of transactions, the value of transactions in the New Market decreased by 77.5% and was equivalent to 0.2% of the total value of transactions, and, finally, the value of transactions in the Greek Market of Emerging Capital Markets amounted to 2.79 million euros and was equivalent to a minimal market share.

Market Capitalization of the ASE Listed Companies

In the end of 2004, the total market capitalization of ASE listed companies amounted to 92.1 bn euros, registering a total annual increase of 9.0% (Tables 6 and 8). This increase was due rather to the rise in share prices, than to new listings in the stock exchange, given that in 2004 activity in the primary securities market was weak. By the end of 2004,

TABLE 6

The Value of Transactions in the ASE, 1995-2004

Year	Main market		Parallel market		New Market		EAGAK		ASE total[1]	
	Amount (mn euro)	Annual change (%)	Amount (mn euro)	Annual change (%)	Amount (mn euro)	Annual change (%)	Amount (mn euro)	Annual change (%)	Amount (mn euro)	Annual change (%)
2004	31,928.1	8.0	3,519.0	-29.3	72.55	-77.5	2.8	-	35,736.4	2.3
2003	29,558.3	50.8	4,975.9	0.7	323.06	40.1	-	-	34,936.1	40.9
2002	19,596.8	-41.8	4,943.7	-26.0	230.56	51.8	-	-	24,771.1	-38.9
2001	33,698.5	-59.9	6,679.4	-60.3	151.89	-	-	-	40,529.8	-60.1
2000	83,961.9	-45.3	16,824.8	-12.3	-	-	-	-	101,675.7	-41.2
1999	153,373.1	292.3	19,175.7	158.6	-	-	-	-	173,027.0	314.9
1998	39,097.7	140.5	2,233.5	190.8	-	-	-	-	41,708.1	144.2
1997	16,259.1	204.8	768.1	51.8	-	-	-	-	17,081.4	192.0
1996	5,334.1	44.5	506.0	14.4	-	-	-	-	5,849.3	41.3
1995	3,690.9	2.6	442.5	321.3	-	-	-	-	4,140.1	11.4

Source: ASE

Note: 1: Includes margin account transactions in the Main and Parallel markets and sales of existing shares.

TABLE 7

Market Capitalization of the ASE Listed Companies, 1995-2004.

End of year	Main market				Parallel market	New Market	ASE Total[3]	
	Financial Sector[1]	Manufacturing.	Other[2]	Amount			Amount	annual change (%)
2004	33,816.2	15,250.4	37,619.6	86,686.1	5,346.35	105.5	92,137.9	9.0
2003	26,030.4	17,458.3	34,678.7	78,167.3	6,111.4	268.5	84,547.1	28.6
2002	17,578.0	12,383.7	30,487.7	60,449.3	5,188.3	122.1	65,759.7	-47.4
2001	30,105.5	19,178.4	39,894.6	89,178.5	7,720.8	50.2	96,949.5	-17.8
2000	44,076.6	32,788.1	30,419.2	107,283.9	10,672.3	-	117,956.3	-40.3
1999	64,783.2	61,863.2	51,244.0	177,890.4	19,646.6	-	197,537.0	194.7
1998	23,740.5	18,619.2	21,797.3	64,157.0	2,867.8	-	67,024.8	132.8
1997	8,976.0	9,457.1	9,397.3	27,830.4	962.9	-	28,793.3	65.0
1996	4,898.4	5,695.1	6,289.6	16,883.1	563.1	-	17,446.2	47.7
1995	4,082.4	6,096.5	1,185.0	11,363.9	451.0	-	11,814.8	

Source: ASE

Notes: 1. Banks, Insurance Companies, Portfolio Investment Companies, Leasing Companies 2. Holding Companies, Construction, Telecommunications, Water Supply, Electricity, Shipping, Information Technology, TV & Entertainment, Gaming, Health, Wholesale trade, IT Equipment, Retail Trade, Mobile Telephony Retail Services, Hotels, Resorts, Advertising, Real Estate, Mining, Motor Vehicle Trade & Maintenance, Transport Rental Services, Fish Farming, Agriculture & Farming, "Change of Activity." 3. Includes the market capitalization of the Greek Market of Emerging Capital Markets (EAGAK).

the total capitalization of 11 companies that listed their shares in the ASE during the year was 320.24 million euros, which accounts for just 0.34% of total market capitalization in the stock exchange.

By the end of 2004, the market capitalization of shares traded in the Main Market amounted to 86.6 billion euros, increased by 10.9% year-on-year, and represented 93.9% of total market capitalization in the ASE, as compared to 92.5% in the end of 2003. By the end of the year, the market capitalization of shares traded in the Parallel Market amounted to 5.3 bn euros, decreased by 12.5%, and represented 5.8% of total market capitalization in the ASE, as compared to 7.2% in the end of 2003. Finally, the market capitalization of shares traded in the New Market amounted to 105.5 million euros, decreased by 60.7%, and represented a mere 0.11% of total market capitalization in the ASE.

In 2004, the financial sector (banks, insurance companies, leasing companies, portfolio investment companies) registered the largest annual increase in market capitalization, which in the end of the year accounted for 36.7% of total market capitalization in the ASE, as compared to 30.1% in 2003. There was also an increase in the market capitalization of the industrial-manufacturing sector, which in the end of 2004 accounted for 16.5% of total market capitalization in the ASE, as compared to 20.7% in the end of 2003. The market capitalization of other sectors and companies (provision of non-financial services, trade, construction, shipping) registered an annual gain of 8.5%, and in the end of 2004 accounted for 40.8% of total market capitalization in the ASE, as compared to 41% in 2003.

By the end of 2004, Banks accounted for 34.5% of total market capitalization in the ASE, as compared to 27.9% in 2003, thanks to the great increase in bank share prices. They were followed by Telecommunications, with 12.49% of total market capitalization in the ASE as compared to 14.7% in 2003, Gaming with 7.81% %, Electricity with 5.19%, and Holding Companies with 5.03% of total market capitalization.

In the end of 2004, the National Bank of Greece and EFG Eurobank-Ergasias were the listed companies with the largest market capitalization, equivalent to 8.74% and 8.52%, respectively, of total market capitalization in the ASE. The market capitalization of both OTE and OPAP was equivalent to 7.05% of total market capitalization in the ASE, Alpha Bank had a share of 6.55%, and Cosmote had a share of 5.31%, followed by the PPC with 5.19%, and Coca-Cola Hellenic Bottling Company with 4.62% of total market capitalization.

In 2004, the average monthly liquidity index of the stock exchange oscillated, and in the end of the year decreased to 0.17%, as compared to 0.18% in 2003 and 0.13% in 2002 (Table 8). By the end of 2004, the total market capitalization of ASE-listed companies was equivalent to 56% of the Greek GDP as compared to 55.6% in 2003, to 62.2% of Greece's contribution to money supply (M3) in the euro zone as compared to 61.5% in 2003, and to 67.4% of the total value of commercial deposits and repos (Table 9).

Net Profits and Dividends of ASE-Listed Companies.

According to the published financial results for the period 2003-2004, most ASE-listed companies showed increased profitability (Table 10). In fact, net profits post tax and after board member compensation of listed companies, based on their 2003 annual financial statements, amounted to 4.8 billion euros, increased by 53.9% year-on-year. Conversely, the dividends distributed out of the 2003 profits were reduced by 31.2%, leading to a dividend payout ratio of 24.1% for 2003, as compared to 54% for 2002 and 53.3% for 2001. By the end of 2003, the weighted price to earnings ratio (P/E) was 28.0 for the capital market as a whole, 26.3 for Banks, 18.2 for Telecommunications, 76.0 for Insurance and 47.2 for Holding Companies.

TABLE 8

Monthly Liquidity Index in the ASE, 2004

Month	Market Capitalization (end of month, mn euro)	Average daily value of transactions (mn euro)	Average Daily Liquidity Index (%)[1]
Dec.	92,137.94	156.43	0.17
Nov.	88,429.93	206.29	0.23
Oct.	82,950.44	122.58	0.15
Sep.	77,930.77	98.43	0.13
Aug.	78,555.06	78.89	0.10
Jul.	79,251.79	90.28	0.11
Jun.	83,251.70	120.06	0.14
May	86,885.93	147.37	0.17
Apr.	90,840.09	129.15	0.14
Mar.	87,057.83	144.00	0.17
Feb.	90,180.97	181.76	0.20
Jan.	90,542.47	215.31	0.24

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

TABLE 9

Market Capitalization and Macroeconomic Indicators, 1993-2004.

End of year	Market Capitalization (% of GDP)	Market Capitalization (% of M3)	Market Capitalization (% of commercial bank deposits and repos)
2004	56.0[1]	62.2[2]	67.4[3]
2003	55.5	61.5	68.7
2002	46.9	61.6	66.3
2001	74.1	67.4	77.0
2000	95.5	92.5	99.9
1999	169.4	172.8	193.9
1998	63.6	100.1	109.6
1997	29.6	47.1	52.0
1996	20.0	23.2	38.5
1995	14.9	17.6	28.3
1994	14.9	16.9	27.6
1993	14.7	16.8	25.4

Source: ASE, Bank of Greece
Notes:
1. The GDP level for the year 2004 is estimated by the Ministry of Economy and Finance to approximately 164.4 billion euros (see Update of the Stability & Growth Program, December 2004, Appendix A). 2. October 2004 data 3.October 2004 data. Deposits and reports of monetary financial institutions (Bank of Greece), other financial institutions and money market mutual funds.

Moreover, the results of listed companies for the year 2004 have shown, according to preliminary estimates, an increase in turnover, albeit a slight decrease in profits. The total revenues of listed companies in 2004 amounted to 48,036.5 million euros, registering an annual increase of 8.2%. The increase in revenues was accompanied by the reduction of total pretax profits by 3.4%. Net profits before taxes amounted to 5,108.7 million euros, as compared to 5,290.47 million euros for the previous fiscal year. Market analysts indicate that this development was mainly due to the adjustments emanating from the impeding implementation of the IAS (especially regarding the formation of provisions), the cancellation of own shares, the evaluation of participations, and the significant downturn in revenues suffered by many listed companies.

According to preliminary estimates, 282 listed companies (82.9% of the total) showed increased profits, of which 160 showed profits, 24 turned to profitability after incurring losses in the previous year, and 98 companies saw a decrease in profits. Moreover, 58 listed companies incurred losses, of which 21 incurred losses higher than those of the previous year, 12 companies reduced their losses, and 25 companies incurred losses after showing profits in the previous year.

TABLE 10

Net Profits and Distributed Dividends of ASE Listed Companies, 1991-2004

Year	Net profits[1]		Distributed dividends		
	Amount (mn euro)	Annual Change (%)	Amount (mn euro)	Amount Change (%)	Dividend ratio
2003	4,798.50	53.9%	1,156.81	-31.2%	24.1
2002	3,117.67	-27.5%	1,682.46	-26.5%	54.0
2001	4,299.98	-22.6%	2,290.40	-13.4%	53.3
2000	5,558.00	-9.0%	2,645.74	37.0%	47.6
1999	6,109.47	131.4%	1,931.19	46.7%	31.6
1998	2,640.20	23.1%	1,316.33	30.3%	49.9
1997	2,144.61	6.8%	1,010.38	37.8%	47.1
1996	2,008.38	87.3%	733.38	29.1%	36.5
1995	1,072.40	5.2%	568.24	13.0%	53.0
1994	1,019.07	11.6%	503.03	42.4%	49.4
1993	913.42	72.8%	353.17	35.0%	38.7
1992	528.61	-23.9%	261.62	-30.1%	49.5
1991	694.20	-	374.14	-	-

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

The Derivatives Market of the ASE

In 2004, the financial derivatives market of the Athens Stock Exchange was marked by stable trading activity, the introduction of new products, the enhancement of its institutional framework and the improvement of services provided to users.

One of the new products that were introduced for trading in 2004, was the Eurobank MidCap Private Sector 50 (EPSI-50) future; this index comprises the 50 largest middle capitalization companies of the ASE that do not directly or indirectly belong to the Greek state or the financial sector. The capitalization of the EPSI50 index represents more than 15% of the total market capitalization of the Athens Stock Exchange. Moreover, new stock repos and stock reverse repos on ten new shares were introduced, so that all EPSI-50 index stocks could be available for lending. Finally, the new stock futures listed for trading concerned the shares of EFG Eurobank, OPAP, PPC, Hellenic Stock Exchanges, Cosmote, Piraeus Bank, Emboriki Bank, Germanos and Titan.

In 2004, both the efficiency and the institutional framework of the derivatives market were improved. Investors trading in the derivatives market were given the possibility to pledge Greek Treasury bonds through the DSS, as collateral for the coverage of margin requirements. The HCMC proceeded to the approval of both the Rulebook for the Athens Stock Exchange, which, among other things, regulates the operation of the derivatives market, and the Regulation For The Clearing of Transactions on Derivatives. Certain issues concerning the derivatives market were clarified, such as the procedure for becoming a member and a market maker, the terms and conditions governing member access in the system, the procedure for member branch activation, the cases of immediate imposition of sanctions against members, the forced cancellation of trades at deviating prices, the application of the trading without system procedure, the procedures for the adjustment of repurchase agreements in the case of corporate transactions on the underlying shares, etc.

In 2004, the volume of transactions in the derivatives market remained unchanged. The average daily volume of transactions on all traded stock futures and options was 19,471 contracts in 2004, as compared to 19,559 contracts in 2003 and 14,291 in 2002. The highest activity was observed in January, with an average daily volume of transactions of 29,560 contracts. The biggest increase in the average daily volume of transactions concerned the future on the stock of the National Bank of Greece (107.90%), while the biggest decrease in the average daily volume of transactions concerned the option on the stock of Intracom (64.74%).

In 2004, the average daily volume of transactions on FTSE/ASE 20 futures decreased by 1.87% while the average daily volume of transactions on FTSE/ASE options decreased by 34.21%. The average daily volume of transactions on two derivative products whose underlying instrument is the FTSE/ASE 20 index accounted for 75.08% of the total average daily volume of transactions for the year 2004, as compared to 86.23% in 2003 and 83.81% in 2002.

In the same year, the average daily volume of transactions on futures and options whose underlying instrument is the FTSE/ASE Mid40 index increased by 62.65% and 64.73% respectively. The average daily volume of transactions on all stock futures rose from 1,917 contracts in 2003 to 3,854 in 2004, while the average daily volume of transactions on stock options rose from 69 contracts in 2003, to 110 contracts in 2004. This increase in the volume of transactions, a large part of it being due to the listing of 9 new stock futures, led to a substantial decrease of the share of this type of derivatives in the total average daily volume of transactions of the derivatives market, which rose from 9.80% in 2003 to 19.80% in 2004.

In 2004, the average daily volume of transactions on futures on the euro:dollar exchange rate was 330 contracts, as compared to 436 contracts in 2003. Finally, the total volume of transactions on Stock Repos fell from 191,852 contracts in 2003 to 174,744 contracts in 2004, and the total volume of transactions on Stock Reverse Repos fell from 225,959 contracts in 2003 to 148,054 contracts in 2004.

In 2004 there was an increase of investor activity in the derivatives market. The number of end investor-client accounts amounted to 24,153 accounts in 2004, as compared to 21,526 accounts in 2003 and 15,482 in 2002, registering an annual increase of 13.63%. The ratio of contracts executed by members on their own account to contracts for customer accounts was 46:54 in 2004, as compared to 47:53 in 2003, regarding all products traded in the derivatives market (Table 12). Excluding repos, this ratio remained unchanged at 47/53. Considering each product separately, the ratio of contracts executed by members on their own account to contracts for customer accounts increased in the case of FTSE/ASE20 futures and options, but decreased in the case of FTSE/ASE Mid40 futures and options. In the case of stock futures and options this ratio remained unchanged.

According to data for the first two quarters of 2004, there was a slight change in the distribution of transaction volume per type of investor, as regards all derivative products (Figure 4). The participation of Market Makers in the total volume of transactions increased from 55% in 2003 to 57% in the first semester of 2004, while the participation of Proprietary

TABLE 11

The Athens Stock Exchange Derivatives Market, 2000-2004.

	Dec. 2004	Dec. 2003	Dec. 2002	Dec. 2001	Dec. 2000
Trading Members	60	67	70	65	40
New members per year	2	1	8	26	22
Member mergers and deletions	-9	-4	-3	-1	-2
Clearing Members (ADECH)	41	47	47	42	36
New members per year	2	2	5	6	18
Member mergers and deletions	-8	-2	0	0	-2
– Direct Clearing Members	29	35	35	33	29
– General Clearing Members	12	12	12	9	7
Terminals	405	429	419	333	171
API use agreements	33	35	34	28	21
Client Accounts	24,153	21,256	15,482	9,133	3,181
Products	11	10	8	7	5

Source: ASE

TABLE 12

Contracts for Own and Customer Transactions per Derivative Product, 2002-2004

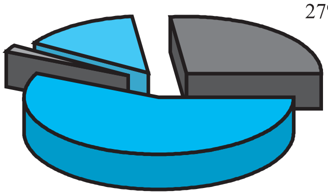
Derivative financial products of the ASE derivatives market	Own and Client Contracts Average 2004		Average 2003		Average 2002	
	Own	Client	Own	Client	Own	Client
FTSE/ASE- 20 Futures	57%	43%	53%	47%	51%	49%
FTSE/ASE- Mid 40 Futures	49%	51%	56%	44%	67%	33%
FTSE/ASE- 20 Options	58%	42%	56%	44%	53%	47%
FTSE/ASE- Mid40 Options	65%	35%	70%	30%	72%	28%
Stock futures	54%	46%	54%	46%	61%	39%
Stock options	0%	100%	0%	100%	-	-
Future on the euro:dollar exchange rate	85%	15%	84%	16%	-	-
Stock Repos	0%	100%	2%	98%	-	-
Stock Reverse Repos	43%	57%	45%	55%	-	-
Total	0	1	47%	53%	61%	39%

Source: ASE

Traders remained at 2% in the first semester of 2004. The participation of private investors in the total volume of transactions decreased from 28% in 2003 to 27% in the first semester of 2004, while the participation of institutional investors decreased from 15% in 2003 to 14%. The distribution of transaction volume per type of investor was the following: In the first semester of 2004, Market Makers were responsible for 77% of the total volume of transactions as compared to 73% in 2003, Proprietary Traders were responsible for 17% of the total volume of transactions as compared to 20% in 2003 and Simple Members were responsible for 6% of the total volume of transactions, as compared to 7% in 2003.

FIGURE 4

Distribution of the Volume of Derivatives Transactions per Type of Investor, 12.2003-6.2004.



Source: ASE.

Note: The data for the second semester of 2004 are not available because of the reorganization of the database of the derivatives market in the ASE. The data for 2003 appear in brackets.

TABLE 13

Value of Transactions in the Underlying and Futures Market in the ASE, 2004.

Month/ Year	Value of transactions on FTSE/ASE20 & MID40 stocks to ASE stocks	Value of transactions on futures & options to ASE stocks	Value of transactions on futures & options to FTSE/ASE20 & MID40 stocks	Value of transactions on futures & options to FTSE/ASE20 stocks	Value of transactions on futures & options to FTSE/ASE40 stocks
Dec. 2004	82%	61%	67%	65%	78%
Oct. 2004	89%	67%	72%	77%	43%
Nov. 2004	88%	61%	67%	67%	68%
Sep. 2004	83%	70%	78%	84%	30%
Aug. 2004	83%	78%	89%	96%	35%
Jul. 2004	80%	67%	80%	87%	38%
Jun. 2004	78%	84%	102%	115%	44%
May 2004	82%	92%	105%	114%	46%
Apr. 2004	81%	97%	115%	127%	47%
Mar. 2004	76%	104%	130%	151%	39%
Feb. 2004	76%	70%	87%	99%	26%
Jan. 2004	76%	75%	95%	121%	15%

Source: ASE

The comparison of the value of transactions in the securities market to the value of transactions in the derivatives market of the ASE in 2004 indicates that the average ratio of the value of transactions on futures and options to the total value of transactions in the underlying market increased from 0.66 in 2003 to 0.77 in 2004. Conversely, the average ratio of the value of transactions on all futures to the value of transactions on the stocks included in the FTSE/ASE20 and FTSE/ASE Mid40 indices was reduced from 0.99 in 2003 to 0.91 in 2004.

In 2004 the call:put ratio was more in favor of call options, reflecting positive investor expectations concerning the performance of stock markets. The value of the ratio regarding the entire volume of transactions was 1.57 in 2004, as compared to 1.59 in 2003 and 0.85 in 2002, while the average monthly value of the ratio was 1.51 in 2004, as compared to 1.62 in 2003 and 0.87 in 2002. The value of the ratio for the FTSE/ASE20 index is less than the value of the ratio for the FTSE/ASE Mid40 index (2.08 as compared to 1.56).

The ample scope for further increases in the participation of major investor types, such as institutional investors and financial groups, in the derivatives market, the addition of new products to the market and the efforts for the optimization of services, create a positive outlook for the further expansion of the derivatives market.

The Fixed-Income Securities Market

In 2004 there was a surge of activity in the fixed-income securities market. The issuing activity of the Greek State included the refinancing of the country's existing public debt, focused on the adjustment of the average weighted maturity of new debt issued till 31.10.2004 to eight years, and the adjustment of the average weighted interest rate to 3.4%. In order to extend the average maturity of public debt, the Greek State issued for the first time 30-year treasury bonds, through private placement, at the cost of euribor plus 20 and 21 basis points.

In the primary market for fixed income securities, new issues consisted mainly of syndicated loans, including the inflation-linked bond, whose value is linked to the inflation rate of the euro zone, and to a lesser extent of auctions, which were satisfactory subscribed. The issues included bonds with maturities of one year (Savings Certificates), and especially euro-commercial paper. These issues took place in a controversial environment, created by the adjustment of the country's macroeconomic aggregates, and the downgrading of Greece's sovereign debt rating. Actually, in September 2004 Standard and Poor's, the international rating agency, proceeded to a small downgrade of Greece's sovereign rating, while in December 2004 Fitch Ratings reduced Greece's rating from A+ to A.

Greek treasury security yields followed the performance of international bond and Eurobond markets, which were significantly affected by oil price fluctuations. In the second half of 2004, yields decreased and the yield curve shifted down. Yield reductions were greater in the case of long-term bonds with maturities of 10 and 20 years.

The yield of the 10-year Greek treasury bond followed the yield of German reference bonds. In the third quarter of 2004, the average spread between the Greek and German 10-year reference bond was reduced to an average of 18 basis points.

The issuance of government certificates convertible to privatized public enterprises shares (Genika Prometoha 2001-2004) ended in 2004. The total value of the issue amounted to 1,700 million euros, of which 976 million euros were converted to shares of privatized public enterprises, while 724 million euros were redeemed upon maturity. Moreover, in 2004 all "prometoha" concerning Hellenic Tourist Properties, and worth a total of 800 million euros, were redeemed.

In the secondary market for fixed income securities, the value of transactions increased. The secondary market includes the bond market of the ASE and the dematerialized securities system (DSS), which records the total value of transactions (trades and repos) in all securities markets ("over-the-counter" market, Electronic Secondary Treasury Bonds Market, and the EuroMTS trans-European electronic platform), as well as in the wholesale Electronic Secondary Treasury Bonds Market, which is operated and supervised by the Bank of Greece. The average daily value of transactions was 29,018 euros in the bond market of the ASE, and 4,553euros in the ESTBM. In the first three quarters of 2004, the total number of orders executed at the ESTBM increased to 122,078 from 87,728 during the same period of 2003. Of these orders, 51.3% concerned purchases and 48.7% concerned sales of securities.

In 2004, the ESTBM was upgraded in order to facilitate the faster entry of trading prices and to minimize operational risks. The rulebook was updated, and the methodology for the classification of new Primary Dealers was improved. A main prerequisite for the renewal of their term is participation in both the primary (taking into consideration only successful bids at Treasury bond auctions), and the secondary markets, with a minimum share of 2% annually.

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 dematerialized securities system (DSS), in which dematerialized securities are credited to the securities account of

FIGURE 5

The Yield Curve for Greek Treasury Bonds (annual percentage points)

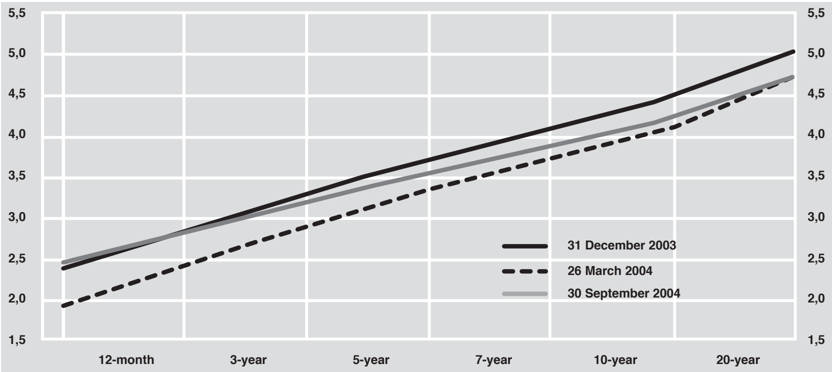
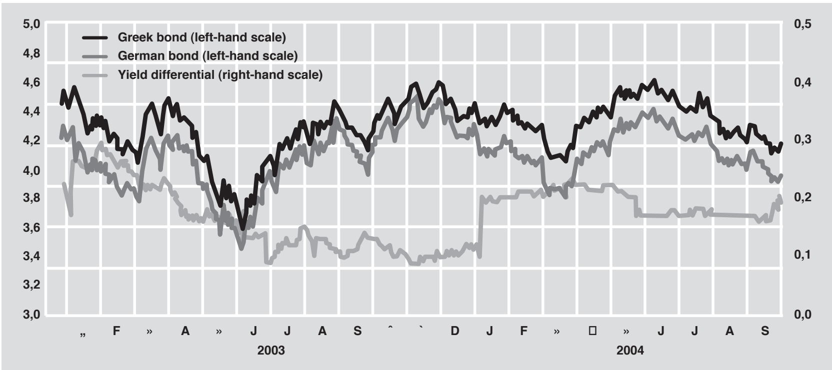


FIGURE 6

Yields of the Greek and German 10-year Treasury Bonds (Jan 2003 - Sep. 2004.



investors during the execution of daily transactions or corporate actions. The participants in the clearing of transactions are the DSS operators, the members of the ASE, and the banks that provide custodian services.

The basic services provided by the CSD include the clearing of transactions in all markets of the Athens Stock Exchange, the crediting of dematerialized securities, the provision of services on issues related to the payment of dividends, the payment of coupons, the distribution of securities, the intermediation for the transfer of options and the clearing of transactions on dematerialized treasury securities. These services were specified by the "Regulation for the Clearing and Settlement Process and the Operation of the Dematerialized Securities System" (CMC Rule 9820/154/16.3.1999). The enactment of Law 3152/2003, on the establishment and supervision of stock exchanges and organized markets, led to the abolition of the aforementioned regulation, which was replaced by two new regulations: (i) the Regulation for the Clearing and Settlement of Stock Exchange Transactions on Dematerialized Securities, which is issued by the Central Securities Depository and approved by the Capital Market Commission (HCMC Rule 2/304/10.6.2004), and (ii) the Regulation for the Operation of the Dematerialized Securities System, which is administered by the Capital Market Commission (HCMC Rule 3/304/10.6.2004).

In 2004, there was a small increase of investor activity in the market. The total number of trading accounts in the DSS reached 2,363,607 accounts, registering a small annual increase of 1.85% (Table 14). Of those, 2,297,840 accounts were active, while there were 42,864 new accounts, registering an annual decrease of 57.6%. This decrease was expected, given that the number of new accounts had been excessively high during the previous year, because of the need to issue and credit the Greek State Saving Certificates (the so-called "popular bonds") into the DSS. Table 15 shows the distribution of accounts among different types of investors in the ASE, at the end of 2004.

TABLE 14

Number of New Trading Accounts in the CSD by Month, 1998-2004.

Month / Year	2004	2003	2002	2001	2000	1999	1998
January	4,427	1,663	2,156	3,330	56,803	44,586	27
February	18,352	36,441	2,243	4,604	64,840	58,113	307
March	1,861	2,503	2,776	4,245	78,891	89,850	381
April	2,372	2,390	1,942	2,954	142,986	129,473	25,582
May	1,961	16,728	1,408	4,129	98,502	116,017	10,543
June	1,322	3,659	1,489	2,829	132,23	118,216	71,977
July	1,784	4,744	1,826	3,146	8,118	73,341	101,518
August	1,066	2,573	1,131	2,116	5,070	74,532	30,896
September	1,607	15,330	1,342	2,898	10,949	145,817	39,171
October	5,230	3,446	1,604	2,151	7,670	99,149	21,697
November	1,473	10,207	1,739	6,758	10,402	81,956	40,678
December	1,409	1,399	2,476	3,620	34,006	83,317	46,133
Total new accounts	42,864	101,083	22,132	42,780	650,471	1,114,367	389,910
Total inactive accounts	3,258	3,143	4,496	6,567	15,316	10,822	22,165
Total active accounts	2,297,840	-	-	-	-	-	-
Total accounts	2,363,607	-	-	-	-	-	-

Source: CSD.

TABLE 15

Distribution of Trading Accounts by Investor Type, 31.12.2004.

Investor type	Number of accounts	% of Total
I. Domestic Investors	41,947	95.55%
- Individuals	41,446	94.41%
- Legal Entities	248	0.56%
- Institutional Investors	253	0.58%
II. Foreign Investors	*1,953*	*4.45%*
- Individuals	460	1.05%
- Legal Entities	167	0.38%
- Institutional Investors	1,269	2.89%
- Other legal entities	57	0.13%
Total I +II	43,900	100.00%

Source: CSD.

The Primary and Secondary Corporate Security Markets

In 2004, the international issuing activity of companies was initially limited, but increased afterwards. According to data from Thomson Financial (Global Financial Markets), the total international value of shares, fixed income securities, and other securities issued by means of initial public offerings, exceeded US$5.7 trillion, registering an annual increase of 6.2% and including 20,066 issues. In Europe the total value of issues exceeded US$2.2 trillion, registering an annual increase of 21.5%. The total value of share issues worldwide exceeded US$505.1 bn, registering an annual increase of 29.9%. In Europe, the total value of corporate bond issues amounted to euro101 bn, registering an annual decrease of 39%. The same data indicate that, in 2004, there was increased international activity in the initial public offerings market. Actually, the total value of new issues amounted to US$135.5 bn registering an annual increase of 240%. The increase of this activity was also marked by the cancellation of many IPOs and the final valuation of new listings at levels much lower than the initially proposed ones, demonstrating the increased caution shown by investors. Anyhow, these developments confirm that recourse to the capital market for capital raising purposes has been the main source of business financing during 2004, a practice that is expected to persist in 2005.

The moderately favorable international environment of the year 2004, also affected new issues in Greece. The number of companies that proceeded to initial public offerings of stock in the Athens Stock Exchange was reduced, remaining on the downward course of the past two years. Moreover, there was a decrease in both the amount of funds raised from the sale of stocks and corporate bonds through IPOs and share capital increases, and of new issues as a percentage of total market capitalization in the ASE. The total funds raised amounted to 414.1 million euros, registering an annual decrease of 10.4%, while funds raised by newly-listed companies accounted at the end of 2004 for almost 0.10% of the total market capitalization of ASE-listed companies, as compared to 0.55% in 2003.

Share Issues Through Public Offerings

In 2004, 11 new companies proceeded to initial public offerings in the markets of the Athens Stock Exchange. One of these companies was a Portfolio Investment Company (PIC), which is legally required to list its shares in the stock exchange six months after its establishment. Moreover, 4 offerings took place in the Main Market, 3 in the Parallel Market, 2 in the New Market and 1 (the initial) in the Greek Market of Emerging Capital Markets (EAGAK). This is the smallest number for the past six-years, given that the number of new company listings in the stock exchange had been 13 in 2003, 21 in 2002 and 2001, 53 in 2000, 38 in 1999 and 23 in 1998 (Table 16). This trend is also verified in the case of public offerings of listed companies, whose number was the smallest in recent years, given that the number of ASE-listed companies that proceeded to the sale of shares through public offerings had been 16 in 2003, 20 in 2002, and 24 in 2001.

The funds raised through public offerings and private placements with company employees of newly-listed companies decreased to 95.39 million euros in 2004, as compared to 1,467.8 million euros in 2003, 965.95 million euros in 2002, and 1,075.5 million euros in 2001. If, nonetheless, we subtract from the totals concerning public offerings in

TABLE 16

Initial Public Offerings of Shares and Funds Raised by ASE market, 2001-2004.

	2004		2003		2002		2001	
Market	Number of IPOs	Total Funds Raised (mn euro)	Number of IPOs	Total Funds Raised (mn euro)	Number of IPOs	Total Funds Raised (mn euro)	Number of IPOs	Total Funds Raised (mn euro)
Main market	*413*	*651,024*	*37*	*1,404*	*7*	*899*	*13*	*1,024*
Parallel market	39	17	11	55	10	50	9	44
New Market	2	9	2	9	3	18	2	8
GMECM	1	4	0	0	0	0	0	0
Total	10	95	16	1,468	20	966	24	1,076

Source: HCMC

TABLE 17

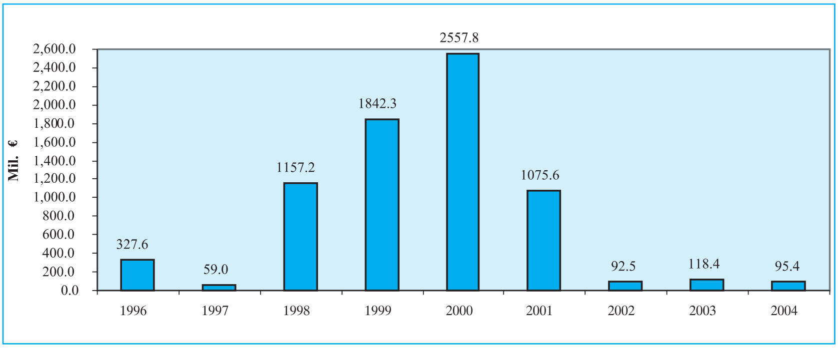
Public Offerings in the ASE, 2000-2004.

Year	Total Offerings	Initial Public Offerings			Public offerings by Listed Companies		
		Number	Amount (mn euro)	% total annually	Number	Amount (mn euro)	Number
2004	10	10	95.39	100	0	0	0
2003	16	14	118.4	8.1	2	1,349.5	92.9
2002	20	18	92.5	9.6	2	873.5	90.4
2001	24	24	1,075.6	100	0	0	0
2000	49	48	2,557.8	87.8	1	356	12.2

Source: HCMC

FIGURE 7

Initial Public Offerings in the ASE, 1996-2004



Source: HCMC

previous years those performed by already listed companies, the amount of funds raised only by newly-listed companies is reduced to 118.4 million euros in 2003, 92.5 million euros in 2002, 1.08 bn euros in 2001, 2.56 bn euros in 2000 and 1.84 bn euros in 1999. In this case, the comparison of funds raised in 2004 to the funds raised in the previous three-years, shows a small decrease of 19.43% as compared to 2003, a small increase of 3.12% as compared to 2002 and a decrease of 91.13% as compared to 2001. That is, although in 2004 there was a reduction in both the number of, and the funds raised by, public offerings made by already listed companies, initial public offerings sustained their dynamism. Finally, the total amount of funds raised through public offerings was affected to a large extent by the fact that there were no offers of privatized state enterprise shares in 2004.

From the total amount of funds raised though public offerings in 2004, a share of 68.55% (65,385,499 euros) was raised from the Main Market, 18% (17,173,230 euros) was raised from the Parallel Market, 9.76% (9,312,500 euro) was raised from the New Market and 3.69% (3,515,250 euro) was raised from the EAGAK. The corresponding figures for the year 2003, excluding funds raised by listed companies, were 45.81% from the Main Market, 46.77% from the Parallel Market, and 7.42% from the New Market. In other words, the year-on-year increase of the percentage of funds raised by Main and New Market companies, came along with a decrease of the percentage of funds raised by Parallel Market companies.

The average amount of funds raised per public offering was 9.5 million euros in 2004, as compared to 91.7 million euros in 2003, 48.3 million euros in 2002, 44.8 million euros in 2001 and 60.45 million euros in 2000. Barring the large public offerings performed by listed companies in 2003, the average amount of funds raised per public offering is reduced to 8.4 million euros in 2003, therefore it is smaller than the corresponding figure for 2004. It is also noted that in 2004 capital concentration was not high, given that the only one issue accounts for more than 20% of total funds raised (Sprider SA, with a percentage of 27%).

From the total amount of funds raised in 2004, 83.2% (79,658,479 million euros) was raised from new share issues and 16.8% (16,098,800 million euros) was raised from the sale of shares by existing shareholders. The latter percentage includes the funds raised from the sale of existing shares in two companies. The allocation of funds raised between new and existing shares was, respectively, 3.6% and 96.4% in 2003, 8.9% and 91.1% in 2002, 44% and 56% in 2001, and 62.4% and 37.6% in 2000. There is a major shift of the allocation of funds raised towards the issuance of new shares.

The index of the average weighted (on the basis of the funds raised) over-subscription of public offerings in the ASE was 3.42 in 2004, as compared to 5.4 in 2003, 4.4 in 2002, 2.2 in 2001 and 29.5 in 2000. Table 18 presents the index of average weighted IPO over-subscription by private and institutional investors for each quarter of the year 2004. This index amounted to 3.95 in the first quarter, 1.65 in the second quarter, and 1.78 in the final quarter of 2004, while there were no public offerings in the third quarter.

Figure 8 presents the allocation of the total funds raised in 2004 per sector of activity in the ASE. The Retail Trade sector absorbed 26.98% of the total funds raised, followed by Wholesale Trade (16.82%), Holding companies (13.79%), Construction (12.25%), and Industry (10.96%), while the Information Technology sector was ranked last (2.58%).

TABLE 18

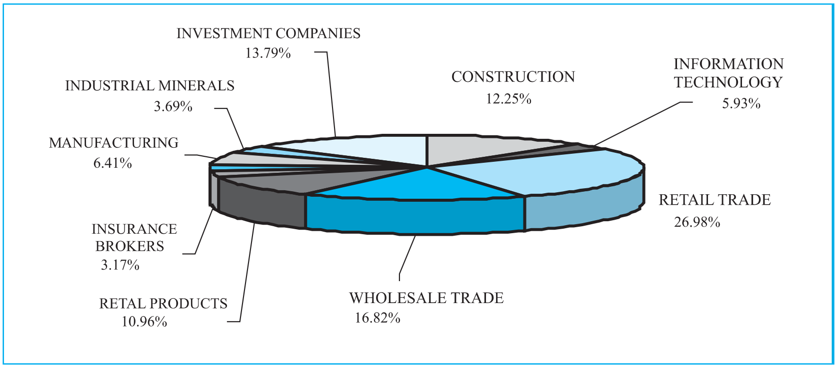
Quarterly Distribution of Public Offerings in the ASE, 2004.

Quarter 2004	Number of issuesAmount	Funds Raised Total (euro)	Average weighted (% of total)	over-subscription	
1ο	7	Μέσο ποσό	10,371,981		
		Σύνολο	72,603,870	76	3.95
2ο	2	Μέσο ποσό	4,813,875		
		Σύνολο	9,627,750	10	1.65
3ο	0	Μέσο ποσό	0		
		Σύνολο	0	0	0
4ο	1	Μέσο ποσό	13,154,859		
		Σύνολο	13,154,859	14	1.78
Σύνολο	10	Μέσο ποσό			
		9,538.648			
		Σύνολο	95,386,479	100.0	3.42

Source: HCMC

FIGURE 8

Public Offerings in the ASE by Sector, 2004



Source: HCMC

The average return realized during the first three days of IPO trading in the ASE was negative and amounted to -2.83%, as compared to 2.9% in 2003, 11.0% in 2002, 36.2% in 2001 and 58.4% in 2000. The average return realized in the first day of IPO trading was also negative and amounted to -3.56%, as compared to 6.1% in 2003. 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.

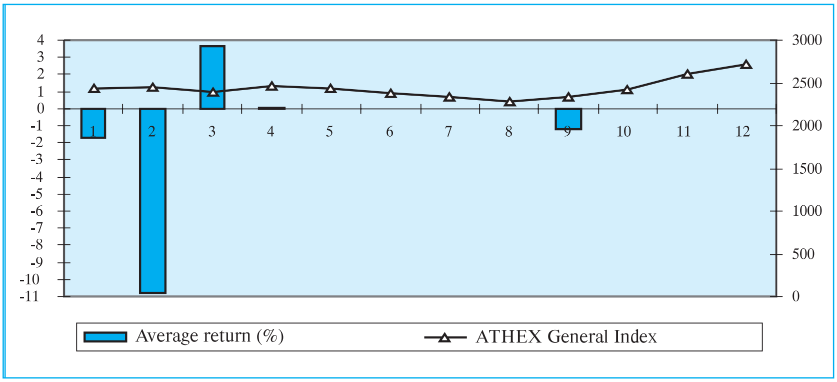
After weighing average return by each company's capitalization upon listing, that is by the number of newly listed shares multiplied by the listing price, in order to incorporate in the resulting average return any difference in returns between small and large capitalization companies because of differences in the volume of shares offered to investors, the dispersion of shares, as well as issue over-subscription, then the average weighted return of share prices after the three-days of free trading was approximately -5.14% in 2004, as compared to almost 16.8% in 2003.

The greatest return during these first three-days was realized by the share of Elinoil SA, whose price increased by 8.53%, followed by the shares of Eurobrokers SA (4.58%), Ilyda SA (3.0%), Alpha Grisin SA (2.78%), Delta Project SA (2.25%) and Revoil SA (2.09%). The largest losses were suffered by the share of Intramet SA (-26.84%), followed by the share prices of Sprider SA (-14.06%), Kloukinas-Lappas SA (-10.12%), Fhl Mermeren Kombinat AD (-2.13%) and Global New Europe Fund (-1.24%).

Figure 9 illustrates the monthly return of newly listed shares during the first three trading days and the average monthly value of the ASE General Index during 2004. The Figure shows that there were 2 positive returns of newly listed company shares, against 3 negative returns, while in 7 out of 12 months of the year 2004 there were no new company listings in the stock market. By the end of 2004, only one newly-listed company share was showing gains, as compared to its initial listing price (Elinoil SA), while the average price return of newly-listed company shares was negative (-24.31%), in line with their average weighted return (-22.28%).

FIGURE 9

Average Monthly Return of New Listings in the ASE past the Initial Three Days of Trading, 2004



Source: HCMC

Share Issues Through Capital Increases by ASE Listed Companies

In 2004 the number of share capital increases by ASE-listed companies decreased to 11, from 12 in 2003 (Table 19). The procedures for the increase in the share capital of Aspis Pronia General Insurances SA and Datamedia SA, which had started in 2004, were due to be completed in January 2005. The total value of funds raised amounted to 244 million euros, registering an annual decrease of 11.4%. This figure does not include the value of the share capital increase performed by Keranis Holding SA, because the approval of the increase by the competent authorities is still pending. The finalized share capital increases were performed by 7 companies of the Main Market and 4 companies of the Parallel Market of the ASE.

TABLE 19

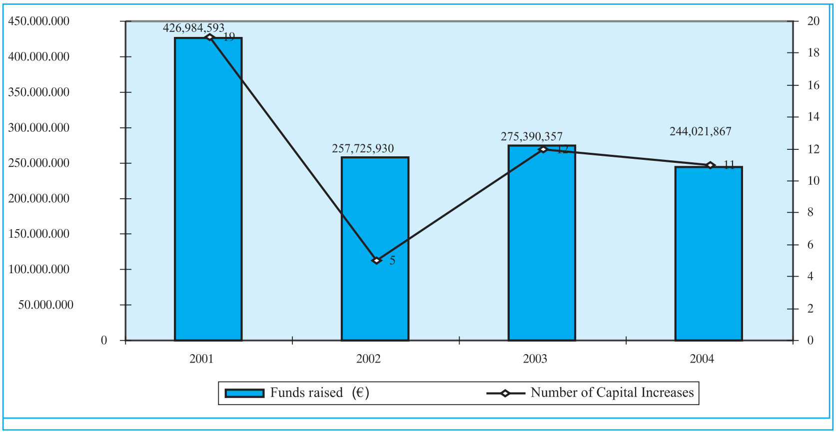
Share Capital Increases by ASE-Listed Companies, 2001-2004.

	2004		2003		2002		2001	
ASE Market	Number	Funds raised (mn euro)	Number	Funds raised (mn euro)	Number	Funds raised (mn euro)	Number	Funds raised (mn euro)
Main market	7	194.4	8	248.4	5	257.7	14	320.3
Parallel market	4	49.6	4	27	-	-	5	106.7
New market	-	-	-	-	-	-	-	-
Total	11	244	12	275.4	5	257.7	19	427

Source: HCMC

FIGURE 10

Share Capital Increases by ASE-Listed Companies, 2001-2004



The quarterly distribution of share capital increases in 2004 (Table 20) is the following: in the first quarter there were four share capital increases, with a total value of 152.7 million euros that absorbed 62.6% of the total funds raised throughout the year; in the second quarter there were 2 increases, with a total value of 39.4 million euros that absorbed 16.1% of the total funds raised; in the third quarter there were two increases, with a total value of 42.8 million euros that absorbed 17.54% of the total funds raised; and in the fourth quarter there were two increases (excluding Keranis Holding SA), with a total value of 9.1 million euros that absorbed the remaining 3.72% of the total funds raised.

All share capital increases that took place in 2004 (apart from the share capital increase performed by General Bank, which concerned the entry of a strategic investor), were not fully subscribed initially. In fact, initial subscription ranged from 7.7% to 85.7% of the total amount offered, while average subscription stood at 37.11%. This failure regarding the initial coverage of the required funds reflects the limited response of existing shareholders to company calls to increase their participations, which is attributed to the cautiousness of investors against new investments, and the increased prudence they exercise in all their investment decisions.

The distribution of funds raised from share capital increases per sector of activity in 2004 is shown in Figure 11. There were two share capital increases in the Banks sector, which raised 125.6 million euros, or 51.48% of the total funds raised. The Hotels & Resorts Sector featured one share capital increase that raised 45.8 million euros, equivalent to 18.76% of the total. There was also one share capital increase in the Metals sector, which raised 35.9 million euros (14.72% of the total), in the Construction sector, which raised 14.1 million euros (5.77% of the total), in the Retail Trade sector, which raised 6.3 million euros (2.58% of the total), in the Textiles sector, which raised 4 million euros (1.63% of the total), in the Wholesale Trade sector, which raised 3.8 million euros (1.55% of the total), and in the Beverages sector, which raised 3.4 million euros (1.41% of the total). Finally, in 2004 there was also a share capital increase by a company, whose share is under suspension, which raised 5.1 million euros or 2.1% of the total funds raised. It is also noted that (because of the reasons mentioned above) the share capital increase performed by Keranis Holding SA, which belongs to the Holding & Consulting Companies sector, has not been taken into account.

Fixed-income Securities Issues by ASE-Listed Companies

In 2004, the both the number of fixed income securities issues by ASE-listed companies, and the value of the funds raised remained stable.

TABLE 20

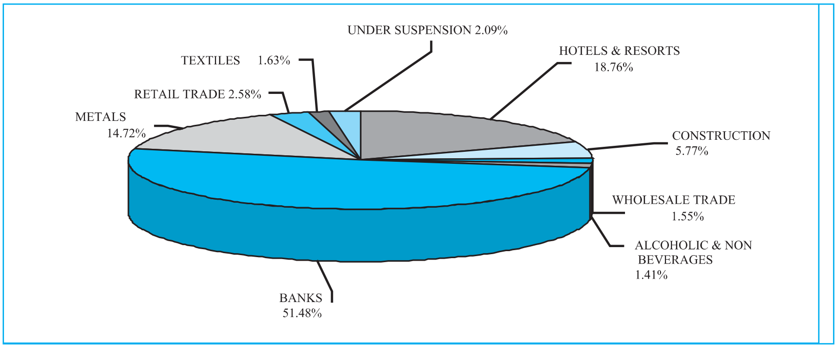
Quarterly Distribution of Share Capital Increases in the ASE, 2004.

Quarter	Number of Share Capital Increases	Funds raised (mn euro)	(% of total)
1o	3	152.7	62.61
2o	3	39.4	16.13
3o	2	42.8	17.54
4o	5	9.1	3.72
Total	13	244	100.00

Source: HCMC

FIGURE 11

Distribution of Funds Raised Through Share Capital Increases in the ASE by Sector, 2004



Source: HCMC

TABLE 21

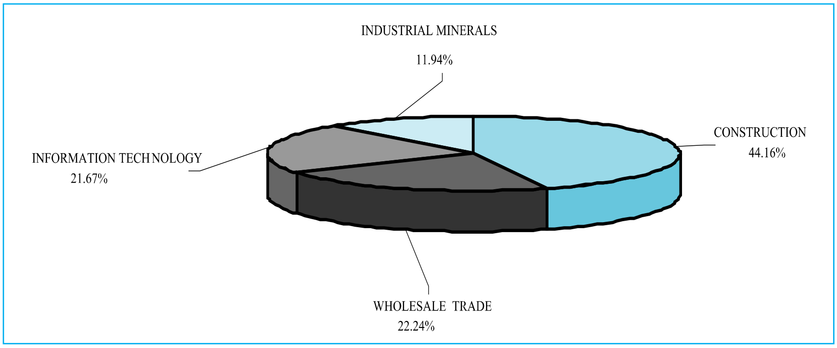
Issues of Corporate Securities by ASE-Listed Companies, 2004.

Quarter	Number of Corporate Bond issues	Capital Raised (mn euro)	(% of total)
1o	0	0	0
2o	0	0	0
3o	4	65.8	88.1
4o	1	8.9	11.9
Total	5	74.7	100.0

Source: HCMC

FIGURE 12

Funds Raised Through Issues of Corporate Securities in the ASE by sector, 2004



Source: HCMC

In fact, 5 ASE-listed companies issued corporate bonds in 2004, as compared to 4 in 2003 and 5 in 2002. The value of the funds raised amounted to 74.7 million euros in 2004, as compared to 68.4 million euros in 2003 and 85.3 million euros in 2002. Table 21 presents the quarterly distribution of corporate bond issues in the ASE during 2004. There were no corporate bond issues in the first and second quarters of the year. Most issues took place in the third quarter, raising 65.8 million euros. In the fourth quarter there was only 1 issue that raised 8.9 million euros.

Figure 12 shows the distribution of funds raised from corporate bond issues per sector of activity in 2004. The Construction sector performed one issue, which raised 33 million euros, or 44.16% of the total funds raised. There was also one issue in the Wholesale Trade sector, which raised 16.6 million euros (22.24% of the total) and in the Industrial Minerals sector, which raised 8.9 million euros (11.94% of the total). Finally, there were two corporate bond issues in the Information Technology sector, which raised 16.2 million euros (21.7% of the total).

Mergers and Acquisitions in the Greek Capital Market

In 2004, corporate restructuring was a main feature of international markets, because of the persistence of consolidation in the financial sector, the reorganization of firms in the telecommunications sector, and the re-emergence of moves towards the absorption and restructuring of heavily indebted companies. The total value of corporate merger & acquisition deals worldwide reached US$1.95 trillion, registering an annual increase of 40%. The value of mergers & acquisitions among credit institutions increased by 61.6%, reaching US$236 bn, the value of M&A among telecommunications companies increased by 88.6%, reaching US$215 bn, and the value of M&A in the energy sector increased by 92.2%, reaching US$296 bn.

Although there was limited restructuring among listed companies in the Greek market in 2004, there was extended M&A activity among listed and non-listed companies (Table 22). In 2004, there were 4 final mergers and acquisitions among listed companies, as compared to 8 in 2003, 17 in 2002 and 13 in 2001. Of the 8 listed companies that completed the relevant merger procedures, 4 belonged to Investment Companies, 2 in Real Estate, one in Banks and one in the Holding & Consulting Companies sector.

M&A activity among listed and non-listed companies increased substantially. In fact, 28 listed companies absorbed 42 non-listed companies through mergers. Of the listed acquiring companies, 6 belonged in the Wholesale Trade sector, 4 in Banks, 3 in Retail Trade, 3 in Food, 2 in Fish Farming, 2 in Information Technology and one in each of the following sectors: Restaurants, Change of Activity, Printing & Publishing, Telecommunications, Wood & Cork Products, and Holding & Consulting Companies. Finally, the shares of 2 of the listed companies were under suspension of trading.

In 2004, there were 7 spin-offs and transfers of branches from listed companies to an equal number of non-listed companies. These concerned 2 listed companies of the Information Technology sector and one company from each of the following sectors: Construction, Retail Trade, Metals, Holding & Consulting Companies, and Change of Activity.

Share Ownership Dispersion of ASE Listed Companies

The share ownership dispersion of listed companies is an indication of investor behavior, market trends and corporate governance practices. Previous surveys of the Hellenic Capital Market Commission on the dispersion of share ownership of companies in the ASE during the period 1.2.2001-2.7.2002 showed a decrease in the dispersion range of shareholdings of less than 1% or 5%. More recent surveys of the HCMC, based on data from the period 17.10.2003 — 27.10.2004, have shown that the dispersion range is increasing (Table 23). This increase is mainly observed in high market capitalization companies, especially financial institutions, and is the result of large sales of stock accumulated from the repurchase of own shares, or sales of stock by the companies' principal shareholders. Compared to other developed countries, the dispersion of share ownership in the Athens Stock Exchange remains limited.

TABLE 22

Corporate Mergers, Acquisitions, Spin-Offs and Branch Transfers, 2004.

No	Acquirer Company		Target Company	
	Company	Sector	Company	Sector
		A. Mergers and Acquisitions between companies listed in the ASE		
1	Comm Group A.E.	Holding & Consulting Companies	Marfin Classic	Investment Companies
2	Alpha Trust Andromeda	Investment Companies	Alpha Trust Management	Investment Companies
3	Hermes Real Estate Ent. SA	Real Estate	GEK SA	Real Estate
4	Emboriki Bank	Banks	Emboriki Investment SA	Investment Companies
		B. Συγχωνεύσεις μεταξύ εισηγμένων και μη εισηγμένων στο Χρηματιστήριο Αθηνών εταιριών		
1	COMM GROUP SA	Holding & Consulting Companies	MARITIME & FINANCIAL HOLDINGS	Non-listed
2	LOULIS MILLS SA	Food	St GEORGE MILLS SA	Non-listed
3	AKRITAS SA	Wood & Cork Products	PRAXIS SA	Non-listed
4	MOUSIKOS OIKOS FILIPPOS NAKAS	Wholesale Trade	ELLINIKI MOUSIKI ETERIA SA	Non-listed
5	ΕΝΕΡΓΟΣ HOLDING ETERIA SA	Under Suspension	SITHONIA BEACH PORTO CARRAS SA	Non-listed
6	EFG EUROBANK ERGASIAS	Banks	Q SYSTEM MANAGEMENT	Non-listed
7	VIVERE SA	Retail Trade	GLYFADA MUSIC STORES LTD	Non-listed
8	FORTHNET AE	Telecommunications	ELLAS NET AE	Non-listed
9	G. SARANTIS SA	Wholesale Trade	SANITAS SANITAS SA LOBELIN PHARMACARE	Non-listed
10	DIAS	Fish Farming	YANNETAS SA	Non-listed
11	NOTOS COM HOLDING	Retail Trade	BIG CITY CORPORATION	Non-listed
12	SARANTIS CONFECTIONERY	Change of Activity	FEEDUS SA	Non-listed
13	LIBERIS PUBLICATIONS SA	Publishing & Printing	LIBERIS ATHENS SA	Non-listed
14	GENERAL COMMERCIAL & INDUSTRIAL SA	Wholesale Trade	HELCAST SA	Non-listed
15	PROFILE SA	Information Technology	ANALYSIS INF. SYSTEMS SA PROFILE SA	Non-listed
16	DIONIC SA	Wholesale Trade	EUROKATASTIMATA SA UNKID HELLAS SA	Non-listed
17	A-B VASSILOPOULOS SA	Retail Trade	TROFO SA	Non-listed
18	EMBORIKI BANK	Banks	COMMERCIAL INVESTMENT BANK EMBORIKI	Non-listed
			FACTORING SA COMMERCIAL CAPITAL	Non-listed
19	ELTON SA	Wholesale Trade	MOSCHOLIOS CHEMICALS SA	Non-listed
20	PIRAEUS BANK	Banks	PIRAEUS FINANCE SA PIRAEUS INVESTMENT	Non-listed
21	P.G. NIKAS SA	Food	NIKAS THESSALONIKI SA	Non-listed

22	KATSELIS SONS SA	Food	CIBUS SA	Non-listed
23	SEA FARM IONIAN AQUACULTURES SA	Under Suspension	PERCO AQUACULTURES SA	Non-listed
24	DRUCKFARBEN HELLAS SA	Wholesale Trade	INTERNATIONAL HELIOS KOTAXEM SA	Non-listed
25	GENIKI BANK	Banks	GENIKI BROCK.	Non-listed
26	NIREFS SA	Fish Farming	INOUSSES AQUACULTURES SA	Non-listed
27	LOGICDIS SA	Information	A.I.P.S. CONSULTING	
		Technology	INFOSERVE SA LOGICIN SA	Non-listed
28	GREGORYS MICROGEVMATA SA	Restaurants	FOOD COURT SA	Non-listed

C. Spin-offs and transfers between ASE-listed and non-listed companies.

1	Electra SA (now Elephant SA)	Retail Trade	Electra Northern Greece SA	Non-listed
2	ALTE	Construction	Parking Space SA	Non-listed
3	Micromedia-Britannia SA (now Piraeus Real Estate)	Change of Activity	ATH MOLOKOTOS & SON SA	Non-listed
4	DELTA SINGULAR SA	Information Technology	SINGULAR IT (ex GRAFO SA)	Non-listed
5	DELTA SINGULAR SA	Information Technology	DELTA SINGULAR INT. SYST (ex ONE WORLD SA)	Non-listed
6	NEORION HOLDING SA	Holding & Consulting Companies	Syros Shipbuilding & Industrial Enterprises	Non-listed
7	CORINTH PIPEWORKS SA.	Metals	EVIMET SA	Non-listed

Source: HCMC

TABLE 23

Average Share Ownership Dispersion of ASE Listed Companies, 2001-2004

Date of Estimation	Ownership ≤ 1%	Ownership ≤ 5%
27.10.2004	44.02%	56.21%
17.10.2003	37.36%	48.56%
2.7.2002	33.86%	44.61%
3.9.2001	35.70%	47.22%
1.2.2001	38.25%	50.03%

Source: HCMC
Note: Ownership dispersion is weighted by company capitalization.

THE ACTIVITY OF CAPITAL MARKET INTERMEDIARIES

Investment Firms

General Overview

In 2004, eighty investment firms ASE-members and thirty seven investment firms non-ASE members were active in the Greek capital market. The Hellenic Capital Market Commission revoked the licenses of two (1) investment firms-ASE members, proceeded to the dissolution of three investment firms non-ASE members, granted license expansion to five investment firms-ASE members and one investment firm-non ASE member, and approved corporate objective changes for two investment firms non-ASE members. It also approved of share capital increases for eleven investment firms-ASE members and five investment firms non-ASE members, as well as share capital decreases for four investment firms-ASE members and one investment firm non-ASE member. Furthermore, the HCMC granted licenses for the establishment of new branches and representative offices to four investment firms-ASE members and one investment firm non-ASE member. In 2004 one investment firm-ASE member was absorbed by a bank, one investment firm-ASE member was absorbed by another investment firm-ASE member, one investment firm-non-ASE member was absorbed by an investment firm-ASE member and two investment firms-non ASE members were absorbed by an investment firm-non-ASE member.

In 2004, the Hellenic Capital Market Commission proceeded to the implementation of measures aimed at upgrading the quality and range of both the rendered services and the liquidity of the market. Certain issues were clarified, concerning the strict closure of investment firm clients' open positions, the administrative and accounting organization of investment firms, the auditing mechanisms, the information sent to clients and the information submitted to the HCMC.

The utilization 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 2004, the number of active margin account contracts was 11,951, as compared to 6,466 in 2003 and the total value of security portfolios for margin trading amounted to approximately 553.0 million euros, as compared to 252.4 million euros in 2003. Basket Order trading continued in the OASIS stock trading system, contributing to the increase of flexibility and the decrease of management cost of investment firm client portfolios.

One of the major developments of 2004, was the completion of work on the revision of the EU Investment Services Directive (ISD 93/22). The aim of the new European Directive (2004/39/EC - MFiD) is to upgrade the regulatory framework for EU capital markets and investment firms, and to ensure the appropriate infrastructure for the creation of a single European market for the provision of investment services. The new Directive harmonizes procedures concerning the licensing and operation of investment firms and regulated markets, and establishes co-operation among regulators on both the national, and European, levels. In this context, the Directive establishes provisions on the expansion of the scope of investment products and services offered by investment firms operating in organized markets within the EU, the upgrading of the investor protection framework through the establishment of standards and rules regarding the firms' organization, operation and ethical conduct, and the improvement of transparency in the execution of transactions.

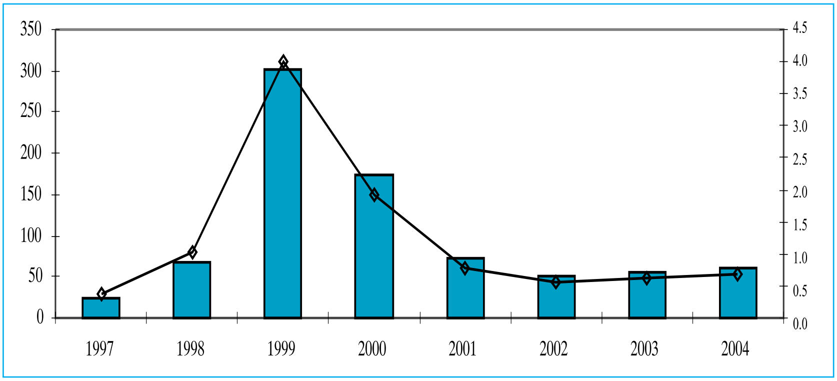
In 2004, the Common Guarantee Fund was set to 187 million euro, and the minimum contribution were set to 704,328.7 euros for investment firms ASE -members, 704,328.7 euros for investment firms-non ASE members, and 2,465,150.4 euros for each investment firm that becomes a new member of the Fund and the Athens Stock Exchange. In the same year, the amount of the Supplementary Fund stood at 210 million euros, while in July 2004, CMC Rule 7/308/15.7.2004 abolished the contribution on transactions paid by ASE-members in favor of the Supplementary Fund.

The Value of Transactions Executed by Investment Firms-ASE Members

The improvement in investor sentiment boosted trading activity in the ASE during 2004. The total value of transactions executed by investment firms-ASE members in the Athens Stock Exchange was 71.3 bn euros in 2004, as compared to 69.8 bn euros in 2003, registering a small increase of 2.15%. Since the percentage growth of the value of transactions was smaller than the estimated increase of the economic growth rate, the ratio of the total value of transactions to GDP decreased from 45.8% in 2003 to 43.4% in 2004. The average daily value of transactions amounted to 141.3 million euro, registering an annual increase of 4.82%. The average value of transactions per investment firm-ASE member was 839 million euros in 2004, as compared to 802 million euros in 2003. Only thirteen investment firms-ASE members, accounting for 15% of the total, outperformed this average. The value of transactions performed through the Thessalonica Stock Exchange Centre increased to 2.15 bn euros in 2004 from 1.95 bn euros in 2003. The ratio of transactions in the Exchange Centre to the total value of transactions in the ASE increased to 6.01% in 2004 from 5.6% in 2003.

FIGURE 13

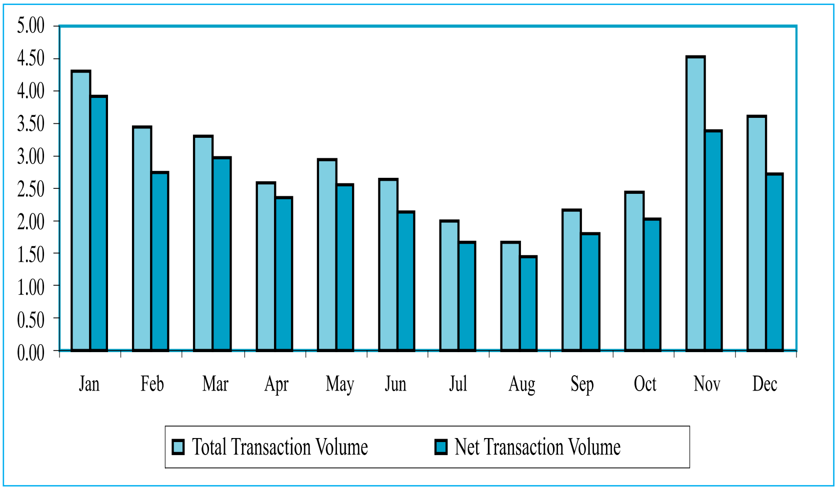
Total Net Transactions Value Executed by Investment Firms-ASE Members and Average Value per Member, 1997-2004, (bn euros)



Source: ASE

FIGURE 14

Monthly Distribution of Transactions Value Executed by Investment Firms-ASE Members, 2004 (bn euros)



Source: ASE

The net value of transactions by investment firms-ASE members was 59.3 bn euros in 2004, registering an annual increase of 8.7%. The reduction of transactions on block trades and repurchase agreements during 2004 led to an increase in the ratio of net to the total value of transactions from 0.78 in 2003 to 0.83 in 2004.

Restructuring in the sector contributed to the increase of the concentration of transactions executed by investment firms-ASE members. The share of the four investment firms-ASE members with the largest value of transactions as percentage of the total value of transactions increased from 43% in 2003 to 47% in 2004, the share of the four investment firms-ASE members with the largest value of transactions as percentage of the net value of transactions increased from 33.4% in 2003 to 42.7% in 2004, while the top ten investment firms-ASE members executed more than 65% of the net value of transactions. Investment firms-ASE members that are subsidiaries of financial institutions executed 51% of total transactions in 2004, as compared to 58% in 2003. In 2004, twelve investment firms-ASE members were subsidiaries of financial institutions, representing 14% of all investment firms-ASE members operating in the Athens Stock Exchange.

In 2004, the value of transactions on block trades and repurchase agreements amounted to 11.8 billion Euros, registering an annual increase of 22.8%. The value of transactions on block trades and repurchase agreements accounted for 16.6% of the total value of transactions, as compared to 22% in 2003. The value of pre-arranged deals executed by investment firms-ASE members that are subsidiaries of credit institutions represented 64% of the total, while the number of investment firms-ASE members that executed block trades was reduced from eighty one in 2003 to seventy seven in 2004.

Continued restructuring in the sector is expected to cause further concentration of trading activity, clientele and income for the companies of the sector. Another stimulus arises from the persistent opening of European markets and the capability to perform faster and cheaper transactions through the use of new technologies.

Margin Account Trading

In 2004, there was an increase in the provision of credit by investment firms-ASE members to their clients for the purchase of securities (margin account trading). Such credit may be provided by investment firms-ASE members, which possess the appropriate operational and organizational capacity, and have submitted the relevant notification to the Hellenic Capital Market Commission. A prerequisite for the provision of credit is the conclusion of an agreement between the investment

TABLE 24

Analysis of Transactions Value Executed by Investment Firms-ASE Members, 2002 -2004.

Analysis of the value of transactions by investment firms-ASE members	2004 Amount (,000 euro)	2004 Annual change (%)	2003 Amount (,000 euro)	2002 Amount (,000 euro)
Total Transaction Value	71,284,505	2.16%	69,774,318	49,542,080
Share of the top 4 investment firms-ASE members	46.59%	8.34%	43.00%	35.40%
Average value per investment firm-ASE member	*838,641*	*4.57%*	*802,003*	*562,978*
Max transaction value per investment firm-ASE member	10,919,536	-5.35%	11,537,250	6,547,343
Min transaction value per investment firm-ASE member*	1.65	7.56%	1.534	2,927
Share of transaction value by Bank subsidiaries	51,38%	-11.41%	58.00%	48.37%
Net Transaction Value 1	59,268,478	8.74%	54,503,871	39,944,349
Share of the top 4 investment firms-ASE members.	42.72%	27.90%	33.40%	27.86%
Average value per investment firm-ASE member	697,276	11.30%	626,481	453,913
Max transaction value per investment firm-ASE member	8,935,454	35.64%	6,587,761	3,973,967
Min transaction value per investment firm-ASE member*	1,650	7.56%	1,534	2,927
% Share of transaction value by Bank subsidiaries	49.16%	-2.54%	50.44%	41.33%
Block Trades & Repurchase Agreements	11,827,767	-22.54%	15,270,446	9,597,731
% Percentage over total transaction value	16.59%	-24.21%	21.89%	19.37%
% Share of the top 4 investment firms-ASE members	66.30%	-14.25%	77.32%	66.80%
Investment firms-ASE members that performed block trades	77	-4.94%	81	79
% Share of transaction value by Bank subsidiaries	61.91%	-27.51%	85.40%	77.68%

Source: HCMC

Notes: 1 : Block trades and repurchase agreements are excluded from total value.

**: Concerns investment firms that operated throughout the year*

TABLE 25

Market Share Concentration of Investment Firms-ASE Members, 2001-2004

Classification of investment firms according to market share	2004 Market share (%)	2004 Annual change (%)	2003 Market share (%)	2002 Market share (%)	2001 Market share (%)
1-10	70.9	12.7	62.9	55.5	50.1
11-25	14.6	-16.6	17.5	22.8	22.6
26-45	8.4	-28.8	11.8	13.3	15.6
46-89	6.1	-21.8	7.8	8.4	11.8

Source: HCMC

firm-ASE member and the client, and the pledging of the client's security portfolio with the investment firm-ASE member. The maximum credit that can be extended for each new purchase of shares is limited by the percentage of the initial margin requirement, and the maximum credit limit, which has been increased by decree of the Bank of Greece (2552/23.06.2004) to 1,000,000 euros per client. During the term of the agreement, the security portfolio of each margin account is daily evaluated, while the margin must be kept within limits set in advance, in order to compare the amount of total credit extended to each client with the pledged portfolio.

In 2004, the Hellenic Capital Market Commission (CMC Rule 2/291/22.01.2004, Gazette B 300/11.02.04) established the subjection of share purchases to a Margin Account from the day of purchase and until the deadline for trade clearing expires (T+3). Moreover, for the cases where no credit is extended, the HCMC has issued Circular 24, concerning the cash settlement by clients of trades executed in the Athens Stock Exchange by ASE-members.

Table 26 presents the development of margin account trading for the year 2004, according to data submitted by investment firms-ASE members to the Hellenic Capital Market Commission on the last trading day of each month. Out of the investment firms-ASE members that submitted the relevant notification to the Commission, 46 firms became active in this field. The average number of active contracts increased from 7,695 in 2003 to 10,546 in 2004. Total debit balances in margin accounts increased by average from 102.8 million euros in 2003 to 146.2 million

TABLE 26

Margin Account Trading, 2004

Month	Notifications by ASE members for the provision of credit	Members actually providing credit	Active agreements or the provision of credit	Debt margin account balances (,000 euro)	Total value of security portfolios from margin account trading
Dec.	52	47	11,951	156,939	553,063
Nov.	53	49	11,464	159,313	557,498
Oct.	54	48	11,059	151,430	504,670
Sep.	52	49	11,075	153,798	490,602
Aug.	52	47	10,847	153,345	488,444
Jul.	53	47	10,724	150,337	494,335
Jun.	51	44	10,543	137,702	442,570
May	51	44	10,364	142,182	458,029
Apr.	50	44	10,214	134,310	459,537
Mar.	50	44	10,031	135,721	452,140
Feb.	50	43	9,572	143,676	485,401
Jan.	49	43	9,300	141,113	506,716

Source: HCMC

euros in 2004, and reached its highest level in November 2004 (159 million euros). The average value of security portfolios increased from 348.5 million euros in 2003 to 491.8 million euros in 2004. These developments show that margin account trading is, indeed, a primary instrument for increasing liquidity in the market.

Market-Making Activity by Investment Firms-ASE Members

Market making on listed company shares aims at increasing liquidity in the market for the specific shares, and, ultimately in the capital market as a whole. Market making is performed by investment firms-ASE members, properly authorized by the listed companies and the Athens Stock Exchange.

In 2004, fifteen (15) new companies got their own market maker, raising the total number of listed companies that received market making services at the end of the year to thirty one (31), of which sixteen (16) belong to the Main Market and fifteen (15) belong to the Parallel Market of the Athens Stock Exchange. During the same year, seven (7) companies terminated market making, while six (6) renewed their market making agreements.

A major development for the year 2004, was the receipt of market making services by a high market capitalization company (OTE) for the very first time. In 2004, twelve (12) investment firms-ASE members acted as market makers in the Main and Parallel markets of the stock exchange, while two (2) of those companies attracted most listed company shares that are under market making status. By the end of 2004, nine (9) companies had listed their shares in the New Market, of which eight (8) were under normal trading status, while one share was under suspension of trading. The market making of New Market company shares is performed by 7 investment firms-ASE members. It is noted that, although market making is optional for shares traded in the Main and Parallel markets, it is mandatory for shares traded in the New Market.

In 2004 there were two share evaluations, based on the average daily bid-ask spread criterion, in order to classify the shares listed in the Main and Parallel market to the five-hour trading category (extended time-schedule) or the three-hour trading category (limited time-schedule) of the ASE. According to the Rulebook of the ASE, the classification of shares to the extended time-schedule implies that their average daily bid-ask spread for the period is less than the annually set limit, (two percentage points for the year 2004), whereas shares for which a market maker had been appointed may be included in this category, irrespectively of their average daily bid-ask spreads. The evaluation performed for the period 01.10.2003 - 31.03.2004, showed that there were two shares that should be included to the limited time-schedule according to the above criterion, and the evaluation performed for the period 01.04.2004 - 30.09.2004 indicated four companies, albeit two of them had already introduced market making towards the end of the evaluation period.

The following tables present the average bid-ask spreads of shares under market making status in the Main, Parallel and New markets of the Athens Stock Exchange, during the last two evaluation periods, and during the fourth quarter of 2004. The average bid-ask spread for most Main and Parallel market shares for the said periods is, indeed, stabilized, albeit at lower levels than in 2003, while the average bid-ask spread for New Market companies shows an upward trend during the same periods.

Finally, it is noted that, in order to increase the effectiveness of the institution, the Hellenic Capital Market Commission proceeded in December 2004 to a consultation with investment firms-ASE members providing market maker services, as well as with listed companies whose shares are under market making status.

Collective Investment Institutions

Developments in the Greek Mutual Fund Market

The main features of the Greek mutual funds market in 2004 was the upgrading of its institutional framework, the restructuring of mutual fund management firms and a slight increase of activity. In 2004 the total number of mutual fund management firms decreased to twenty six (26) from twenty nine (29) firms in 2003, while the total number of mutual funds under management decreased to 262 in 2004, from 265 in 2003. The distribution of mutual funds by investment by the end of 2004 was the following: 39 money market funds, 62 bond funds, 116 equity funds and 45 mixed (or balanced) funds.

One of the major events of 2004 was the ratification of Law 3283/2004 (Gazette A 210/2.11.2004) “Mutual Fund Management Firms, Undertakings for Collective Investment on Securities, mutual funds and other provisions.” This law incorporates three adjustments to the initial Directive 85/611/EC into Greek legislation: directive 2001/107/EC, which regulates management firms and simplified prospectuses, directive 2001/108/EC, which regulates investments by Undertakings for Collective Investment on Securities, and directive 2000/ 64/EC, which regulates the exchange of information with third countries. The law reforms the institutional framework for the operation of mutual fund management firms and replaces the relevant provisions of Law 1969/1991, while it enables mutual fund management firms to invest in more types of financial instruments on behalf of the mutual funds they

TABLE 27

Average Bid-Ask Spreads of Shares Under Market Making Status in the Main and Parallel ASE Markets, 2003-2004

No	ASE Listed Company	Market making initiation date	Average spread (%) 01.10.03 - 31.3.2004	Average spread (%) 01.4.04 - 30.9.2004	Average spread (%) 01.10.04 - 31.12.2004	Market making initiation date
1	UNCLE STATHIS SA	18.11.2002	0.90	0.95	0.86	
2	DELTA ICE CREAM SA	18.11.2002	1.44	1.38	1.70	
3	INFORMER SA	3.2.2003	1.62	1.82	1.30	
4	RIDENCO SA	11.3.2003	1.03	1.38	1.33	
5	GOODYS SA	11.3.2003	0.81	0.93	0.85	
6	TECHNICAL PUBLICATIONS SA	7.4.2003	1.66	1.87	1.83	
7	TECHNICAL PUBLICATIONS SA	17.4.2003	1.16	-	-	1.10.2004
8	KYRIAKOULIS SHIPPING SA	22.4.2003	1.56	1.85	1.80	
9	QUALITY & RELIABILITY SA	8.5.2003	1.03	-	-	20.7.2004
10	NIREFS SA	12.5.2003	1.24	-	-	13.5.2004
11	SELONDA AQUACULTURES SA	12.5.2003	1.44	1.74	1.62	
12	CRETE PLASTIC SA	30.5.2003	2.14	1.89	1.58	
13	LAMDA DEVELOPMENT SA	30.5.2003	1.14	1.36	1.10	
14	MOCHLOS SA	2.6.2003	1.48	2.29	2.53	
15	SATO SA	12.6.2003	1.55	1.81	1.80	
16	BITROS HOLDING SA	30.6.2003	1.20	1.07	0.99	
17	P. KOTSOVOLOS SA	23.7.2003	1.24	0.94	-	22.11.2004
18	NEW MILLENNIUM INV. SA	7.8.2003	1.35	1.51	1.54	
19	AUTOHELLAS SA	11.8.2003	0.97	1.02	0.80	
20	HELLENIC FISHFARMING SA	13.11.2003	1.87	2.18	-	12.11.2004
21	PERSEFS SA	1.12.2003	2.13	1.79	1.68	
22	LIBERIS PUBLICATIONS SA	2.2.2004	1.69	1.48	1.63	
23	ANEK SA	4.3.2004	1.13	1.23	1.34	
24	OMEGA SA (EX ASTRA)	29.3.2004	1.46	1.70	1.90	
25	ETEM SA	8.4.2004		1.59	1.58	
26	PAPAPANAYIOTOU SA DROM.	8.4.2004		1.87	1.57	
27	IKTINOS HELLAS SA	20.4.2004		1.38	1.43	
28	ELEFTHERI TILEORASI SA	26.4.2004		2.03	1.80	
29	CYCLON HELLAS SA	24.6.2004		2.00	1.70	
30	HELLENIC FABRICS SA	5.7.2004		1.21	1.24	
31	BYTE COMPUTER SA	26.7.2004		1.52	1.58	
32	MLS MULTIMEDIA SA	30.9.2004			1.21	
33	YALCO SA	8.11.2004			2.23	
34	OTE SA	1.12.2004			0.18	
35	ELTON SA	21.12.2004			1.75	
36	INTERFISH SA	21.12.2004			3.73	

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

manage, to form specialized funds and to provide investment services that were hitherto rendered by investment firms, such as individual client portfolio management, provision of investment advice, and the safe-keeping and administration of shares in undertakings for collective investments. It also enables mutual fund management firms to obtain the community passport, which allows them to establish branches in other

TABLE 28

Average Bid-Ask Spreads of Shares Under Market Making Status in ASE New Market, 2003-2004

No	ASE Listed Company	Market making initiation date	Average spread (%) 01.10.03 - 31.3.2004	Average spread (%) 01.4.04 - 30.9.2004	Average spread (%) 01.10.04 - 31.12.2004
1	UNIBRAIN SA (cr)	30.4.2001	2.27	2.85	2.67
2	EUROCONSULTANTS SA (CR)	7.1.2002	1.45	2.15	2.18
3	COMPUCON COMPUTER APPLICATIONS SA (CR)	2.4.2002	0.96	1.86	2.00
4	HITECH CONSULTANTS SA (CR)	4.9.2002	1.17	1.88	1.93
5	DYNAMIC LIFE SA (CR)	25.9.2002	1.07	1.07	0.90
6	BALLIS CHEMICALS SA (CR)	30.5.2003	1.37	1.68	1.43
7	PROFILE SYSTEMS SA	29.10.2003	0.97	1.69	2.23
8	ILYDA SA	26.2.2004	1.00	1.35	1.21
9	DELTA PROJECT SA	27.5.2004		1.71	1.88

Source: ASE

EU member-states and provide investment services. In order to enhance the supervision of institutional investments, and the co-operation among regulators, the law provides for new responsibilities of the HCMC, as well as procedures for the closer co-operation among other member-state regulators, concerning the cross-border activities of mutual fund management firms. In order to safeguard mutual fund assets, and, ultimately, to improve investor protection, it is mandated that at least 51% of the share capital of mutual fund management firms must comprise participations of solvent and reliable financial institutions and financial sector firms, while new investment risk evaluation and executive certification procedures are established. In the context of the authorizations provided by Law 3283/2004, in November 2004 the HCMC issued two rules. The first (CMC Rule 1/317/11.11.2004) reformed the classification

TABLE 29

Net Asset Value and Number of Mutual Funds, 2000-2004

	31.12.2004		31.12.2003		31.12.2002		31.12.2001	
Mutual Fund Classification	Amount (mn euro)	No. of M/F	Amount (mn euro)	No. of M/F	Amount (mn euro)	No. of M/F	Amount (mn euro)	No. of M/F
Money Market	15,429.90	39	15,787.39	40	10,747.44	40	9,692.96	42
Bond	7,621.92	62	6,540.32	65	5,121.93	63	5,586.55	63
Equity	5,168.35	116	4,852.77	119	3,711.26	121	5,470.21	128
Mixed	3,427.14	45	3,218.33	41	5,804.52	36	6,045.18	36
Total	31,647.31	262	30,398.81	265	25,385.15	260	26,794.90	269

Source: Union of Greek Institutional Investors, HCMC

TABLE 30

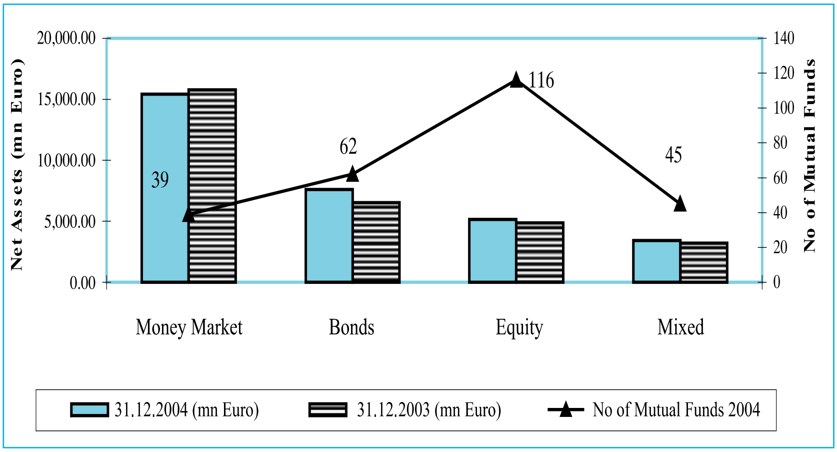
Net Asset Value of Mutual Funds and Macroeconomic Indicators, 1991-2004

Date	Commercial Bank Deposits (mn euro)	ASE Capitalization (euro million)	Net Mutual Funds Assets (mn euro)
Dec. 2004	-	250,045.2	31,647.3
Oct. 2004	156,802.2	235,177.1	31,061.1
Dec. 2003	140,029.7	219,766.6	30,398.8
Dec. 2002	133,848.7	180,329.5	25,385.1
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 2000[1]	117,825.9	194,898.0	30,887.7
Dec. 1999	67,172.4	274,397.4	35,021.3
Dec. 1998	58,910.9	133,938.4	26,405.6
Dec. 1997	57,974.8	69,099.9	21,497.6
Dec. 1996	52,816.1	68,905.6	11,367.3
Dec. 1995	46,268.8	61,946.0	7,202.1
Dec. 1994	40,344.8	45,250.5	3,943.4
Dec. 1993	32,530.0	35,817.5	2,543.8
Dec. 1992	29,784.3	27,049.2	655.6
Dec. 1991	27,097.6	22,555.8	503.3

Source: Bank of Greece, ASE, Union of Greek Institutional Investors, HCMC
Note: 1. Resident deposits and repurchase agreements of residents (companies, households and general government) in Greek credit institutions. The previous data of the series refer to total deposits in commercial banks and specialized credit institutions.

FIGURE 15

Net Asset Value and Number of Mutual Funds by Fund Classification, 2004



Source: Union of Greek Institutional Investors, HCMC

of mutual funds, and the second (CMC Rule 2/317/11.11.2004) improved transparency, by establishing the mandatory disclosure of investments made by mutual funds.

By the end of 2004, the total assets of the mutual funds amounted to 31.65 bn euros, registering a total annual increase of 4.11 %. This rise is mainly due to the increase in the net assets of bond funds by 1.08 billion euros and of equity funds by 315.6 billion euros.

The net assets of bond mutual funds registered an annual increase of 16.54%, which mainly occurred during the second quarter of 2004, because of the inflow of new capital into this category. The largest net asset increases in the category of bond mutual funds were registered by international bond (76.6%) and foreign bond mutual funds (41.52%).

The net assets of equity funds registered an annual increase of 6.50%, which is due to share evaluation increases, given that in 2004 this category suffered net outflows of 247 million euros. The largest increase in net assets was registered by foreign equity funds (29.10%), while the net assets of domestic equity mutual funds increased by a mere 3.31%. In this category, only foreign equity M/Fs registered a net inflow (174.2 million euros). The average annual return of domestic equity M/Fs was 9.81% in 2004, while during the same year the General Index increased by 15.27%, the FTSE/ASE20 increased by 24.54%, and the FTSE/ASE Mid40 and FTSE/ASE80 indices decreased by 9% and 20.86% respectively.

In 2004, the net assets of mixed mutual funds increased by 6.49%. The net assets of foreign mixed M/Fs surged by 757.2%, and the net assets of international mixed M/Fs surged by 210.09%, more than offsetting the decrease in the net assets of domestic mixed funds by 6.36%. The increase in the net assets of foreign and international mixed mutual funds continued throughout the entire year. The final figure concerning mixed mutual funds depends heavily on the changes in the biggest mixed fund of this category, whose net assets accounted for 52.76% of the total net assets of this category by the end of 2004, as compared to 64.32% in 2003. The net assets of the remaining mixed mutual funds increased by 40.98% in 2004.

In 2004, the net assets of money market mutual funds decreased by 2.26%. The net assets of domestic money market M/Fs decreased by 3.13%, while the net assets of international money market M/Fs increased by 87.41%. Domestic money market M/Fs suffered net outflows of 737.6 million euros, while international money market M/Fs received net inflows of 150.6 million euros.

In the first three quarters of 2004, the total net assets of Greek mutual funds increased by a mere 0.71%, as compared to a 7.8% increase in the total net assets of the euro zone's mutual funds. It is noted that only the net assets of Greek mixed mutual funds followed a similar, albeit more limited, upward course with the net assets of European mixed mutual funds (increase of 2.14%, as compared to 3.19%). Conversely, the net assets of domestic money market mutual funds decreased by 1.67%, while the net assets of European funds increased by 20.71%, the net assets of domestic equity mutual funds decreased by 2.87%, while the net assets of European funds increased by 8.74%, and the net assets of Greek bond mutual funds increased by 8.40%, while those of European funds decreased by 3.07%.

In 2004, the mutual funds of the Greek market received a total net inflow of 53.7 million euros. All mutual fund categories registered net inflows, except domestic money market, domestic bond, domestic mixed, and international equity mutual funds. The largest net inflow of capital was achieved by international bond M/Fs and amounted to 495.6 million euros, while the largest net outflow was incurred by domestic money market M/Fs and amounted to 737.6 million euros.

By the end of 2004, the structure of the mutual funds market was the following: Bond mutual funds held a market share of 24.08 %, as compared to 21.52% in 2003. International bond funds held a market share of 15.8%, as compared to 10.42% in 2003, and foreign bond funds held a market share of 13.90%, as compared to 11.45% in 2003. By the end of 2004, there were 62 bond mutual funds, of which 32 were domestic, 15 were foreign and 15 were international. In the same year, the market share of equity mutual funds was 16.33%, as compared to 15.96% in 2003. By the end of the year, there were 68 equity mutual funds, of which 38 were domestic, 10 were foreign and 116 were international. By the end of 2004, mixed mutual funds held a market share of 10.83% as compared to 10.59% in 2003. International mixed funds held a market share of 13.84%, as compared to 4.75% in 2003, and foreign mixed funds held a market share of 2.70%, as compared to 0.34% in 2003. By the end of 2004, there were 45 mixed mutual funds, of which 26 were domestic, 4 were foreign and 15 were international. Finally, by the end of 2004 money market mutual funds controlled a market share of 48.76%, as compared to 51.93% in 2003. In the end of the year, there were 39 money market mutual funds, of which 35 were domestic and 4 were international. (see Table III of the Appendix). The overall make-up of the mutual funds market is presented on Figure 17, which correlates the quarterly change in total mutual fund assets with the corresponding ratio of equity funds to total assets.

During the first semester of 2004, total net mutual fund assets increased by 1.59%, while the General Index of the ASE rose by 3.78%, and during the second semester of 2004, total net assets of mutual funds increased by 3.09%, while the General Index of the ASE rose by 18.60%. The increase in total net mutual fund assets is mainly attributed to new inflows towards bond mutual funds, international mixed funds, and foreign equity funds, as well as to the recovery of share prices, which had a favorable effect on the net assets of equity mutual funds.

In 2004, the concentration level of net mutual fund assets increased. By the end of the year, the three largest mutual fund management firms had funds under management of 23.68 bn euros, which accounted for 74.83% of total mutual fund assets, as compared to assets of 20.05 bn euros and a corresponding portion of 65.69% in 2003. The 5 largest mutual fund management firms had funds under management of 84.22% of total mutual fund assets in 2004, as compared to 80.06% in 2003 (see Table II of the Appendix). .

In 2004, twelve overseas Undertakings for Collective Investments in Transferable Securities (UCITS), notified the HCMC about their intention to sell mutual fund units in the Greek market through their representatives. Seven UCITS originated from Luxemburg and five from France. Finally, in 2004 the Hellenic Capital Market Commission approved the sale of shares from 92 foreign mutual funds.

Developments in the European Mutual Fund Market

According to FEFSI statistics, during the first nine-months of 2004 the total net assets of mutual funds in European markets increased by 7.6%. During the same period, the total net assets of UCITS mutual funds increased by 7.8%, mainly because of the increase in the total

TABLE 31

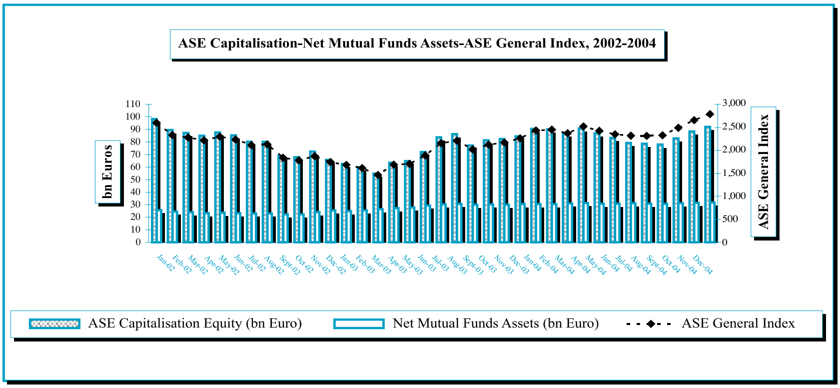
Net Asset Value and Number of Units of Mutual Funds, Dec 2004

Mutual Fund Classification	Type of M/F	Net Asset Value 31.12.2004 (euros)	Annual Change (%)	Number of Units 31.12.2004	Annual Change (%)
	Domestic	15,145,749,240	-3.13	2,892,706,000	-2.61
Money Market	Foreign	0	-	0	-
	International	284,148,300	87.41	32,492,000	125.51
	Domestic	5,358,419,340	4.86	852,708,000	7.11
Bond	Foreign	1,059,432,750	41.52	169,749,000	37.25
	International	1,204,067,780	76.60	247,156,000	51.97
	Domestic	4,323,048,840	3.31	678,918,000	-8.07
Equity	Foreign	802,442,740	29.10	179,645,000	15.34
	International	42,857,760	-8.06	16,982,000	-14.38
	Domestic	2,860,250,010	-6.36	431,554,000	-9.89
Mixed	Foreign	92,487,740	757.21	22,245,000	664.46
	International	474,402,330	210.09	99,664,000	407.86
Total		31,647,306,830	4.11	5,623,819,000	2.57

Source: Union of Greek Institutional Investors, HCMC

FIGURE 16

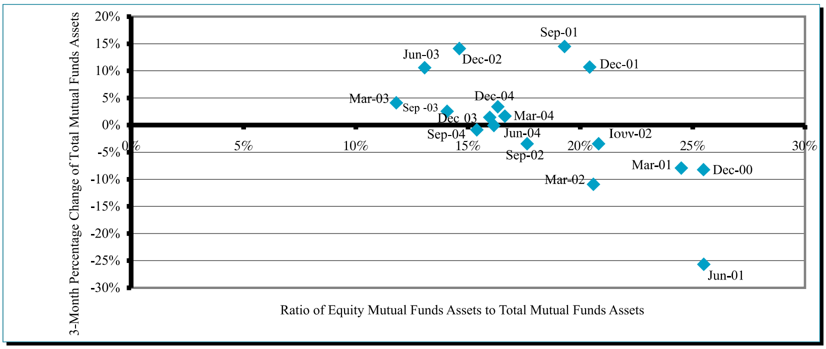
Net Mutual Fund Asset Value, ASE Capitalization and the ASE General Index, 2004



Source: Union of Greek Institutional Investors, HCMC

FIGURE 17

The Make-Up of the Capital Market and the Total Mutual Funds Asset Value, 2001-2004



Source: Union of Greek Institutional Investors, HCMC

TABLE 32

New Foreign UCITS in the Greek Capital Market, 2001-2004

YEAR	UCITS covered by Directive 85/611/EEC		UCITS not covered by Directive 85/611/EEC	
	No of UCITS	Number of M/F	No of UCITS	Number of M/F
2004	12	92	0	0
2003	4	115	2	2
2002	6	246	0	0
2001	18	316	3	11

Source: HCMC

assets of money market funds by 20.7% and in the total assets of equity funds by 8.7%. The net assets of mixed mutual funds increased by 3.1%, while the net assets of bond mutual funds increased by 3.1%. Net sales were high for all mutual fund categories during the first three quarters of 2004, the highest being those of equity funds, which reached 64 bn euros. It is noted that during the 2nd quarter of 2004, mixed mutual funds suffered net outflows of 6 bn euros, and during the 2nd and 3rd quarters of 2004 money market funds suffered net outflows of 7 bn euros.

These changes in net assets during the first three quarters of 2004, did not produce any major reshuffling in the market shares of European UCITS mutual funds, which were the following: equity funds held a market share of 34.1%, as compared to 33.5% in 2003, mixed funds held a share of 13%, as compared to 13.5% in 2003, bond funds held a share of 27.1%, as compared to 29.9% in 2003, and money market funds held a share of 21.9%, as compared to 19.4% in 2003. The above figures do not include Irish mutual funds, for which there is no classification.

France, Luxembourg and Italy, dominate the European UCITS mutual fund market, with a combined market share of 58.9%, followed by the United Kingdom and Ireland. The non-UCITS markets are dominated by four product types: German Special Mutual Funds, exclusively addressed to institutional investors, British investment trusts, French employee insurance funds and real estate funds. During the first three quarters of 2004, the total net assets of non-UCITS mutual funds increased by 6.9%; real estate funds and French employee insurance funds registered the largest net asset increases by 6.8% and 4.8% respectively.

Developments in the Activity of Portfolio Investment Companies

In the end of 2004, the shares of twenty Portfolio Investment Companies (PIC) were traded in the Athens Stock Exchange, with a total market capitalization of 1.23 bn euros, as compared to 1.3 bn euros for the twenty two companies that were listed by the end of 2003, and 1.4 bn euros for twenty four companies listed by the end of 2002.

TABLE 33

Net Asset Value of UCITS, 2003-2004

Mutual Fund Classification	30.9.2004 Net asset value (billion Euros)	30.9.2004 % of total	30.6.2004 Net asset value (billion Euros)	31.3.2004 Net asset value (billion Euros)	31.12.2003 Net asset value (billion Euros)
Equity	1,269	34.1%	1,288	1,269	1,167
Mixed	485	13.0%	487	490	470
Funds of Funds	61	1.6%	69	69	60
Bond	1.009	27.1%	979	980	1.041
Money Market	816	21.9%	826	825	676
Other	83	2.2%	84	78	71
Total (1)	3,723	100.0%	3,733	3,711	3,485
Incl. Ireland	4,054		4,058	4,026	3,760

Source: FEFSI
Note: 1. Excluding Ireland for which there is no detailed information.

TABLE 34

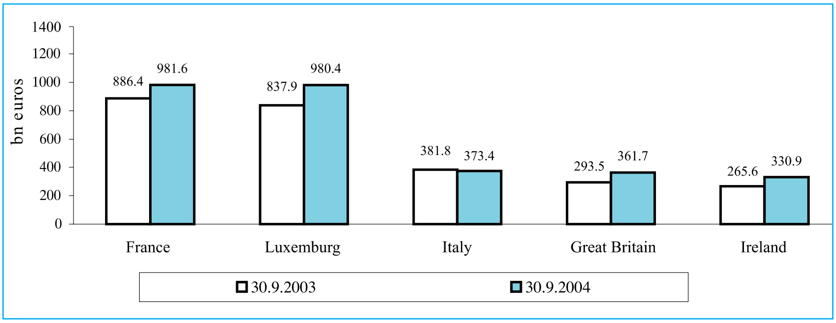
Top-5 E.U. Countries in Net Mutual Fund Asset Value, 30.9.2004

Country	30.9.2004 Net asset value (mn euro)	30.9.2004 % of the total in the EU market	31.12.2003 Net asset value (mn euro)	31.12.2003 % of the total in the EU market
France	981,600	24.21%	909,300	24.19%
ΑLuxembourg	980,373	24.18%	874,198	23.25%
Italy	373,410	9.21%	386,759	10.29%
Un. Kingdom	361,728	8.92%	329,694	8.77%
Ireland	330,907	8.16%	285,372	7.59%
Total	3,028,018	74.68%	2,785,323	74.09%

Source: FEFSI

FIGURE 18

Top-5 E.U. Countries in Mutual Fund Asset Value, 30.9.2003 - 30.9.2004



Source: FEFSI

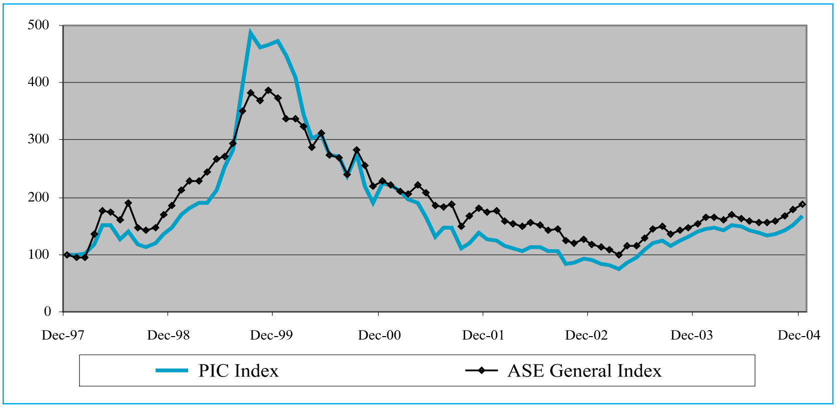
In the end of the year, the total net asset value of these companies amounted to 1.34 bn euros, as compared to 1.41 bn euros in 2003 and 1.7 bn euros in 2002. By the end of 2004, net assets, adjusted to take into account the companies that were absorbed during the year, and subtracting the companies listed during the year, amounted to 1.52 bn euros, registering an annual increase of 7.5%. PIC shares traded at an average weighted discount of 5.73%, as compared to a premium of 5.2% by the end of 2003 and a discount of 15% by the end of 2002. By the end of 2004, the average weighted return of portfolio investment companies was 12.24% and the average return was 0.84%. Since the beginning of the year the investment companies' index increased by 18.69%, while the General Index of the ASE rose by 23.09% (Figure 19).

In 2004 the HCMC revoked the licenses of one company because of dissolution and liquidation, and approved the mergers of four companies by absorption. More specifically, Commercial Investment SA with assets of 107 million euros was absorbed by Emboriki Bank, Marfin Classic SA with assets of 135 million euros was absorbed by Comm Group, Alpha Trust Asset Manager Fund was absorbed by Alpha Trust Andromeda and Verinvest was absorbed by Marfin Global Investments, while Magna Trust Investments proceeded to dissolution and liquidation.

In 2004, one company, the Global New Europe Fund, listed its shares in the Main Market of the ASE, raising 13.15 million euros, while none of the listed companies proceeded to share capital increases through the payment of cash. By the end of 2004, five portfolio investment companies were still remaining out of the stock market.

FIGURE 19

The Evolution of the ASE General Index and the PIC Index, 1998-2004



The Portfolio Structure of Portfolio Investment Companies

In the end of September 2004, the total value of PIC portfolios amounted to 1,405.94 million euros, as compared to 1,756.20 million euros in the end of September 2003, decreasing by 19.94% year-on-year. In the first quarter of 2004, total portfolio value decreased by 6.67%, in the second quarter it had decreased by 0.35% and in the third quarter it increased by 0.53%.

In 2004, the activity of portfolio investment companies involved extended portfolio restructuring. Table 35 presents the portfolio structure of the portfolio investment companies listed, or about to be listed, in the ASE. In September 2004, placements in ASE-listed shares accounted for 55.91% of total portfolio value, as compared to 55.23% in September 2003 and 63.24% in December 2003. In the period September 2003-September 2004, the value of investments in ASE-listed shares decreased by 18.96%, while the General Index of the ASE rose by 15.27%, the FTSE/ASE20 index rose by 24.54%, and the FTSE/ASE Mid40 and FTSE/ASE80 indices fell by 9% and 20.86% respectively. In September 2004, placements in foreign equities accounted for 10.43% of total portfolio value, as compared to 5.46% in September 2003 and 8.21% in December 2003, increased by 53.11% since September 2003 and by 18.76% since December 2003. In September 2004, placements in non-listed shares accounted for 0.58% of total portfolio value, as compared to 1.20% in September 2003 and 1.02% in December 2003. In September 2004, placements in bonds and mutual funds accounted for 5.39% of total portfolio value, as compared to 8.86% in September 2003 and 6.97% in December 2003. In September 2004, placements in cash and repos accounted for 29.25% of total portfolio value, as compared to 27.69% in September 2003 and 20.55% in December 2003.

The development of the portfolio structure of portfolio investment companies for the period Dec. 1998-Sept. 2004 shows that, by the end of this period, placements in ASE-listed shares represented a small a percentage of total portfolio value, while investments in cash and repos, accounted for an historically high percentage. Moreover, in 2004 placements in foreign equities accounted for the first time for over 10% of the total portfolio value of PICs.

Institutional Investor Activity in the Derivatives Market

In 2004, institutional investors increased their activity in the derivatives market. In the third quarter of the year, mutual fund placements in derivatives amounted to 2.21 bn euros, increased by 20.50% as compared to the corresponding period of 2003 (Table 36). In September 2004 these investments represented 9.22% of the net assets of the mutual funds that invested in derivatives, as compared to 14.91% in September 2003 and 11.98% in December 2003.

In September 2004, portfolio investment company placements in derivatives amounted to 194.5 thousand euros, registering an increase of 123.87% as compared to the corresponding period of 2003 (Table 37). In September 2004, these investments represented 16.25% of the companies own capital, as compared to 7.89% in September 2003 and 7.23% in December 2003.

TABLE 35

Portfolio Structure of Portfolio Investment Companies, 1998-2004

	Shares of ASE-listed companies		Shares of non-listed companies		Mutual fund shares and bonds		Foreign Equities		Cash & Repos	
Quarter/ Year	Value (euro)	% of total	Value (euro)	% of total	Value (euro)	% of total	Value (euro)	% of total	Value (euro)	% of total
Sep-04	786,043,823	55.9	8,163,674	0.6	75,776,993	5.4	146,705,293	10.4	389,247,478	27.7
Jun-04	837,257,838	59.9	8,154,672	0.6	85,059,152	6.1	154,077,118	11.0	314,007,944	22.5
Mar-04	919,144,286	65.5	8,288,361	0.6	85,981,522	6.1	184,010,768	13.1	206,110,790	14.7
Dec-03	951,130,467	63.2	15,316,351	1.0	104,812,642	7.0	123,533,989	8.2	309,122,417	20.6
Sep-03	969,911,721	55.2	21,090,561	1.2	155,681,907	8.9	95,814,685	5.5	513,699,238	29.3
Jun-03	959,890,303	57.1	21,342,628	1.3	140,877,328	8.4	124,488,072	7.4	434,376,831	25.8
Mar-03	800,682,842	55.9	23,729,213	1.7	151,625,248	10.6	118,395,815	8.3	337,218,910	23.6
Dec-02	998,544,781	61.6	23,982,934	1.5	115,944,476	7.2	135,095,027	8.3	347,861,296	21.5
Sep-02	1,180,101,243	62.4	73,865,125	3.9	140,780,181	7.5	132,433,614	7.0	363,195,291	19.2
Jun-02	1,480,581,075	66.4	76,401,919	3.4	109,729,778	4.9	151,763,219	6.8	410,953,028	18.4
Mar-02	1,623,012,223	70.0	79,301,056	3.4	109,520,679	4.7	156,450,788	6.8	350,975,339	15.1
Dec-01	1,794,795,933	72.3	102,081,693	4.1	89,328,166	3.6	152,019,483	6.1	342,896,397	13.8
Sep-01	1,386,488,156	67.0	114,852,039	5.6	73,572,056	3.6	125,095,822	6.0	369,844,726	17.9
Jun-01	1,751,883,358	71.7	119,069,134	4.9	100,029,997	4.1	166,192,424	6.8	305,855,331	12.5
Mar-01	1,976,439,443	68.8	117,479,276	4.1	88,172,928	3.1	144,318,466	5.0	547,523,162	19.1
Dec-00	2,222,303,236	71.5	111,955,154	3.6	122,098,616	3.9	160,202,699	5.2	491,401,809	15.8
Sep-00	2,786,542,076	74.4	104,819,780	2.8	100,314,162	2.7	171,304,166	4.6	584,588,294	15.6
Jun-00	2,689,366,183	71,6	104,227,972	2.8	117,287,330	3.1	155,216,242	4.1	692,471,215	18.4
Mar-00	2,890,894,437	69.6	103,548,139	2.5	219,460,706	5.3	147,023,651	3.5	793,883,405	19.1
Dec-99	2,827,316,684	75.9	94,036,409	2,5	32,799,209	0.9	96,072,272	2.6	673,383,700	18.1
Sep-99	2,347,463,352	84.3	44,573,116	1.6	45,683,002	1.6	71,151,486	2.6	276,871,459	9.9
Jun-99	1,456,406,630	77.9	21,092,959	1.1	66,220,179	3.5	71,982,571	3.9	253,522,586	13.6
Mar-99	935,920,847	72.7	18,871,745	1.5	33,223,972	2.6	54,427,048	4.2	244,552,107	19.0
Dec-98	740,516,933	75.0	15,320,182	1.6	59,738,868	6.1	47,652,064	4.8	124,409,081	12.6

Source: HCMC
Note: 1. The above analysis includes data concerning companies whose shares were either already being traded in the ASE on December 31st, 2004, or had been approved for listing by the HCMC. Therefore, the above analysis includes data for the following companies: Aeolian Investment Funds SA, Attiki Investments SA, Active Investments SA, Alpha Portfolio Investments SA, Alpha Trust Andromeda, Alpha Trust Asset Manager Fund, Alpha Trust Orion, Altius, Arrow, Aspis Invest SA, Omega SA, Dias SA Investment Company, Domus Closed End Fund SA, National Investment SA, Hellenic Investment SA, Commercial Investment SA, Exelixi SA, Investment Development Fund, Ergo Invest SA, Eurodynamic Closed End Fund SA, Euroline SA, Global New Europe Fund, Interinvest International Investments, Marfin Classic SA, Marfin Global Investments SA,New Millennium SA, Nexus Investment, Optima SA, P&K SA, Piraeus Investment SA, The Greek Progress Fund SA, Standard Investment SA and Farai Investment Co.

TABLE 36

Mutual Fund Investment on Derivatives, 2001-2004

End of Quarter	Absolute value of position on derivatives (euro)	Absolute value of position on derivatives (% of assets)	Gains / Losses (euro)
3rd Quarter 2004	2,206,051,166	9.22%	-10,640,795
2nd Quarter 2004	2,099,349,517	8.63%	51,576,944
1st Quarter 2004	2,587,152,357	10.60%	-46,141,264
4th Quarter 2003	2,591,048,186	11.98%	28,148,121
3rd Quarter 2003	1,830,795,801	14.91%	4,227,805
2nd Quarter 2003	2,232,022,819	10.79%	-14,274,272
1st Quarter 2003	1,719,168,837	10.61%	-7,262,240
4th Quarter 2002	1,462,288,622	8.40%	23,467,248
3rd Quarter 2002	1,102,462,102	7.09%	-7,796,429
2nd Quarter 2002	1,329,785,038	7.94%	5,859,696
1st Quarter 2002	953,982,414	7.23%	707,904
4th Quarter 2001	783,945,848	5.91%	10,024,880
3rd Quarter 2001	670,887,540	5.03%	1,540,379
2nd Quarter 2001	1,106,847,848	8.21%	-1,627,693
1st Quarter 2001	703,731,902	5.12%	3,278,772

Source: HCMC

TABLE 37

Portfolio Investment Company Investment on Derivatives, 2001-2004

End of Quarter	Value of position on derivatives (euro)	Value of position on derivatives (euro)	Gains / Losses (euro)
3rd Quarter 2004	194,499,988	16.25%	1,978,154
2nd Quarter 2004	169,931,710	14.13%	1,536,923
1st Quarter 2004	113,990,721	9.21%	1,530,461
4th Quarter 2003	84,604,724	7.23%	436,133
3rd Quarter 2003	86,879,115	7.89%	2,910,027
2nd Quarter 2003	98,218,767	8.51%	-473,970
1st Quarter 2003	96,099,169	5.14%	257,771
4th Quarter 2002	80,974,822	3.36%	3,405,621
3rd Quarter 2002	124,602,151	6.33%	-3,902,468
2nd Quarter 2002	67,764,316	2.70%	2,234,410
1st Quarter 2002	94,798,312	3.77%	1,562,640
4th Quarter 2001	43,711,727	1.74%	-2,296,656
3rd Quarter 2001	74,098,112	2.95%	4,772,068
2nd Quarter 2001	47,267,147	1.88%	-1,723,921
1st Quarter 2001	72,117,296	2.87%	696,670

Source: HCMC

PART THREE

ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

Rules and Regulations

In 2004, the Board of Directors of the Hellenic Capital Market Commission, having obtained the necessary authorization, issued many rules and regulations. There rules and regulations were directed towards the enhancement of service quality and investor protection, the safe-guarding 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 2004:

Quality of Services and Investor Protection

- HCMC Rule 2/306/22.06.2004 (Gazette B 1029/08.07.2004): "Segregation of client and investment firm funds." The rule sets that when investment firms hold client funds, they are required to keep them in a special bank account, separated from the firms own funds, stating that this account concerns client funds.
- HCMC Rule 24/318/23.11.2004 (Gazette B 1843/13.12.2004): "Amendment of HCMC Rule 2/132/19.05.1998 (Gazette _ 615/18.06.1998) 'Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Firms'." The rule amends paragraph 11, article 9 of 2/132/19.05.1998 (Gazette 615/18.06.1998), concerning the obligation of mutual fund management firms to inform their share holders.
- HCMC Rule 1/294/19.02.2004 (Gazette B 483/05.03.2004): "Syllabus, terms and conditions for the participation of capital market participants in special exams for the acquisition of professional certification according to article 4 of law 2836/2000." The rule sets the syllabus, the terms and conditions for the participation of capital market participants in special exams for the acquisition of professional certification. Moreover, CMC rules 4/213/28.3.2001 (Gazette _ 480/26.04.2001), 4/252/18.9.2002 (Gazette _ 1262/26.09.2002) and 2/273/10.6.2003 (Gazette _ 852/27.06.2003) are abolished.
- HCMC Rule 2/294/19.02.2004 (Gazette B 483/05.03.2004): "Syllabus, terms and conditions for the appointment of investment firms-ASE members representatives." The rule sets the syllabus, the terms and

conditions for the appointment of investment firms-ASE members representatives.

Capital Market Transparency

- HCMC Rule 6/306/22.06.2004 (Gazette 1029/08.07.2004): "Terms and conditions for book building and the allocation of shares in public offering in the Main and Parallel markets of the ASE." The rule sets the terms and conditions regarding book building and the allocation shares in public offerings in the Main and Parallel markets of the ASE.
- HCMC Rule 7/306/22.06.2004 (Gazette 1029/08.07.2004): "Terms and conditions regarding the allocation of IPO securities in the New Market of the Athens Stock Exchange and the Greek Market of Emerging Capital Markets." The rule sets the aforementioned terms and conditions.
- HCMC Rule 2/317/11.11.2004 (Gazette B 1746/26.11.2004): "Quarterly mutual fund investment lists according to Law 3283/2004." The rule sets that mutual fund management firms prepare a list containing the investments of the mutual fund for each calendar quarter, on the basis of the example attached to the rule, and submit the investment list to the HCMC, release it to the public and upload it on their websites within 10 calendar days after the end of each semester.
- HCMC Rule 1/319/9.12.2004 (Gazette B 1884/20.12.2004): "Amendment of HCMC Rule 5/204/14.11.2000 (Gazette _ 1487/06.12.2000) 'Code of Conduct for listed companies.'" The rule amends article 16 of the said rule, concerning the annual report.

Smooth Operation and Liquidity of the Capital Market

- HCMC Rule 1/291/22.01.2004 (Gazette B 1/291/22.01.2004): "Additional Contributions to the Transaction Clearing Fund of the Athens Stock Exchange." The rule sets that the foreseen contribution of Athens Stock Exchange members to the Transaction Clearing Fund, according to the decision 106/13-5-1997/Par. 4 that is equal to 0,01 percent of the value of daily transactions, is extended until 31.12.2004.
- HCMC Rule 2/291/22.01.2004 (Gazette B 300/11.02.2004): "Amendment of articles 3, 5 and 8 of CMC Rule 2/213/28.3.2001 (Gazette 480/26-4-2001) 'Provision of credit by the ASE members and other adjustments to clients (margin account).'" The rule introduces amendments to the aforementioned CMC Rule 2/213/28.3.2001 (Gazette _/480/26.04.2001).

- HCMC Rule 18/291/22.01.2004 (Gazette B 486/05.03.2004): "Fixing of the fluctuation limits of share prices, block of trades and clearing entries." The rule sets the fluctuation limits of share prices, block trades and clearing entries.
- HCMC Rule 3/294/19.02.2004 (Gazette B 473/05.03.2004): "Amount of the Common Guarantee Fund for the year 2004." The rule sets the total amount of the Common Guarantee Fund for the year 2004 to 187 million euros.
- HCMC Rule 14/300/06.05.2004 (Gazette B 795/27.05.2004): "Appointment of the Common Guarantee fund as the administrator and depository of the Supplementary Fund for Clearing at the ASE." The rule sets the Common Guarantee Fund as an administrator and depository of the Supplementary Fund for the Clearing at the Athens Stock Exchange.
- HCMC Rule 15/300/06.05.2004 (Gazette B 795/27.05.2004): "Appointment of a member of the Board of Directors of the Common Guarantee Fund." The rule appoints a member and Chairman of the Board of Directors of the Common Guarantee Fund.
- HCMC Rule 1/302/26.05.2004 (Gazette B 900/16.06.2004): "Minimum share capital requirements of Investment firms." The rule sets that the minimum amount of the share capital of an Investment Firm that is paid in cash, is adjusted to six hundred thousand (600,000) euros. The minimum share capital requirement for the execution of over-the-counter agreements by investment firms is adjusted to nine hundred thousand (900,000) euros.
- HCMC Rule 2/302/26.05.2004 (Gazette B 900/16.06.2004): "Specification of the number of stock market representatives of investment firms." The rule sets that the number of investment firm-ASE members representatives employed by each investment firm may be specified freely, according to the firm's needs, by decision of the firm's Board of Directors. Moreover, in any case investment firms must employ at least one representative.
- HCMC Rule 3/302/26.05.2004 (Gazette B 900/16.06.2004): "Minimum size requirement for the listing of company shares to the main market of the ASE", as amended by CMC Rule 15/315/26.10.2004. This rule sets the minimum amount of own capital required for the submission of company applications for the listing of their shares in the main market of the ASE, which must be twelve million (12,000,000) euros. This condition does not apply to the listing of additional series of shares, of the same type with those already listed.
- HCMC Rule 4/302/26.05.2004 (Gazette B 900/16.06.2004): "Minimum

amount of net book value for the listing of bonds in the main market of the ASE.” The rule sets the amount of net book value required for the submission of company applications for the listing of their bonds in the main market of the ASE, which, according to the last balance sheet published prior to the issuance of the bond, must be three million (12,000,000) euros.

- HCMC Rule 5/302/26.05.2004 (Gazette B 900/16.06.2004): “Minimum size of corporate bonds”. The rule sets the minimum amount required for the listing of corporate bonds in the main market of the ASE to two hundred thousand (200,000) euros.
- HCMC Rule 1/304/10.06.2004 (Gazette B 900/16.06.2004): “Approval of the Rulebook of Athens Stock Exchange SA”. The rule approves the Rulebook of Athens Stock Exchange SA that was adopted at the 08.06.2004 meeting of the Board of Directors of the ASE.
- HCMC Rule 5/304/10.06.2004 (Gazette B 900/16.06.2004): “Amendment of the terms for share blocking in the New Market.” The rule sets the percentages concerning share blocking in the New Market, the duration of this constraint and the terms and condition for its gradual removal.
- HCMC Rule 6/304/10.06.2004 (Gazette B 900/16.06.2004): “Adjustment of the minimum share capital of Investment Firms.” The rule readjusts the minimum share capital of investment firms, provided for by article 28, paragraph 1, verse 1 of Law 2396/1996 (Gazette 73 A/30.04.1996) to six hundred thousand (600,000) euros. The minimum share capital of investment firms provided for by article 28, paragraph 1, verse 2 of Law 2396/1996 (Gazette 73 A/30.04.1996) for the provision of underwriter services, is adjusted to three million (3,000,000) euros.
- HCMC Rule 7/304/10.06.2004 (Gazette B 900/16.06.2004): “Adjustment of the minimum share capital of Brokerage Firms providing underwriter services at public offerings.” The rule readjusts the minimum share capital of brokerage firms, provided for by article 26, paragraph 1, of Law 1806/1988 (Gazette 207A/20.09.1988) for the provision of underwriter services at public offerings to three million (3,000,000) euros.
- HCMC Rule 9/304/10.06.2004 (Gazette B 900/16.06.2004): “Emerging markets in which Emerging Market Investment Funds may invest their assets.” The rule specifies the markets in which Emerging Market Investment Funds are allowed to invest their assets.
- HCMC Rule 10/304/10.06.2004 (Gazette B 900/16.06.2004): “Emerging markets in which Emerging Market Portfolio Investment Firms may invest their cash.” The rule specifies the markets in which Emerging Market Portfolio Investment Firms are allowed to invest their cash.

- HCMC Rule 2/305/18.06.2004 (Gazette B 1360/03.09.2004): "Operation of the parallel market of the stock exchange, as provided for by article 32 Law 1806/1988 (Gazette A 207)." The rule specifies the terms and conditions for the listing of shares and bonds in the Parallel market, along with the place and time for the public sessions of the parallel market, and the reasons for the suspension of trading and the delisting of company shares from the parallel market.
- HCMC Rule 1/306/22.06.2004 (Gazette B 1029/08.07.2004): "Amendment of article 2 of CMC Rule 2/213/28.3.2001 (Gazette 480/26.04.2001) 'Provision of credit by the ASE members and other adjustments to clients (margin account).'" The rule amends article 2 of CMC Rule 2/213/28.3.2001 (Gazette 480/26.04.2001) 'Provision of credit by the ASE members and other adjustments to clients (margin account).'
- HCMC Rule 7/308/15.07.2004 (Gazette B 1124/23.07.2004): "Abolishment of paragraph 1 of CMC Rule 4/106/13.05.1997 (Gazette B/417/23.05.1997), concerning the payment of additional contributions to the Supplementary Fund for the Clearing at the Athens Stock Exchange." The rule abolishes CMC Rule 4/106/13.05.1997 (Gazette B/417/23.05.1997, as amended by CMC Rule 2/291/22.01.2004 (Gazette B 300/11.02.2004).
- HCMC Rule 8/308/15.07.2004 (Gazette B 1124/23.07.2004): "Amendment of CMC Rule 8/304/10.06.2004 (Gazette B/900/16.06.2004) on the Rights of ASE members and the contribution of ASE members to the Supplementary Fund for the Clearing at the Athens Stock Exchange." The rule abolishes verse 2 of the first paragraph and verse 2 of the second paragraph of article 1 of CMC Rule 8/304/10.06.2004 (Gazette B/900/16.06.2004).
- HCMC Rule 2/316/29.10.2004 (Gazette 1671/11.11.2004): "Transitional provision on the tax audit requirements of CMC Rule 2/305/18.06.2004 (Gazette /1360/03.09.2004) 'Operation of the parallel market of the stock exchange, as provided for by article 32 Law 1806/1988 (Gazette A 207).'" The rule establishes a transitional provision concerning the tax audit requirements of the aforementioned CMC Rule.
- HCMC Rule 1/317/11.11.2004 (Gazette B 1746/26.11.2004): "Classification of mutual funds according to Law 3283/2004." The rule redefines the classification of mutual funds.
- HCMC Rule 2/319/9.12.2004 (Gazette B 1884/20.12.2004): "Amendment of CMC Rule 18/291/22.1.2004 (Gazette B 486/05.03.2004) 'Fixing of the fluctuation of share prices, block trades and clearing entries'." This rule adjusts share price fluctuation limits.

- HCMC Rule 4/319/09.12.2004 (Gazette B 1884/20.12.2004): The rule approves three amendments to the Athens Stock Exchange Rulebook. The first concerns the extension by 15 minutes of the specific period of the sessions of the ASE spot market, during which transactions are executed at the closing price. The second concerns the placement of shares of companies showing negative own capital under suspension of trading status. The third concerns the obligation of listed companies to announce the dividend cutout date and the payment period of dividends to the General Meeting.

Efficiency of the Transactions Clearing and Settlement System

- HCMC Rule 1/295/01.03.2004 (Gazette B 483/05.03.2004): "Amendment of the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System." The rule amends CMC Rule 2/154/16.3.1999 (Gazette B 900/26.05.1999) on the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.
- HCMC Rule 2/304/10.06.2004 (Gazette B 900/16.06.2004): "Approval of the Regulation for the Clearing of Transactions on Dematerialized Securities." The rule ratifies the "Regulation for the Clearing of Transactions on Dematerialized Securities" dated 26.5.2004.
- HCMC Rule 3/304/10.06.2004 (Gazette B 900/16.06.2004): "Rulebook of the Dematerialized Securities System." The rule sets the Rulebook of the Dematerialized Securities System."
- HCMC Rule 4/304/10.06.2004 (Gazette B 900/16.06.2004): "Approval of the Regulation For The Clearing of Transactions on Derivatives." The rule ratifies the "Regulation For The Clearing of Transactions on Derivatives" adopted on 28.05.2004 at meeting No. 108 of the Board of Directors of the ADECH.
- HCMC Rule 8/304/10.06.2004 (Gazette B 900/16.06.2004): "Rights of ASE members and the contribution of ASE members to the Supplementary Fund for the Clearing at the Athens Stock Exchange." The rule sets the rights of ASE members, as well as the contribution of ASE members to the Supplementary Fund for the Clearing at the Athens Stock Exchange.
- HCMC Rule 3/319/09.12.2004 (Gazette B 1884/20.12.2004): "Amendment of the Regulation For The Clearing of Transactions on Derivatives." The rule approves an amendment of the Regulation For The Clearing of Transactions on Derivatives concerning the minimum margin paid to the ADECH by members of the derivatives market that are not ADECH members (non-clearing members).

Licensing

The work of the Hellenic Capital Market Commission in the field of licensing during 2004, includes the following:

Investment Firms-ASE Members

- Granted expansions of license to five (5) investment firms-ASE members.
- Approved of the absorption of one (1) investment firm-ASE member by a credit institution.
- Revoked the licenses of two (2) investment firms-ASE members.
- Approved the merger through absorption of one (1) investment firm-ASE member by one (1) investment firm-ASE member.
- Approved the appointment of stock exchange representatives of investment firms-ASE members in twenty eight (28) cases.
- Approved the operation of subsidiaries of one (1) investment firm-ASE member.
- Approved the operation of the local representative offices of three (3) investment firms-ASE members.
- Approved the modification of the charters of four (4) investment firms-ASE members.
- Approved of share capital increases of investment firms-ASE members in thirteen (13) cases (concerns 11 firms).
- Approved of share capital decreases of four (4) investment firms-ASE members.
- Approved of the transfer of shares of investment firms-ASE members in two (2) cases.
- Approved of changes in board composition of investment firms-ASE members in twenty five (25) cases (concerning 21 firms).
- Approved of the replacement of the head of investment firms-ASE members branches in four (4) cases (concerns 3 firms).
- Approved of the participation of investment firms-ASE members in the share capital of other companies in two (2) cases.
- Approved overseas operation for five (5) investment firms-ASE members.

Investment Firms-non ASE Members

- Approved of the dissolution of three (3) investment firms-non ASE members.
- Approved of the absorption of one (1) investment firm-non ASE member by one (1) investment firm-ASE member, and of two (2) investment firms-non ASE members by one (1) investment firm-non

ASE member.

- Approved of changes in the purpose of two (2) investment firms-non ASE members.
- Granted expansion of license to one (1) investment firm-non ASE member.
- Approved the operation of subsidiaries of one (1) investment firm-non ASE member.
- Approved the modification of the charters of eight (8) investment firms-non ASE members.
- Approved of share capital increases of investment firms-non ASE members in five (5) cases.
- Approved of the share capital decrease of one (1) investment firm-non ASE member.
- Approved of the transfer of shares of investment firms-non ASE members in five (5) cases.
- Approved of changes in the board composition of investment firms-non ASE members in fourteen (14) cases (concerning 13 firms).
- Approved of the replacement of the head of one (1) investment firm-non ASE member branch.
- Approved the overseas operation of one (1) investment firm-non ASE member.

Mutual Fund Management Firms

- Approved of eight (8) new mutual funds.
- Approved of the modification of the internal regulations of one hundred and nine (109) mutual funds.
- Approved the merger of eight (8) mutual funds.
- Approved mutual fund investments in bonds in four (4) cases.
- Approved of the modification of the charter of six (6) firms.
- Approved of share capital changes in five (5) firms.
- Approved of the appointment of new board members in twenty one (21) cases.
- Approved of share transfers of six (6) firms.

Portfolio Investment Companies

- Approved of the modification of the charter of four (4) PICs.
- Revoked the license of one (1) PIC because of dissolution.
- Approved of the appointment of new board members in eleven (11) PICs.
- Approved of share capital increases of ten (10) PICs.
- Approved of share capital decreases of eleven (11) PICs.
- Approved investments in “prometoha” for one (1) PIC.

Real Estate Investment Companies

- Approved of the appointment of new board members in one (1) firm.
- Approved of the share capital increase of one (1) firm.

Initial Public Offerings

- Approved of the initial public offering of shares of four (4) new firms in the Main Market of the ASE. The above approvals include the re-approval of the listing of one (1) firm that was granted approval in 2003, by simultaneously revoking the approval previously granted.
- Approved of the initial public offering of shares of four (4) new firms in the Parallel Market of the ASE. The above approvals include the re-approval of the listing of two (2) firms that were granted approval in 2003, by simultaneously revoking the approvals previously granted.
- Approved of the initial public offering of shares of two (2) new firms in the New Market of the ASE. The above approvals include the re-approval of the listing of one (1) firm that was granted approval in 2003, by simultaneously revoking the approval previously granted.
- Approved the initial public offering via Greek Depository Certificates of one (1) firm in the Greek Market of Emerging Capital Markets of the ASE. The above approval includes the re-approval of the listing that was approved in 2003, by simultaneously revoking the approval previously granted.
- Decided to revoke permanently the approvals granted to three (3) firms regarding their listing in the Parallel market of the ASE.
  Initial Public Offerings with no Listing in the ASE
- Approval of the public offering of bonds of one (1) firm, without the listing of the bonds in the ASE.

Take-over Bids

- Approval of four (4) company Prospectuses regarding take-over bids in the capital market.

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 whenever deemed necessary. The responsibility for the first task rests with the Directorate of Research, Certification and Information Systems, whilst the responsibility for the second task rests with the three supervising Directorates:

the Directorate of Licensing and Supervision of Capital Market Intermediaries, the Directorate of Public Offerings and Supervision of Listed Companies and the Directorate of Monitoring and Auditing of Capital Market Transactions.

The supervising Directorates act on the basis of regular and ad hoc audits concerning the functioning procedures of all supervised entities, with the purpose of ascertaining the degree of compliance with the relevant legislation, as well as with the rules and regulations issued by the Commission, including the Codes of Conduct.

During 2004, the Hellenic Capital Market Commission continued its auditing work in all areas. 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. The audits that were performed during 2004 covered all capital market entities. There were multiple audits on investment firms, mutual fund management firms, firms for the receipt and the transmission of orders, listed companies, and stock exchange transactions.

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 licenses of two (2) investment firms-ASE members and three (3) investment firms-non ASE members because of dissolution and liquidation.
- Revoked the license of one (1) investment firm-non ASE member for failing to conform with the requirements of articles 32-38 of Law 2396/1996 on capital adequacy.
- Revoked the license of one (1) investment firm-non ASE member because of change of purpose.
- Revoked the licenses of one hundred and thirty six (136) firms that receive and transmit orders, under the power of paragraph 6 article 30 of law 2396/1996.
- Temporarily revoked the licenses of sixteen (16) firms that receive and transmit orders, under the power of paragraph 1, article 7 of law 2836/2000.

Fines

Investment firms-members and non members of the ASE

- A fine was levied on one (1) investment firm-ASE member for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.

- Fines were levied on two (2) investment firms-ASE members for exploiting client funds for their own benefit.
- A fine was levied on one (1) investment firm-ASE member for violating paragraph 6 of article 29 of Law 2579/1998 on the possession of securities not tradable in organized markets on own account.
- A fine was levied on one (1) investment firm-ASE member for violating article 3 of Law 2651/1998 on the public offering of shares.
- Fines were levied on two (2) investment firms-ASE members for violating paragraph 15 of article 15 of Law 3632/1928 on short selling.
- A fine was levied on one (1) investment firm-ASE member for violating paragraph 1 of article 20 of Law 3632/1928 on the spot settlement of trades.
- Fines were levied on three (3) investment firms-ASE members for violating CMC Rule 6c/86/15.10.1996, on the keeping of books and records for the provision of services concerning portfolio management and stock exchange intermediation.
- A fine was levied on one (1) investment firm-ASE member for violating CMC Rule 6c/86/15.10.1996, on the conditions regarding the granting of licenses for the provision of services concerning portfolio management and stock exchange intermediation.
- Fines were levied on three (3) investment firms-ASE members for violating CMC Rule 6c/104 /8.4.1997, on the supervision and monitoring of Large Financial Exposures of Investment Firms.
- A fine was levied on one (1) investment firm-ASE member for violating CMC Rule 5/108/27.5.1997 on money laundering.
- Fines were levied on two (2) investment firms-ASE members for violating CMC Rule 9/201/10.10.2000 concerning the terms and conditions regarding book building and the allocation of shares in public offering in the Main and Parallel markets of the ASE.
- Fines were levied on eight (8) investment firms-ASE members for violating CMC Rule 2/213/28.3.2001 on the provision of credit by the ASE members and other adjustments to clients (margin account).
- Fines were levied on three (3) investment firms-ASE members for violating CMC Rule 16/262/6.2.2003 regulating the provision of client investment portfolio management services by investment firms.
- A fine was levied on one (1) investment firm-ASE member for violating the Regulation for the Operation of the Dematerialized

Securities System.

- Fines were levied on two (2) investment firms-ASE members for violating the Underwriters Code.
- A fine was levied on one (1) investment firm-ASE member for violating ministerial decision 6280/_508/17.5.1989 on the statutory bookkeeping obligations of ASE members.
- Fines were levied on ten (10) investment firms-ASE members for violating the Code of Conduct.
- Fines were levied on one (1) investment firm-non ASE member and one (1) investment firm-ASE member for violating article 4 of Law 1806/1988, concerning the licensing procedures for these firms.

Firms for the reception & Transmission of orders

- Fines were levied on three (3) firms for violating Law 2396/1996.
- Fines were levied on two (2) firms for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.
- A fine was levied on one (1) firm for violating CMC Rule 4/213/28.3.2001 Specification of special qualifications and procedures for the professional qualifications of persons working for Firms for the Receipt and Transmission of Orders.
- Fines were levied on six (6) firms for violating the Code of Conduct.

Mutual Fund Management Firms
and Portfolio Investment Companies

- A fine was levied on one (1) mutual fund management firm for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.
- A fine was levied on one (1) mutual fund management firm for violation CMC Rule 2/119/25.8.1992 on the rules for the advertisement and the methods for calculating mutual fund returns.
- A fine was levied on one (1) mutual fund management firm for violating the Code of Conduct.
- Fines were levied on one (1) mutual fund management firm and one (1) PIC for violating CMC Rule 3/244/16.5.2002 on the use of financial products and selected securities by mutual funds.
- Fines were levied on two (2) PICs for violating CMC Rule 4/278/18.8.2003 on the disclosure and announcement of information

according to article 12 of Law 1969/1991.

Listed Companies

- Fines were levied on three (3) listed companies for violating PD 360/1985 on the mandatory periodical disclosure of information.
- A fine was levied on one (1) listed company for violating PD 350/1985 on the definition of the conditions for the listing of securities in the ASE and the obligations of the issuing listed companies.
- A fine was levied on one (1) listed company for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.
- Fines were levied on one (1) listed company for violating CMC Rule 4/278/18.8.2003 on the disclosure and announcement of information according to article 12 of Law 1969/1991.

Legal Entities

- Fines were levied on seven (7) legal entities for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.
- A fine was levied on one (1) company for violating CMC Rule 5/204/14.11.2000 on the Code of Conduct for Listed Companies.

Individuals

- A fine was levied on one (1) individual for violation the provisions of P.D. 51/1992 on the information that must be disclosed upon the acquisition and sale of major shareholdings in listed companies.
- Fines were levied on six (6) individuals for the announcement or dissemination in any manner of inaccurate or misleading information about securities being listed or already listed in an organized stock exchange market, which may, due to their nature, affect the price of or the transactions on these securities.
- A fine was levied on one (1) individual for violating the provisions of article 4 of Law 2396/1996, according to which the provision of professional investment services is restricted to Investment Firms.
- A fine was levied on one (1) individual for violating CMC Rule 5/204/14.11.2000 on the Code of Conduct for Listed Companies.
- A fine was levied on one (1) individual for violating the Code of

Conduct.

Credit institutions.

- Proposed the levying of fines by the Bank of Greece on two (2) credit institutions for violations of the Underwriters' Code.

During 2004, the Hellenic Capital Market Commission levied fines of a total worth of 3,270,500 euros. The allocation of fines among market entities is presented in Table 38.

Indictments to Courts

- An indictment was submitted against (1) individual for opening stock exchange accounts on behalf of individuals, of which certain were deceased, and for participating in public offerings and share allocations in violation of capital market legislation.
- An indictment was submitted against the representatives of two (2) investment firms-ASE members for perpetrating offences according to article 76 par. 8 of Law 1969/1991.
- An indictment was submitted against the representatives of one (1) investment firm- ASE member for violation article 34 of law 3632/1928 and article 76 par. 8 of Law 1969/1991.
- An indictment was submitted against the representatives of a corporation for violations of article 386 paragraph 1 of the Penal Code for deceit in court and the provision of article 225 par. 2 verse a of the Penal Code for unsworn false testimony.

TABLE 38

Fines Levied per Supervised Entity, 2004

Number of Fines	Entity	Value of fines (euro)
43	Investment firms-ASE members	1,729,500
1	Investment firms-non ASE members	3,000
12	Firms for the reception & transmission of orders	380,000
4	Mutual fund management firms	155,000
3	Portfolio investment companies	14,000
6	Listed companies	103,000
8	Other legal entities	316,000
10	Individuals	570,000
Total: 87		Total: 3,270,500

Source: HCMC

Code of Conduct and Corporate Governance of ASE Listed Companies

In 2004 the implementation and supervision of the Code of Conduct for listed companies and their affiliated persons (HCMC Rule 5/204/11.12.2000) continued for a fourth consecutive year. The Code was enacted in order to enhance market transparency and ensure the provision of adequate and equitable information to investors. Among others, it imposes the timely announcement to investors of corporate investment decisions and actions that may affect the share prices of the relevant companies, the timely announcement of transactions performed by company insiders, and the recording of important periodic information by the listed companies. The Code is an important instrument of interactive communication among issuing companies and investors and, in conjunction with Law 3016/2002 on corporate governance, is the main instrument to ensure the improvement of the issuing companies' governance practices.

More specifically, in 2004 there were 278 announcements, in accordance with article 8 of the Code, concerning the disclosure of transactions performed within the "sensitive period". The distribution of the volume of announcements among the four "sensitive periods" (January, April, July, and October) shows increased concentration of announcements in January and July. The investigation of these announcements during the year led to the detection of one violation of article 8, for which a fine of 8,000 euros was levied. The substantial reduction of penalties, as compared to previous years, demonstrates the proper compliance of the provision of the responsible persons, which has increased transparency regarding transactions. Article 8 of the Code is due to be amended within 2005, in order to be appropriately adapted to the provisions of the executive measures of Directive 2003/6/EC on market abuse.

Moreover, during 2004 and according to article 10 of the Code, there were 91 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. Almost 71% of the announcements were made during the second half of the year. After the end of the advance notification period, 14 cases of significant deviation were identified, accounting for 15% of the total. The maintenance of the provisions of the said article is under consideration, in the context of the amendment of the Code and the major changes caused by the European Directive on Listed Company Transparency obligations.

A great number of listed company announcements were published during 2004 in the ASE Daily Bulletin, in accordance with articles 4 and 5 of the Code, concerning the disclosure of corporate actions and decisions that may affect share prices, as well as the confirmation, or denial, of information or rumors. In the scope of preventive control and focusing on the smooth operation of the market, in conjunction with the complete, proper and timely provision of information to investors, the HMCM recommended strict adherence to the Code's provisions and the announcement of more detailed information in eleven cases. Controls concerning the information provided by companies about new important activities during the year, uncovered one case of deviation from the provisions of article 5 paragraph 5 of PD 350/85 and article 4 paragraph 3 of PD 360/85, and the levying of a total fine of 40,000 euros.

In 2004, the audits of the companies' Annual Reports were intensified, aiming at the provision of regular and easy to understand information to investors. The Annual Report is considered to be a major source of periodic information and the data it contains must be adequate and accurate. The audits of the Reports during 2004 led to the detection of certain deviations from the provisions of article 16, albeit no fines were levied. On the contrary, certain companies were asked to amend and republish their Annual Reports. In late 2004, article 16 of the Code was amended in order to provide for the presentation of "net" issuing company fundamentals in the Annual Report (i.e. those resulting after the qualifications of the Certified Auditors-Accountants have been quantified). Moreover, the new formulation provides for increased diffusion of information by including the Annual Report in the issuing company's website, and by its mandatory distribution at the Annual General Meeting of the Shareholders. Finally, given that the contents of the Annual Report were extensive, leading in difficulties to understand the provided information, it was decided that part of the Report's information that does not materially affect investor decisions shall only be included in the issuer's website. This leads to a significant reduction in disclosure costs for issuers, without any reduction in the quality of information provided to investors.

Law 3016/17.5.2002 on corporate governance, whose supervision has been assigned to the Hellenic Capital Market Commission set principles for the equitable treatment of all listed company shareholders and the prevention of of practices aiming at the assumption of corporate control by managers or large shareholders without any accountability, and in this context specified certain issues pertaining to the Code of Conduct. This law was fully enforced and supervised for the first time in 2004. Active control implementation leads to the conclusion that almost all companies have complied with the provisions of the Law, especially as regards the composition of their boards. Many companies proceeded to changes in the composition of their Boards, properly notifying both investors and regulators. The implementation of the Law improved confidence in the Greek capital market.

In 2004 prudential supervision of the transparency rules set by Greek law was intensified, with the aim of improving ex ante the information provided to investors, and therefore reducing sanctions. In order to implement such supervision, the HCMC adopted the method of real-time intervention concerning major issuing company activities, for which there was inadequate or vague information. This method has further scope of improvement and is expected to become more efficient once experience will have been accumulated.

Given the active supervision exercised by the Hellenic Capital Market Commission and the remarkable increase in announcements, the substantial decrease in the number of sanctions imposed for violations of the Code during 2004, shows a satisfactory degree of compliance with the aforementioned transparency rules. This conclusion is rather important, since it demonstrates the actual improvement in the conduct of listed company executives in comparison with their conduct in previous years, and with the practices prevailing in other advanced capital markets. In other words, the promotion of transparency has a positive effect on company evaluation and on the liquidity of their shares. This conclusion verifies the successful implementation of the transparency-enhancing policy pursued by the Hellenic Capital Market Commission since 2000, with the aim of improving corporate government practices, and consequently, the very reliability of the Greek capital market.

There were major developments regarding the institutional framework for the operation and conduct of listed companies. In fact, European Commission Directive 2003/6/EC on market abuse, as well as Directives 2003/124/EC and 2003/125/EC on executive measures, create a new regulatory framework, featuring the introduction of prudential supervision measures, aimed at enhancing the provision of proper, timely and adequate information to investors, and, consequently, to improve transparency in the market. The new Community provisions establish the provision of valid and timely information to investors as the main measure for the prevention of market abuse phenomena, and require from issuing companies to announce without any culpable tardiness all “privileged information” directly related to them. The concept of “privileged information” is wider than the concept of “confidential information” or “important activity” and covers all information pertaining to issuing companies or financial instruments. In this context, the amendment of certain provisions of the Code of Conduct in order to reflect the new Community mandates for fast, impartial and unhindered disclosure of information, and improvement of the transparency and integrity of the market, has already been set into action.

The Take-Over Regulation

In 2004, the Take-Over regulation (HCMC Rule. 1/195/2000, as amended by HCMC Rule 2/258/05.12.2002) was implemented and supervised for a fourth consecutive year. The Regulation was introduced with the aim of modernizing the framework regarding mergers & acquisitions among listed companies in the Greek capital market, having as a rule the protection of shareholder rights through the enhancement of transparency during the tendering process. The introduction of the Regulation is part of the effort to enhance corporate governance practices in the Greek capital market.

In 2004, there were four (4) tender offers, in accordance with the provisions of the Regulation. The first case concerned the (voluntary) bid of “Alpha Bank SA” to acquire shares of “Alpha Leasing SA”. The Prospectus of the bid was submitted to the HCMC on February 27th, was approved by its board on March 10th, and the period concerning the acceptance of the bid lasted from March 18th till April 19th. The bidder made an offer for all the shares it did not possess (directly or indirectly), i.e. for 22.59% of the share capital of the target company, while the final percentage accepted by shareholders was 8.52%. At the same time, the bidder acquired, though the purchase of shares in the stock exchange, an additional 12.26% of the target company’s shares. Therefore, after the end of the acceptance period the participation of the bidder in the target company amounted to 98.19%, leading to the initiation of the delisting process regarding the shares of the target company, as stated by the bidder in the Prospectus of the bid.

The second case concerned the (compulsory) bid made by the French Bank “Societe Generale” to acquire shares of “General Bank of Greece SA”. The Prospectus of the bid was submitted to the HCMC on March 30th, was approved by its board on May 6th, and the period concerning the acceptance of the bid lasted from May 11th till June 9th. The bid was considered unsuccessful, given that no shareholder of the target company offered its shares to the bidder.

The third case concerned the (voluntary) bid of Elliniki Technodomiki Energy SA” to acquire shares of “Metal Industry of Arcadia C. Rokas SA”. The Prospectus of the bid was submitted to the HCMC on July 23rd, was approved by its board on August 31st and the period concerning the acceptance of the bid lasted from September 8th till October 8th. The bidder made an offer for 51% of the common shares of the target company. The bid was considered unsuccessful, given that the offered shares did not fulfill the requirement concerning the acquisition of 50% plus one share that had been set as the minimum for the validation of the bid.

The fourth case concerned the (compulsory) bid of the foreign company "Dixons Overseas Investment Limited" to acquire shares of "P. Kotsovolos SA," since the former had acquired more than 50% of the voting rights in the latter. The Prospectus of the bid was submitted to the HCMC on September 10th, was approved by its board on October 7th, and the period concerning the acceptance of the bid lasted from October 13th till November 11th. The bidder made an offer for all the shares it did not possess (directly or indirectly), i.e. for 31.74% of the share capital of the target company. By means of the bidding process, the bidder acquired 3.70% of the target company's shares. Moreover, the bidder acquired, though the purchase of shares in the stock exchange, an additional 5.92% of the target company's shares. Therefore, after the end of the acceptance period the participation of the bidder in the target company amounted to 77.88%. Given that any shareholder owning more than 20% of the target company is committed to vote in favor of delisting its shares from the ASE, the relevant procedures have already begun.

On the basis of its four-year experience, the Hellenic Capital Market Commission has managed to improve significantly the monitoring of takeover bids, ensuring the adequacy of material information in the approved Prospectuses, so that the shareholders of the target company can efficiently assess the attractiveness of the bid.

One of the major relevant developments of 2004 was the issuance of Directive 2004/25/EC of the European Parliament and the Council of April 21st, 2004, concerning takeover bids. This Directive is the product of a long effort, given that the European Union has been dealing with this issue since 1989. The new Directive establishes fundamental principles and provides the means for specifying the competent regulator, and the applicable legislations, two elements of crucial importance, especially as far as cross-border takeover bids are concerned. It sets the scope for action by establishing principles and general requirements, and it also allows member-states to establish detailed implementation rules, in accordance with national practices, provided that there are no differences, which shall by nature prevent EC-wide implementation of the Directive. The Directive establishes equitable conditions for all shareholders within the European Union, defines the concept of the fair value that shall be paid in the case of compulsory bids, mandates the provision of adequate information, establishes the obligations of the board of directors of the target company, the scope of defensive measures to be taken after the submission of the bid, and introduces a procedure for compulsory withdrawal and a right of compulsory takeover after the end of a bid. A law-preparing committee has been formed for the incorporation of the Directive into Greek Law. The resulting law is expected to be enacted, replacing CMC Rule 2/258, in the second half of 2005.

Announcement of Major Ownership Changes in Accordance with Presidential Decree 51/1992

In the context of the transfer of supervisory responsibilities from the Athens Stock Exchange to the Hellenic Capital Market Commission, established by Law 3152/2003, the HCMC was appointed as the competent authority for the supervision of PD 51/1992. The said presidential decree concerns the information that must be announced upon acquisition and transfer of major shareholdings in companies whose shares are listed in the ASE. The HCMC is now the only competent Authority for the receipt and handling of notifications submitted in compliance with the requirements of PD 51/1992, the preparation of summaries containing all material information about the notifications, the dispatch of the relevant insertions to the Press and the ASE Daily Bulletin, and, in general, the everyday monitoring of compliance with the provisions of PD 51/1992.

Since the assumption of the new responsibilities of the HCMC and till the end of 2004, more than 800 notifications concerning major changes in participation were submitted and 64 cases of deviations from legally imposed obligations were detected. In order to handle the volume of submitted notifications more efficiently, certain standards, procedures and models of notifications in Greek and English alike, have been established. In order to improve transparency in the market and the provision of information to investors, the HCMC issued circular 20, which defines the procedures to be followed upon the submission of notifications. Moreover, procedures have been established for the more efficient internal organization of the Commission, along with clauses ensuring the confidentiality of the handled data. The Hellenic Capital Market Commission is still investigating notifications that had been forwarded to the ASE in the past, and indicate possible infringements.

One of the major relevant developments of 2004 was the issuance of the Directive on Transparency, which was ratified by the European Parliament on March 30th, 2004 and by the European Council on May 11th, 2004. The objective of the Directive is to create, among other things, a framework for the mandatory announcement of major changes in the participation of principal shareholders in companies whose share are traded in organized markets.

The new Directive establishes an understandable framework-system for the dissemination and storage of information about major participations, major activities, and the periodical financial statements of listed companies, with the aim of promoting the integration of European capital markets. This aim will be achieved by means of a single procedure. According to which, all regulated information must be disseminated all over the European Union and be stored in, and accessible through, a central data warehousing system, irrespective of the origins of the information or the location of the investors.

Moreover, measures and guidelines are established for the further facilitation of investor access to the regulated information, the creation of national electronic information networks by national regulators, market participants and listed companies, and the creation of a single European electronic network, or electronic networks platform, by member-states. The incorporation of the Directive's provisions is expected to be finalized within 2006.

Enforcement: Two Serious Cases of Capital Market Law Violation in 2004

The Case of Domus Portfolio Investment Company SA

The Hellenic Capital Market Commission audited the transactions on the share of ASE-listed company Domus SA for the period 1.9.2003-30.4.2004 (166 ASE sessions), because during this period its share price soared by 130.9%, outperforming by far both the General Index of the ASE (14.6%) and the Portfolio Investment Companies sectoral index (23.2%). During the audited period, the average daily volume of transactions on the share amounted to 128,938 shares, while in the corresponding previous time period from 24.12.2002 to 29.8.2003, it amounted to 102,585 shares, i.e. it increased by 25.7%.

Published information indicates that during the audited period the share price of Domus SA exceeded the share's intrinsic value, showing a substantial premium as compared to the other companies of the sector, whose intrinsic share values exceeded market values in almost all cases, showing a discount. As an example, on 31.12.2003 the price of the share showed a premium of 362.5%, and on 31.3.2004 it showed a premium of 471.4%. This fact had been much commented upon by the Press during the audited period (1.9.03 - 30.4.04), and came along with reports that the net assets of Domus SA as per 30.3.2004 included 540,000 own shares (adjusted quantity of shares), which had been previously acquired by the company and were evaluated at market prices, representing a large portion of assets and affecting the intrinsic value of the share and the financial condition of the company.

The audit uncovered that, during this time period (1.9.2003 - 30.4.2004) there was high concentration (over 5%) of the volume of transactions to certain investment firms, the most important being Laiki Attalos SA, which executed over 20% of the total volume of transactions on the share (without including manual block trades during the period 01.09.04-30.4.04), and this is the greatest percentage of concentration of transactions to an investment firm during this period.

The audit on the transactions of investors with increased trading activity on the share of Domus SA during the audited period, showed that the main volume of transactions was concentrated to certain individuals and legal entities, which are connected with one another and with Domus SA, as well as to certain persons connected to them. These persons are Mr. Panayotis Diamantis, principal shareholder, board chairman, managing director, member of the Investment Committee and asset manager of Domus SA, as well as other individuals and legal entities, with shareholdings in, or professional relations with, the company.

The audit uncovered that, the aforementioned persons performed more than 63% of the total volume of transactions on the share, excluding manual block trades, while these very persons performed all manual block trades on the share (excluding the sale of own stock of Domus SA to 'Diamantis Participations and Consulting SA' on 30.3.2004), further enhancing the tradability of the share during the audited period.

It was also shown that most transactions by persons involved with the share during the audited period resulted from orders given either directly by Mr. Panayotis Diamantis on his own account and on behalf of other persons, or through 'Kefaleodomi AELDE' and executed through 'Bestlodge Hellas AELDE', which, apart from being a common centre for the transmission of orders, is also connected to these persons.

Moreover, a large part of the transactions made by the aforementioned persons, i.e. more than 41% of the total volume of transactions on the share, excluding manual block trades, included the persons involved, and mainly Mr. Panayotis Diamantis and the persons connected to him and to Domus SA, since these persons participated in 145 out of 166 sessions during this period. The manner these transactions were executed, and the sample hearing of recorded conversations, indicate that these transactions showed evidence of pre-arrangement and created a misleading impression of increased interest for the share. Prearrangement among certain persons with the purpose of performing transactions via the electronic trading system is illegal and compromises the legal operation of the stock exchange, because it interferes with free trading and enables perpetrators to manipulate the volume of transactions and the price of the share.

Apart from performing prearranged deals, these persons, and especially Mr. Panayotis Diamantis and the persons connected to him and to Domus SA, made purchases during the sensitive period when the closing price of the share is formed, representing more than 75% of the volume of transactions that affected the closing price of the share during the audited period, through their systematic participation in 140 out of 166 sessions for the period, aiming at, and achieving, the artificial increase of the closing price to very high levels. The closing price of the share is a reference price, which affects investor opinion about the performance of the share in the next session. As a result, the systematic manipulation and the artificial increase of the share's closing price raises investor expectations that the price of the share will increase even more during the next sessions of the Athens Stock Exchange, and, therefore, can attract investor interest and give a further boost to the share's market price and tradability.

During its 310th meeting held on 11.8.2004, the board of the Hellenic Capital Market Commission concluded that Mr. Panayotis Diamantis and the persons connected to him, by executing transactions involving intent to manipulate the price of the share of the aforementioned company, disseminated inaccurate and misleading information which could, by nature, affect, and did affect, the price and tradability of the share, and decided to levy fines totaling 2,150,000 euros on these persons for violating article 72 par. 2 Law 1969/91. Moreover, during the same meeting the HCMC decided to levy fines totaling 400,000 euros on Laiki Attalos SA, Bestlodge Hellas AELDE and Kefaleodomi AELDE for violating article 72 par. 2 of Law 1969/91.

The Case of Initial Public Offering by Tecnerga - E. Tsambras SA

Exercising its duties, the Hellenic Capital Market Commission performed a special ad hoc audit at "Acropolis SA" (hereinafter the "Underwriter") concerning the demand for shares shown by investors during the public offering for the capital share increase performed by "Tecnerga - E. Tsambras SA" (hereinafter the "Company") for the listing of its shares in the Parallel Market of the ASE, which took place from May 26th to May 28th, 2004.

The shares of the Company that were included in the public offering, in order to be distributed via all underwriters to investors, amounted to 1,700,000, of which 510,000 were made available to institutional investors and the remaining 1,190,000 shares were made available to individuals and legal entities. The main underwriter announced a price range from euro6.46 to euro7.10, the final price depending, among other things, on the success of the public offering. The final distribution price was fixed at euro7.10 by the Main Underwrite, who indicated that the public offering had been fully subscribed.

The electronic evidence presented by the Main Underwriter to the HCMC concerning investor demand for the Company's shares, expressed through all underwriters, and also concerning the subscription of the offering, indicated binding demand, and therefore coverage of the capital increase via the public offering, for 1,719,990 shares in total (coverage 101% of all shares that would be issued in the context of the Company's share capital increase and would be distributed by means of public offering).

Taking into consideration the distribution price of the share (euro7.10) and the total number of shares distributed via the public offering (1,719,990) in the context of the aforementioned increase of the Company's share capital, the capital that should have been paid or blocked by all participating underwriters at closing (Friday, May 28th, 2004, at 4:00 p.m.), should amount to euro12,211,929.

More specifically, the evidence presented by the Main Underwriter to the HCMC showed that 44 persons (38 non institutional and 6 institutional investors) participated in the public offering and subscribed for 996,840 Company shares through the Main Underwriter (728,840 shares by non institutional and 268,000 shares by institutional investors).

However, the audit uncovered that the demand for Company shares presented by the Main Underwriter to the HCMC should have been reduced by 635,688 shares, which concerned pre-subscription by non-institutional investors, who had neither paid cash, nor possessed any credit balances. Therefore, the Main Underwriter should have stated that the Company's shares that were demanded by investors via itself amounted to 361,152 (996,840 minus 635,688) instead of 996,840 shares.

The above demonstrated that the Main Underwriter was responsible for the following violations that seriously impaired the smooth operation of the market and compromised investor protection: (i) Despite the fact that, according to the Law, the public offering had not been fully subscribed, the Main Underwriter misled investors and the HCMC alike, by presenting the public offering as successfully completed. Apart from any other violation, by fixing the price at the upper limit of the range, the Main Underwriter obviously harmed the interests of the investors that had participated in the public offering, as well as the smooth operation of the capital market. (ii) In order to make the offering appear as successfully completed and the payment of cash as finalized, according to the mandates of the Underwriters Code, the Main Underwriter used illegally the funds of other clients, which were presented as funds of 8 investors that had duly subscribed to the public offering. The use of these funds in the above manner violated, among other things, article 6 par. 1 of Law 2396/1996, which constitutes a fundamental rule concerning the operation of investment firms, also imposed by the derivative community law. (iii) The Main Underwriter was, and should be, aware that investors might not cover the public offering, and had undertaken the commitment to cover the amount itself. Nevertheless, the Underwriter had not provided for the timely availability of own funds, which could be freely used according to article 6 par. 1 of Law 2396/1996 concerning underwriting coverage.

For these reasons the Board of the HCMC established that "Acropolis SA" had violated (i) article 4 par. 1 of the Underwriters Code and levied a fine of euro400,000; (ii) article 3 paragraph 3 of the Underwriters Code in conjunction with article 5, paragraph 3 of CMC Rule 9/201/10.10.2000 and levied a fine of euro400,000; (iii) article 3 paragraph 1 and article 4 paragraph 6 of the Underwriters Code and levied a fine of euro200,000. Moreover, the Board of the HCMC ascertained that, because of the aforementioned violations of "Acropolis SA" the smooth operation of the capital market had been compromised, and there was a distortion in the share price of Tecnerga-E. Tsambras SA, and decided to discontinue the underwriting process, in accordance with article 9 par. 1 b of the Underwriters Code. Also, the Board of the HCMC revoked CMC Rules 6/297/10.3.2004 and 13/301/14.5.2004, by means of which it had granted the license for the above public offering, since one of the conditions for such granting was no longer valid, i.e. the intermediation of an underwriter. As a result of this revocation, the Main Underwriter and the other Underwriters were asked immediately to refund investors with the entire amount they had deposited in order to participate in the public offering. Furthermore, the Board of the HCMC ascertained that, because of the above violations the operation of "Acropolis SA" had become a hazard for investors and the proper operation of the capital market, and decided to suspend the provision of underwriting services by this company for three (3) months. Finally, the Board of the HCMC submitted and indictment against the members of the Board of Directors of "Acropolis SA" and against any other person responsible, for violations of article 34 of Law 3632/1928 and 76 par. 8 of Law 1969/1991.

Reception and Investigation of Investor Complaints

The responsibility of the Investor Complaints Department of the Directorate of Monitoring and Auditing Capital Market Transactions of the Hellenic Capital Market Commission is to receive and investigate complaints from investors and other market agents, regarding violations of capital market law. In other words, the HCMC investigates investor complaints against the entities it supervises only as far as adherence to capital market law by these entities is concerned. In case the HCMC detects any violation of capital market law by the supervised firms, it imposes the appropriate sanctions. Quite often, upon investigating complaints the Hellenic Capital Market Commission observes that the parties involved make opposing allegations regarding the real events. It is well known that the Hellenic Capital Market Commission does not posses powers of interrogation, enabling it to ascertain the accuracy of those allegations. Therefore, such issues are left to the responsibility of the courts.

In 2004 the Hellenic Capital Market Commission received 140 written complaints, and completed the investigation of 81 complaints. Of these complaints, 33.3% concerned real events, for which the Hellenic Capital Market Commission has no power to pass judgment, 23.45% led to sanctions for violation of the capital market law, and in 41.97% no violation of capital market law was detected.

Contribution to the State's Legislative Work

In 2004, the Hellenic Capital Market Commission handled 388 cases on front of Greek courts, employing its own legal force. The handling of these cases included the preparation of the relevant legal reports and memoranda and the attendance of lawyers in front of the courts and criminal investigation authorities. The commission prepared the briefs for 34 other cases assigned to external lawyers and followed them up. It submitted 9 indictments for various violations of capital market law. It made 18 appeals against decisions by first and second instance administrative and penal courts. HCMC lawyers provided legal assistance in its communication with capital market participants and investors, prepared consolatory responses on various legal issues, and contributed to the legislative work of the Greek state.

Professional Certification of Market Agents

In 2004 the HCMC continued the program for the professional certification of market agents in accordance with the provisions of article 4 Law 2836/2000 (Gazette A 168/24.7.2000). The certification exams were held on October 16th, 2004 in Athens and Thessaloniki. 348 candidates applied for participation in the examinations, 330 were accepted and 98 executives were certified. From March 2002 (when the first exams were held) till December 2004, 1,788 executives had been certified via exams, while the total number of applications submitted to the HCMC for participation to the certification exams amounted to 4,478. The detailed breakdown of applications for participation to the certification exams since the beginning of the procedure, is presented in Table 39. Moreover, in accordance with the provisions concerning the exception of certain executives from certification requirements, which applied at the time certification was first established, 793 executives were certified without participating in the exams, increasing the total number of executives certified up to this date to 2,581 executives of all specialties.

A major step towards completing the institution of executive certification was the enactment of Law 3283 (Gazette A 210/02.11.2004 "Mutual Fund Management Firms, Undertakings for Collective Investment on Securities, mutual funds and other provisions") in 2004, which includes provisions for the extension of certification requirements to mutual fund management firm and portfolio investment company executives. More specifically, article 50, par. 4 of Law 3283/2004 establishes the mandatory certification via examinations of mutual fund management firm executives responsible for the provision of investment advice, asset management and security, money market and capital market analysis, as well as portfolio investment company executives responsible for asset management and security, money market and capital market analysis.

The examination program for the appointment of stock market representatives of investment firms continued in 2004. The examinations were attended by a 44 candidates, with a success rate of 37%.

TABLE 39

Outlook of the Professional Certification Examination Program, 2002-2004

	Passed		Failed		Absent		Total accepted applications		Total rejected applications		
Professional Position	Number	Grand Total	Number	% of total accept	Number	% of total accept	Number	% of total accept	Number	% of total accept	Grand Total
Market Analyst	71	39.9%	71	39.9%	20	11.2%	162	91.0%	16	9.0%	178
Portfolio manager	204	44.2%	201	43.5%	32	6.9%	437	94.6%	25	5.4%	462
Investment advisor	258	46.9%	212	38.6%	86	15.6%	493	89.6%	57	10.4%	550
Order execution	453	37.5%	650	53.8%	97	8.0%	1,200	99.3%	9	0.7%	1,209
Order recp & trans	802	38.6%	993	47.8%	244	11.7%	2,039	98.1%	40	1.9%	2,079
Total	1,788	39.9%	2,127	47.5%	479	10.7%	4,331	96.7%	147	3.3%	4,478

Source: HCMC

The New Regulatory Framework Against Market Abuse

In June 2004, a law preparing committee was formed, in order to incorporate the provisions of the European Directives on market abuse into Greek law. These are Directives 2003/6/EC/28.01.2003 and its executive measures, as provided for by Community Directives 2003/124/EC, 2003/125/EC, 2004/72/EC, also taking into consideration Regulation 2273/2003/EC. The Hellenic Capital Market Commission was an active member of this committee. The provisions will be incorporated by means of a draft law on market abuse, which will be submitted to the Greek Parliament in early 2005, and by means of HCMC regulations concerning the implementation of certain executive measures contained in the Directives. The European framework for market abuse was the first application of the new European legislating process proposed by the final report of the Committee of Wise Men ("Lamfalussy" Report), concerning the regulation of European securities markets, as approved by the European Council of Stockholm in March 2001 and ratified by the European Parliament.

The draft law on market abuse is a balanced effort to adopt an effective regulatory framework for the prevention of market abuse practices, harmonized with the European process. A major innovation in comparison to the existing framework is the definition and explicit prohibition of market abuse, i.e. of every activity related to the exploitation of privileged information and/or manipulation of the market. In order to update Directive 89/592/EEC on confidential information, the new framework provides an accurate and comprehensive description of the concept of "privileged information" and at the same time it introduces the relevant prohibitions in an explicit and complete manner. Moreover, it specifies for the first time the concept of market manipulation and introduces special prohibiting regulations. I.e. any form of market manipulation through dealing practices and/or dissemination of false or misleading information, is explicitly forbidden. Manipulation is defined on the basis of results (evaluated according to objective measures) and not intention. Examples and indications of manipulative behavior are given in order to facilitate better understanding.

The new framework provides for deviations ('safe harbors') from market abuse prohibitions, in two directions. The first concerns member-states, the European System of Central Banks and the national central banks that pursue monetary and exchange rate policies or public debt management policies. The second concerns the purchase of own shares by issuers and the stabilization of financial instrument prices. In order to benefit from the exemption from market abuse, these activities must be performed in accordance with the implementation measures adopted in Regulation 2273/2003/EC.

The new regulations are very important for the design of control and sanctions through the introduction of provisions on market abuse and penalties in case of their violation, as well as for their prevention. To this end, the new framework adopts measures which, among other things, aim at ensuring the timely and reliable dissemination of information in the market, in order to enhance transparency, and, thus, prevent the emergence of market abuse phenomena. The preventive measures include issuer obligations, such as the immediate disclosure of privileged information, the preparation of a list of persons with access to privileged information and the disclosure of transactions performed by persons executing executive managerial duties, the obligations of analysts, such as the proper and impartial presentation of investment strategy analyses or recommendations and the disclosure of conflicts of interest, but also the obligations of organized markets themselves and of the persons that intermediate by profession in the execution of deals. The latter must immediately notify the HCMC, whenever there is serious indication that the executed deals may constitute market abuse cases.

The scope of the provisions of the new regulatory framework covers financial instruments listed in organized markets and financial instruments for which applications have been submitted for listing in an organized market of at least one member state of the European Union. It is also extended to any financial instrument that is not listed in any organized market, and whose value depends on a financial instrument listed, or about to be listed, in an organized market of a member-state. Moreover, member-states must implement the provisions on market abuse not only on transactions on financial instruments performed within their territory, either concerning an organized market under their jurisdiction or under the jurisdiction of another member-state, but also on transactions performed abroad, albeit concerning financial instruments listed, or about to be listed, in an organized market under their jurisdiction.

Another breakthrough is the appointment of only one regulator responsible for market abuse issues by each member-state. Thus, the draft law assigns the HCMC with the responsibility for enforcing its provisions. Also, in order to facilitate the effective prevention and suppression of market abuse phenomena, the HCMC is given increased investigative authority, while a comprehensive apparatus for co-operation among regulators is created, especially for issues pertaining to the exchange of information and the investigation of cross-border market abuse cases. Moreover, the CESR may intervene whenever co-operation among member-states is not considered appropriate. The effective implementation of the new framework necessitates harsh sanctions, as well as administrative and penal measures against any violation.

INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

Notifications of Foreign Companies Wishing to Provide Investment Services in Greece

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

In the context of the implementation of Directive 93/22 for the period 1995-2004, the Hellenic Capital Market Commission has received notifications from 1,106 overseas firms wishing to provide investment services in Greece by means of the "European Passport" (Table 40). These notifications remain active in 791 cases.

The distribution of notifications by country is the following: 646 notifications came from the UK, 30 from Ireland and 25 from the Netherlands. In addition, 18 notifications came from France and Austria, 10 from Belgium, 9 from Germany, 7 from Norway, 5 from each of Denmark and Italy, 4 from each of Finland and Spain, 3 notifications came from Luxembourg, 2 from Sweden and, finally, 1 notification came from each of Portugal and Cyprus.

Furthermore, in 2004, 23 new companies coming from the UK submitted notifications regarding the provision of investment services in the Greek capital market, 2 from each of the Netherlands, Germany and Austria, and 1 from each of Ireland, Spain, Italy, Cyprus, Luxembourg, and Portugal.

Memoranda of Understanding

The purpose of Memoranda of Understanding (MoU) is to establish and implement a procedure for the provision of assistance among competent authorities for the supervision of the capital market, in order to enhance the efficiency of the supervisory function entrusted with them.

TABLE 40

Notifications for the Provision of Investment Services in Greece, 2002-2004

	Number of Notifications			Number of Cancellations			Total of Active Companies		
Country of origin	2004	2003	2002	2004	2003	2002	2004	2003	2002
Austria	23	19	19	5	3	2	18	16	17
Belgium	12	11	11	2	1	1	10	10	10
Denmark	5	5	5	0	0	0	5	5	5
France	19	18	14	1	0	0	18	18	14
ΓGermany	9	7	6	0	0	0	9	7	6
Ireland	38	35	35	8	6	6	30	29	29
Italy	5	4	3	0	0	0	5	4	3
ISpain	4	3	3	0	0	0	4	3	3
Cyprus	1	0	0	0	0	0	1	0	0
Luxembourg	3	2	1	0	0	0	3	2	1
Norway	7	7	7	0	0	0	7	7	7
Netherlands	31	28	26	6	5	5	25	23	21
Portugal	1	0	0	0	0	0	1	0	0
Sweden	7	7	6	5	4	4	2	3	2
Finland	4	4	2	0	0	0	4	4	2
Britain	940	889	840	294	266	235	646	623	605
Total	1,109	1,039	978	320	285	253	789	754	725

Source: HCMC

These Memoranda enable supervisory authorities to exchange confidential information, in order to exercise supervision and achieve compliance of the supervised agents of the market with the existing institutional regulations. The memoranda of understanding between the supervisory authorities of different countries facilitate international co-operation between stock exchanges, companies and other capital market agents, and therefore are the first stage for the establishment and further improvement of the relations among these countries' capital markets.

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

1996

- A bilateral Memorandum of Understanding with the U.S. Securities & Exchange Commission (December 17th, 1996).
- 1998
- A bilateral Memorandum of Understanding with the Securities Commission of Portugal (July 9th, 1998).
- A bilateral Memorandum of Understanding with the securities commission of Cyprus (September 1st, 1998).
- A bilateral Memorandum of Understanding with the National Securities Commission of Romania (November 30th, 1998).

1999

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

2000

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

2001

- A bilateral Memorandum of Understanding with the Securities Commission of Bosnia & Herzegovina (June 27th, 2001).
- A bilateral Memorandum of Understanding with the Securities Commission of the Czech Republic (June 28th, 2001).
- A bilateral Memorandum of Understanding with the Capital Markets Board of Turkey (October 5th, 2001).

2002

- A bilateral Memorandum of Understanding with the Capital Market Commission of South Africa (October 9th, 2002).
- Multilateral Memorandum of Understanding with the member-states of __SCO (International Organization of Securities Commissions) (October 18th, 2002).

2003

- A bilateral Memorandum of Understanding with the Securities Commission of Hungary, (January 8th, 2003), and a bilateral Memorandum of Understanding with the Securities Commission of Poland, (August 1st, 2003).

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

The Role of the CESR

The CESR (Committee of European Securities Regulators) was established as an independent Committee in accordance with the terms of a decision reached by the European Commission on June 6th, 2001 (2001/1501/EC). It is one of the two commissions envisaged by the final Lamfalussy report concerning the regulation of European securities markets, which was chaired by Baron Alexandre Lamfalussy (Lamfalussy Committee of Wise Men). The report was ratified by the European Council and the European Parliament.

The role of the CESR is (i) to improve co-ordination among European capital market regulators; (ii) to act as a team of advisors, with the purpose of assisting the European Commission, especially in regard to the preparation of measures concerning financial securities; and (iii) to work in order to guarantee a more consistent and timely implementation of community laws by member-states.

Each EU member-state is represented at the CESR by one member. The members are appointed by EU member-states and are the heads of the national state authorities responsible for the supervision of the securities market. The European Commission appointed as its representative at the CESR the General Director of the Internal Market General Directorate. The supervisory authorities of Norway and Iceland are also represented at the senior level. On May 3rd, 2004 the regulators of the ten new member-states became full members of the CESR. These are: the securities commissions of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

The Committee is chaired by one of the members, elected for two years and assisted by a vice-chairman. The CESR develops close operational links with the European Commission: a representative of the European Commission may actively participate in all CESR meetings, excluding those in which confidential matters are discussed. Mr. Arthur Docters van Leewen, Chairman of the Dutch capital market supervisory authority (STE), is the chairman of the CESR for a two-year term. Mr. Kaarlo Jannari, General Director of the Finnish supervisory authority is the vice-chairman of the CESR, for a two-year term. On April 6th, 2004 the CESR renewed the term of Mr. Fabrice Demarigny as Secretary General for a further three-year period. This renewal comes into force on January 1st, 2005.

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

The Committee convenes at least four times each year and sets up ad hoc experts groups and/or permanent working groups. It works in an open and transparent manner, and more specifically, it applies the appropriate procedures of consultation with market participants, consumers, and end-users, which may include the following: press releases, consultation papers, 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 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.

Permanent CESR Committees

Two CESR committees that are in constant operation are the CESR-Pol and the CESR-Fin. CESR-Pol, which is chaired by Mr. Kurl Pribil, Vice-Chairman of the Austrian Securities Commission, consists of staff members from Securities Commissions-members of the CESR, responsible for supervision and information exchange. 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. John Tiner, consists of staff members from Securities Commissions-members of the CESR, responsible for the supervision and the proper 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 on 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 financial reporting framework. CESR-Fin will provide 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. Paul Koster, Commissioner of the Securities Commission of the Netherlands, 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 Enforcement, which is chaired by Mr. Lars Ostergaad, Director of the Securities Commission of Denmark, provides a framework for the exchange of opinions and experience concerning the effective supervision of listed companies on the basis of the rational, valid and timely monitoring of their financial results.

CESR Working Groups

1. Expert Group on Market Abuse

On January 8th, 2004 the European Commission adopted the first set of laws that comprise the executive measures of Directives 2003/124/EC, 2003/125/EC and 2004/72/_C and Regulation 2273/2003, with the aim of promoting market integrity, according to the provisions of Directive 2003/6/EC on insider trading and market manipulation (Directive on Market Abuse). The Directive on Market Abuse was the first to be stipulated by means of the Lamfalussy process concerning the regulation of European capital markets, and the first for which the CESR submitted a technical proposal to the European Commission, concerning the preparation of the necessary executive measures. The CESR proposal was developed by the Expert Group on Market Abuse under the presidency of the HCMC.

The Directive on market abuse came into force on October 12th, 2004 and the CESR is supporting the joint implementation of the new regulatory framework by the regulators of EU member-states. In this context, on 28.10.2004 the CESR issued a consultation paper, title "Directive on Market Abuse: Level 3 - preliminary guidelines and information by the CESR on the joint implementation of the Directive." The CESR acknowledges that it is necessary to provide market agents with guidelines concerning the consistent and effective implementation of the Directive on Market Abuse throughout Europe.

CESR-Pol, the permanent committee which comprises senior executives from EU member-state capital market regulators (including those from countries of the European Economic Area) is assigned with the responsibility of ensuring the effective adoption of the Directive. It has located three priority areas, for which market agents must receive guidelines. These include (i) guidelines on acceptable market practices, in relation to market manipulation, (ii) guidelines on the meaning of market manipulation and (iii) guidelines on a common form for the submission of reports about suspect transactions.

2. Expert Group on Transparency

On March 26th, 2003 the European Commission submitted a draft Directive for the establishment of minimum transparency requirements concerning the information provided by companies whose securities are traded in regulated markets. The aim of this Directive, which is an essential element of the action plan for financial services, is to enhance investor protection, attract investors in the European market, and improve the efficiency, openness and integrity of European capital markets. The Commission's proposal, which was prepared after two years of consultation with markets, regulators, and other interested parties, is part of a comprehensive strategy, aimed at increasing the clarity, reliability and comparability of information provided to investors.

On March 30th, 2004, the European Parliament ratified the draft Directive of the Commission. Following the decision of the European Parliament, the European Council came to a political agreement about the draft Directive on May 11th, 2004.

On July 1st, 2004 the European Commission asked the CESR to submit, by June 30th, 2005, its technical proposal for the executive measures of the Directives, which must be enacted by member-states by the end of 2006. On July 1st, 2004, the CESR invited all interested parties to provide opinions on issues that must be included in its proposal to the European Commission, the latest by July 29th, 2004. The CESR has formed an Expert Group for the preparation of its technical proposal. The invitation for the submission of comments and the mandates of the European Commission concerned the following issues: (i) Implementation measures concerning the Directive's provision on the disclosure of information by large shareholders, (ii) the disclosure of legally required information: Establishment of minimum disclosure standards for the issuers of legally required information (article 17 (1)) and the manner of distribution of periodical financial statements to investors by their issuers (Articles 4(5) and 5 (5)), (iii) the procedure for the selection of the issuer's home state, (iv) the semi-annual financial statements (Articles 5(5)): Definition of the nature of the auditor's certificate, and description of the minimum contents of semi-annual financial statements when the International Accounting Standards are not implemented, and (v) the equivalence of transparency requirements for third country listed companies.

On October 27th, 2004 the CESR issued a consultation paper containing its proposals on the dissemination of "regulated information," recommending that publication requirements should not be limited to specific media, and expanding the term of "publication" in order to include e-mail, fax, and other media.

The CESR proposes minimum standards to which security issuers must comply with when releasing information: information must be provided to investors without any delay, especially if it affects security prices, all investors must enjoy equal access to information, which must be available to European investors free of charge. Security issuers must benefit from free competition when selecting the media used to disseminate information. Security issuers must be free to disseminate all "regulated information" themselves, or to assign this task to third parties, which must also comply with the minimum standards set for issuers, and, moreover, to comply with certain special standards, e.g. to ensure that their information dissemination apparatus features the appropriate security levels, to ensure 24-hour operation, 7 days a week, and to disclose information at least during trading sessions at all time-zones of the European Union. The CESR proposal is accompanied by a number of issues for review and arrangement, such as the development of a pan-European financial information database, accessible by all investors.

In December 2004 the CESR issued its second consultation paper, with proposals on implementation measures concerning (i) the disclosure of major voting right percentages, (ii) semi-annual financial statements, (iii) the equivalence of transparency requirements for third country listed companies and (iv) the procedures according to which the issuer may select the regulator of the "home member state" for the purposes of the Directive. Consultation on the second paper ends on March 4th, 2005.

The second consultation paper supplements the first paper of the CESR, published on October 27th, 2004. The publication of the second consultation paper completes the first stage of the technical proposal of the CESR, which must be submitted to the European Commission by June 2005, so that the implementation measures can be finalized. The first part of the second consultation paper refers mainly to requirements for the disclosure of major voting right percentages. The second part of the paper refers to issues pertaining to semi-annual financial statements. The third part of the consultation paper refers to the equivalence of transparency requirements established by third countries to those established by the Directive.

The CESR was asked to submit a proposal on the transparency requirements that must be applied by third country regulators, in order to be deemed equivalent at a later time. The CESR approach includes the review of main principles and objectives of the transparency requirements of the Directive, and the consequent submission of proposals for the supplementation of third country frameworks, in order to ensure equivalence. This approach is consistent with the spirit, but differs from the approach of the CESR concerning the equivalence of international accounting standards to the generally accepted accounting principles of third countries. Moreover, equivalence also pertains to the conditions for the independent operation of third country investment firms. According to the CESR approach, responsibility for compliance with the same independence conditions that apply to European Union firms lies with the third country parent company, and not with the firms themselves.

Finally, the consultation paper refers to procedures concerning the selection of the home member-state by issuers. There is specific mention to cases in which the regulator according to the provisions of the Directive on Prospectuses, is other than the regulator according to the provisions of the Directive on Transparency, and to cases in which the listed company is listed in various markets and is de-listed from one of them.

3. Expert Group on Prospectuses

On January 8th, 2004, the CESR submitted to the European Commission the third and final part of its proposal for the Directive on Prospectuses. This completes the technical measures proposal requested by the European Commission, with a final deadline of December 31st, 2003. This proposal followed the general procedure of CESR consultation with the market, regarding the minimum information that must be disclosed in Prospectuses, with special mention to the historical financial data that must be included in the Prospectus, and the publication of advertisements.

The final proposal of the CESR to the Commission referred to the following: (i) The minimum information that should be included in every Prospectus in the European Union, and especially to the addition of new appendices. The CESR proposed implementation measures concerning appendices applicable on securities issued by EU member-states, non-member states, as well as their regional and local authorities, by international public authorities and, if permissible, by closed end undertakings for collective investments. (ii) The minimum historical financial data that should be included in the Prospectuses of EU member state and third country issuers. The CESR had published its proposals in segments in July and September 2003, nevertheless, because of the complexity of the issue it decided to utilize the final consultation to gather more feedback from the market. (iii) The publication of advertisements. The CESR proposed rules for the publication of issuer advertisements, announcing the issuers' intent to offer securities to the public, or list them for trading.

After taking into account the results of the consultation, the CESR improved its initial proposals. The most important improvements include the proposal for the preparation and publication of a separate appendix by international public organizations, as in the case of the issuance of securities by the state, due to the relevance of their risk profiles. Moreover, in regard to the accounting standards applied to the preparation of historic financial data, the new CESR proposal introduced three improvements to the proposal contained in the consultation paper that had been issued in July. In regard to the "revision rule", according to which historic financial information must be presented by the issuer in a form consistent to that of subsequent annual financial statements, it is proposed that bond issuers may revise only one fiscal year, when there is a change in accounting principles, instead of two fiscal years, as is the case for security issuers. Regarding the transition to the International Accounting Standards it is proposed to introduce a transitional provision, explicitly stating that issuers shall not announce financial information in Prospectuses in accordance with the International Accounting Standards prior to January 1st, 2004. In case of national regulations enacted in accordance with article 9 of Regulation 1606/2002, the obligation to prepare financial statements in accordance with the IAS shall not apply prior to January 1st, 2006. In regard to third country issuers, it is proposed to introduce a transitional provision, allowing third country issuers that use internationally accepted accounting principles, to continue this practice till 2007. Moreover, third country issuers whose securities are traded in an organized market, are obliged to include financial information according to the IAS in their Prospectuses, only if they are required by the provisions of the Directive on Transparency to prepare financial statements on the basis of those standards. The CESR proposes to the European Commission the timely, and compliant to the Directive on Transparency, establishment of a procedure for the evaluation of the equivalence of recognized third country accounting principles. Finally, it is proposed to permit all mediums of publication, concerning the publication of advertisements by issuers who announce their intent to proceed to the public offering of securities or list securities for trading..

On January 20th, 2004, the European Commission issued a draft Regulation for the implementation of the Directive on Prospectuses (2003/71/EC). A large part of the draft is based on the proposal of the CESR. Regulation __ 809/2004 on Prospectuses, for the implementation of the Directive, was issued on April 30th, 2004 and includes the final implementation measures. The Directive and the accompanying Regulation on Prospectuses, established a harmonized European mode for the presentation of financial and other information in the Prospectus, as well as the possibility to use the Prospectus for the listing of corporate securities in European Markets, without any obligation to submit additional applications for approval by the competent local regulators, thus saving time and money. As a result of the new legislation, investors receive consistent and comparable information, in order to make cross-border investment selection among a greater variety of investment alternatives.

The consultation performed by the CESR with market agents, demonstrated the need for guidance concerning the implementation of the Regulation's measures. On March 10th, 2004 the CESR announced the commencement of work on the preparation of guidelines, aiming at the effective understanding of certain transparency requirements and the evaluation of the feedback provided by regulated agents. The deadline for the adoption of the Regulation by the European Commission was set on June 30th, 2004, and the CESR expressed its intention to complete the guidelines by December 2004. The guidelines are part of level 3 of the Lamfalussy process, i.e. they are measures enhancing co-operation among national regulators, in order to ensure the consistent and equitable implementation of level 1 and 2 legislation by the member-states. The preparation of the guidelines began on March 10, as consultation commenced with an invitation for the submission of comments by interested parties, demonstrating the need for the consistent application of disclosure requirements by all regulators. The CESR responded by preparing recommendations concerning the clarification of the requirements and their implementation by member-states, which were forwarded for further consultation in June 2004.

The CESR decided to retain the Expert Group on Prospectuses, in order to provide technical advice to the European Commission. This group is chaired by Mr. Fernando Texeira dos Santos, Chairman of the Portuguese "Comisao do Mercado de Valors Mobiliarios," while Mr. Javier Ruiz is the Secretary. The expert group is working for the realization of level 3 of the European legislation procedure, in co-operation with CESR-Fin, a permanent CESR committee responsible for financial result publication issues, and is chaired by John Tiner, managing director of the English regulator (FSA).

4. ISD Expert Groups

Investment Services Directive (ISD- 93/22/EEC) defines the conditions for the provision of investment services by investment firms and credit institutions that have been licensed and are supervised by the competent authorities of their countries. The European Commission deemed necessary to revise the Directive, in order to deal with the new challenges posed by technological advances, competition in the provision of investment services and products, and the development of cross-border transactions in the European Union. To this end, in November 2002 the Commission forwarded for consultation a draft revision of the Directive, which was finalized by Directive 2004/39/EC of the European Parliament and of the Council of April 21st, 2004, concerning financial instrument markets. The new Directive includes the amendment of

Directives 85/611/EEC and 93/6/EEC of the European Council and Directive 2000/12/EC of the European Parliament and the Council, as well as the abolition of applicable directive 93/22/EEC.

On January 20th, 2004 the European Commission announced the first set of mandates and requested the technical proposal of the CESR for the development of technical measures concerning level 2 implementation. On January 20th, 2004, the CESR proceeded to the necessary consultation with interested parties. The preparation of CESR's proposal includes three individual areas: markets, financial intermediation firms and regulator co-operation for the implementation of the provisions. (i) The working group on markets is chaired by Mr. Karl-Burkhard, Vice Chairman of the German regulator (BaFin) and its main object is the review of trading practices regarding the transmission and execution of orders on financial instruments, the obligations regarding pre- and post-trading transparency, the internalization of transactions, the operation of multilateral trading systems in organized markets and the disclosure of information by investment firms. The working group on financial intermediation firms is chaired by Mr. Callum McCarthy, Chairman of the UK regulatory authority (FSA), and its main object is to review the bookkeeping, organization and internal audit requirements of financial intermediation firms, the safekeeping of client securities and monies, the resolution of conflicts of interest and those obligations of companies that emanate from the codes of conduct for the provision of investment services, and the prerequisites for the "optimum execution" of client order and their consent prior to the execution of such orders. (iii) The working group on co-operation and law enforcement issues, which is chaired by Mr. Michael Prada, Chairman of the French Autorité des Marchés Financiers, and its main object is the preparation of reports concerning executed transactions and the exchange of information. The final proposal of the CESR regarding the first set of mandates must by submitted to the European Commission by the end of January 2005.

Apart from these three individual groups, the CESR has formed a Guidance Group, consisting of the three chairmen of the groups, to review horizontal issues and ensure the cohesion of the proposals that will be prepared by each Working Group.

Moreover, the work of the three groups is assisted by a team of outside experts, which acts as a consultant. The experts do not represent national or corporate interests and do not act as a substitute to full consultation with all market agents.

On June 17th, 2004, the CESR forwarded for consultation a draft proposal, and set September 17th, 2004 as the ending date for the submission of comments. The draft proposal of the CESR was similarly structured in three sectors, and was submitted to the European Commission, which on June 29th, 2004 announced a second set of mandates and requested a second technical proposal from the CESR.

The second set of mandates requested a CESR proposal concerning, (i) the list of financial instruments to be specified by the implementation measures of article 4 of the Directive, (ii) the definition of investment advice, as specified in article 4 of the Directive, (iii) the code of conduct for investment firms and especially the "know your customer rule", and the rules concerning the execution of customer transactions, as specified in article 19 of the Directive, (iv) the definition of eligible counterparties, as defined by Article 24, i.e. firms that may execute transactions without being obliged to adhere to the protective measures of the code of conduct, (v) the availability of orders in the market, as specified by Article 22 and (vi) the obligations regarding pre-trading transparency, i.e. the degree of disclosure of over the counter transactions among companies (internalization), as specified by Articles 4 and 27 of the Directive.

The final proposal of the CESR regarding the first set of mandates must be submitted to the European Commission by the end of April 2005. The overall proposal of the CESR will be included in the preparation of a legal document by the European Commission that will take the form of either a Directive, or a Regulation, for the implementation of level 2 measures, in accordance with the Lamfalussy process. In October 2004, the CESR forwarded for consultation its proposal concerning the second set of mandates.

5. Expert Group on Investment Management

The Economic and Finance Ministers Council (ECOFIN) ratified the final report of the Economic and Monetary Commission of the EU, concerning the extension of the implementation of the Lamfalussy process to other sectors of the economy. On November 5, 2003, the Commission submitted proposals for the application of the Lamfalussy process to Undertakings for Collective Investment on Securities (UCITS), which were accepted by the European Parliament and the Council in early 2004.

On October 30th, 2003 the CESR issued a consultation paper on the role of the CESR in the regulation of UCITS and asset management in the European Union. The results of the consultation were announced on December 19th, 2003. On June 9th, 2004, the CESR forwarded for consultation a specific work program concerning the field of investment management and asked agents to provide feedback the latest by July 9, 2004.

In December 2003 the CESR formed an Expert Group to study ways to ensure the harmonization and efficiency of the European mutual fund market. Initially, the group focused in the harmonized implementation of Directives concerning UCITS. More specifically, the group concentrated on (a) the fair implementation of transitional provisions and amended Directives, e.g. the fact that Directive I on UCITS enables firms to apply the European passport to a mutual fund, whereas Directive III on UCITS does not clarify whether firms that are not subject to the provision of Directive III till February 13th, 2007 continue to enjoy the above capability to use the passport upon the formation of mutual funds, and (ii) the clarification of certain important definitions contained in the Directives.

On October 21st, 2004, the CESR issued a consultation paper containing guidelines to regulators that apply the transitional provisions of amended Directives concerning UCITS (2001/107/EC and 2001/108/EC) (UCITS III). The guidelines aim at achieving the convergence of any differing management practices of member-states, which are due to the vagueness of the transitional provisions of the amended Directives, as well as at the creation of a “common European approach” for the management of institutional investments. The guidelines aim at clarifying issues pertaining to (i) the promotion and sale of mutual funds, and the simplified prospectus (e.g. in case the regulator of the home member-state has not yet issued detailed guidelines concerning the simplified prospectus), (ii) the scope of permissible activities of mutual fund management firms which continue to operate under the previous regime during the transitional period (e.g. concerning the formation of mutual funds which will possess a passport according to Directive III), (iii) UCITS that were formed after February 2002, and have benefited from a “grace period” (e.g. smooth transition to the new regime for UCITS, harmonized approach to transitional treatment with compliance statements etc), (see also transitional umbrella funds), and (iv) the scope of the European passport, and the problems emanating from the relationship between the passport of the mutual fund management firm and the passport of the mutual fund.

The guidelines of the CESR propose that existing transitional UCITS umbrella funds may form sub-funds, on the basis of the previous regime concerning UCITS, the latest by December 31st, 2005. This short deadline shall force the umbrella funds of Directive I to adjust themselves within a limited time period. Member-state regulators shall handle applications for approval as top priority issues. Nevertheless, when the deadline expires the new rules adopted in February 2002 will have to be implemented, irrespectively of whether the umbrella fund had been licensed prior to February 13th, 2002 or from February 13th, 2002 to 2004.

Moreover, the guidelines of the CESR propose that mutual funds of Directive I that were formed prior to February 13th, 2002, must have a simplified prospectus, readily available the latest by September 30th, 2005. After this date, it is suggested that host member states should not be obliged to accept mutual funds of Directive I, and may request simplified prospectuses. In case the applicable legislation of the host member-state requires a simplified prospectus, whereas the legislation of the home member-state does not, the CESR suggests that UCITS should provide additional intermediate information, directly applying the requirements of the Directive on simplified prospectuses.

On November 4th, 2004 the CESR issued a report describing the findings of CESR member investigations concerning abusive practices in the European mutual fund sector, such as late trading and the adoption of market timing practices. The members of the CESR conducted an investigation to assert the extent of such abusive practices, pursuant to the publication of affirmative results concerning the adoption of abusive practices in the US mutual fund market, by the US regulatory authorities in autumn 2003. The CESR investigation did not detect any similar practices in its member-states. Anyhow, this possibility has increased the vigilance of the CESR, and has led it to submit proposals for the improvement of operation requirements and internal control procedures for mutual fund management firms, the development of programs for the detection of abusive practice indications, and the upgrading of portfolio valuation methods on the basis of the forward pricing and fair value.

The CESR Expert Group on Investment Management is chaired by Mr. Lamberto Cardia, Chairman of the Italian regulatory authority (CONSOB), with the assistance of Mr. Jarkko Syyrilä, permanent member of the CESR secretariat. Moreover, a group of market experts has been formed, for the provision of technical advice on investment management.

6. CESR-Fin and International Accounting Standards

On April 22nd, 2004 the CESR published, after formal consultations, “Standard 2 on Financial Information - Coordination of activities”, pertaining to the implementation of supervision rules concerning financial information in Europe, on the basis of the International Accounting Standards (IAS). Standard 2 has been prepared by the permanent subcommittee of CESR-Fin, i.e the Sub-Committee on Enforcement (SCE) for the ratification of International Accounting Standards. The implementation of the standards by 2005 is expected to improve the consistency and comparability of financial information provided by companies listed in European stock exchanges, and, therefore, to assist the establishment of conditions of fair competition and the creation of a single European market for financial services.

The main proposals introduced to Standard 2 include: (i) the discussion about the implementation and observance of supervision regulation and the exchange of experience, in the context of a standardized structure, which, apart from CESR members, also includes authorized authorities that do not have regulatory duties (e.g. stock exchanges, accounting standardization organizations etc), (ii) the principle that regulators must take into account decisions made by national accounting standardization authorities and the European debate on differing national experiences upon the implementation of the accounting standards, and (iii) the development of a database, which, as a practical tool, will describe the decisions made by national regulators and will provide a record of decisions made for special cases, with the aim of providing guidance.

On April 22, 2003 the final form of Standard 2 of the CESR was forwarded for consultation up to October 2003. The outcome of the consultation supported the proposals of the CESR. Decisions concerning the implementation and observation of supervision rules on financial information standards remain under the jurisdiction of the national authorities, and co-operation among them is enhanced with the aim of maximizing convergence over time.

The Regulation on Prospectuses and the Directive on Transparency determine that third country issuers, who have listed their securities for trading in a regulated market of the European Union, or wishing to list their securities in such a market by means of public offerings, are obliged from January 1st, 2007 to prepare and publish financial statements based on the International Financial Reporting Standards (IAS/IFRS) or the national accounting standards, provided that these will have been considered equivalent to the European ones, as well as the mechanisms concerning decisions on the assessment of the required equivalence.

To this end, the European Commission mandated the CESR to submit by June 30th, 2005 a technical proposal concerning the equivalence of the accounting standards and principles of third countries (USA, Canada, Japan) to European standards. On October 21st, 2004 the CESR forwarded for consultation a document containing principles aimed at defining the concept of equivalence, the methods, and the criteria used for its technical assessment. The main statements of the document are: (i) Equivalence must not be interpreted as uniformity among third country accounting standards and principles and European standards, but must be interpreted on the basis of the potential that these standards provide investors with in order to reach reaching fairly informed investment decisions. (ii) Equivalence assessment must be focused on the analysis of differences encountered frequently in practice, or being of importance for the financial and auditing community of Europe and of third countries. (iii) The equivalence assessment procedure may result in three possible outcomes. The first is that the accounting standards and principles of third countries may be deemed equivalent, without any further need for adjustment. The second is that they may be deemed non-equivalent, demonstrating the need to redraft the financial statements of third country firms. The third is that they may be deemed partially equivalent, demonstrating the need for amendments. The principles document of the CESR describes the amendments that could be deemed appropriate in order to achieve equivalence, according to the nature of the difference between the accounting plans, as well as the procedures that must be adopted to achieve equivalence, having as a rule the provisions of the Regulation on Prospectuses and the Directive on Transparency and the peculiarities of each firm.

The CESR is not responsible for the full assessment of equivalence between accounting standards and principles and is not liable for the effective supervision of observance of European accounting standards, and will use as a reference the principles of Standard 1: "On the application of standards on financial statements," announced in April 2003, and defining the features of the mechanisms concerning the observance of rules upon the preparation of financial statements in Europe. The CESR will perform the technical assessment of equivalence, following a mandate of the European Commission and based on the definition of the principles document. In order to improve understanding on equivalence issues, the CESR can require the assistance of third specialists and, of course, to count on the assistance of the organizations responsible for the establishment of accounting standards and the competent regulatory authorities of the interested third countries.

The competent permanent committee CESR-Fin, is chaired by Mr. John Tiner, from the regulatory authority of England (FSA) and is assisted by the subcommittee on implementation (SISE) and the subcommittee on endorsement (SCE) of the IAS, chaired by Mr. Lars Ostergaad, Director of the Securities Commission of Denmark, and Mr. Paul Koster, Commissioner of the Securities Commission of the Netherlands.

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

The Council of the European Central Bank (ECB) and the CESR have jointly approved a report titled "Standards for clearing and settlement of transactions of transferable securities in the European Union" prepared by their joint expert Group. The report comprises 19 standards aimed at increasing the security, comprehensiveness and effectiveness of clearing and settlement systems in the European Union. The development of the standards was based on the recommendations issued in November 2001 by the Technical Committee of the International Organization of Securities Commissions (IOSCO) and the Committee on Payment and Settlement Systems (CPSS).

After many meetings, the Expert Group finalized the document on the standards, which is a compromise of views on this rather complicated issue. The standards shall come into force when the appropriate evaluation methodology will have been developed in co-operation with market agents, enabling an analysis of their effects. The Expert Group acknowledges that there are certain important issues, presented in paragraph 27 of the report, which require further clarification and analysis. The ESCB/CESR clearing and settlement standards take into account the existing differences in the market conditions and legislations of the member-states. The report states that the standards shall not replace possible future decisions concerning the legislative framework for such activities. Based on these standards, the European Commission is expected to announce a draft Directive for implementation by member-states. The work of the Expert Group has been assisted by a team of outside experts, which played an advisory role.

8. Expert group on credit ratings agencies

In July 2004 the CESR was mandated by the European Commission to submit a technical proposal for the regulation of supervision of credit rating agencies, by April 1st, 2005. The mandate of the European Commission identifies four areas for which the CESR will submit a proposal: (i) the management of potential conflicts of interest at CRAs, (ii) transparency in CRA methodology, (iii) the legal treatment of CRA access to insider information, and (iv) concerns about possible lack of competition in the credit rating market.

To this end, an Expert Group was formed, chaired by Ms. Ingrid Bonde from the regulatory authority of Sweden, and Mr. Javier Ruiz del Pozo of the CESR Secretariat as secretary. In order to prepare the proposal, the CESR will closely co-operate with its counterparty, the Committee of European Banking Supervisors-CEBS and the US Securities Exchange Commission, in the context of the co-operation established among them, as announced on June 4, 2004. During the preparation, the Expert Group will take into consideration the existing European institutional framework, and especially the Directive on Market abuse, and will depend heavily on the work of the IOSCO and the Basel Committee.

CESR Review Panel

Following the Conclusions of the Stockholm Council of March 2001, for the review of the incorporation of European legislation and CESR supervision standards into the national legislations of its member-states, the CESR formed the Review Panel, chaired by the vice-chairman of the CESR, Mr. Kaarlo Jannari, and comprising representatives from CESR member-state regulators.

In March 2004, the Review Panel presented its first preliminary report, which includes assessments and proposals, on one hand, for the protection of investors throughout Europe, and on the other, for the adoption of a common approach concerning the development of an institutional framework for Alternative Trading Systems. The reviews show satisfactory compliance with the standards. Testing the new method for reviewing compliance with the CESR standards is very important, since it shall be subsequently applied on the European legislative measures developed via the Lamfalussy process. The standards under review had been agreed upon by CESR members prior to its official establishment in 2001. Most of their provisions are included in the Directive on Financial Instrument Markets (MFiD).

Co-operation of the CESR with US SEC and US CFTC

In June 2004 the Chairman of the CESR and the Commissioner of the US Securities and Exchange Commission, Mr. Roel C. Campos, presented at a joint Press Conference in Amsterdam the terms for the future co-operation between CESR members and the US SEC for the treatment of regulatory and supervisory issues. This co-operation will take the form of regular meetings between senior executives and chairmen of European regulators-CESR members and the US SEC. Further co-operation initiatives are undertaken with the US CFTC.

Market Participants Consultative Panel

In accordance with its consultation policy, the CESR presents a series of specific commitments on who will proceed to consultations, when and how. According to its statute, the CESR can form consultation groups whenever it is deemed necessary, and can issue proposals concerning the materialization of their findings in due time. In this context, the CESR decided to form a high-ranking Market Participants Consultative Panel, comprising a limited number of members, its objective being to (i) provide comments on the manner with which the CESR performs its role, and more specifically, the implementation of its Statement on Consultation Practices, (ii) assist the CESR in setting its priorities, and (iii) draw the CESR’s attention to any institutional deficiencies of the single market and other major financial developments.

The Hellenic Capital Market Commission and IOSCO

The International Organization of Securities Commissions - IOSCO, which is based in Madrid, is the principal forum of international co-operation among capital market regulators and is recognized as the international organization responsible for the establishment of regulation and supervision standards for security markets. For the time being, IOSCO has 174 members from more than 100 countries.

The Annual Conference

The world's capital market regulators and other members of the international financial community met in Amman, Jordan, from May 17 th to May 20 th, 2004 on the occasion of the 29th Annual Conference of IOSCO. The Annual Conference of IOSCO, was attended by 500 participants from 100 countries. During the Annual Conference there were public presentations on (i) the new challenges arising from the regulation of collective investments, (ii) the international convergence and supervision of accounting and auditing standards and the progress of the adoption of international accounting and auditing standards (IAS/IFRS), (iii) the current developments regarding price formation mechanisms in the stock exchanges, and (iv) mergers, privatizations and the governance of stock exchanges as private companies. During 2004, certain important IOSCO initiatives were announced.

The Multilateral Memorandum of Understanding

The annual conference of IOSCO stressed the importance of IOSCO's multilateral memorandum of understanding (IOSCO MOU) on consultation, co-operation and information exchange. The Memorandum is the first worldwide information exchange agreement among capital market regulators. It establishes a new criterion for assessing critical co-operation for dealing with capital market law violations. IOSCO members are committed to adopt adequate and effective information exchange measures, in order to combat illegal practices in the securities and derivatives markets, including cases of market abuse and financial crime. In order to become signatories to the multilateral memorandum of understanding, candidates must be submitted to a strict assessment process, to prove their ability to co-operate on the basis of the memorandum's terms. A monitoring group, comprising representatives of all signatories of the memorandum of understanding, was formed in order to monitor compliance of the memorandum's signatories with the terms of the memorandum.

Despite the fact that this agreement came into force for the first time in 2002, in its 2004 annual conference IOSCO stressed the importance of the multilateral memorandum of understanding, and recognized its major role during the past two years, concerning the encouragement of capital market regulators worldwide to intensify efforts and expand authorization in order to achieve mutual co-operation and information exchange on issues of market regulation and supervision.

IOSCO members that cannot fulfill the terms of the multilateral memorandum of understanding cannot become signatories, but can state their specific commitment to obtain the necessary institutional responsibilities. These members are included in Appendix B of the Memorandum. The Hellenic Capital Market Commission is one of the first signatories of the IOSCO-MOU, having entered on October 9th, 2002.

Evaluating the rate of member-state compliance with IOSCO's regulatory principles

During its Annual Conference IOSCO announced the adoption of a methodology for evaluating the rate of implementation of IOSCO's principles, in order to assist its members in designing more efficient securities regulations. IOSCO's methodology was prepared by an experts group, with the active participation of the Hellenic Capital Market Commission and its aim is to assist member states in detecting cases where member-state regulations do not fulfill the international standards contained in the principles of IOSCO, in classifying their degree of implementation, in specifying areas of further action on a priority basis, and in developing action plans. IOSCO believes that the evaluation methodology can be used in other cases as well, including internal and external evaluations by IOSCO members, the International Monetary Fund and the World Bank, and as an instrument for the provision of training and technical assistance to advanced and emerging capital markets.

The IOSCO Emerging Markets Technical and Executive Committees

During the Annual Conference of 2004, Mr. Andrew Sheng, Chairman of the Securities and Futures Commission of Hong-Kong was appointed Chairman of the Technical Committee of IOSCO, and Mr. Michel Prada, Chairman of the Autorite des Marches Financiers of France was appointed as his deputy. Moreover, Mr. Dogan Cansizlar, Chairman of Turkey's Capital Markets Board, was appointed Chairman of the Emerging Market Committee of IOSCO, and Mr. Bassam K. Saket, Chairman of the Jordan Securities Commission, was appointed as his deputy. Furthermore, the Annual Conference of 2004 appointed the new Executive Committee of IOSCO.

During its 2004 Annual Conference, IOSCO admitted three new connected members (Jakarta Stock Exchange of Indonesia, Karachi Stock Exchange of Pakistan, Taiwan Futures Exchange (TAIFEX) of Chinese Taipei.). Today, IOSCO has 174 members. Its next annual conferences will be held in Colombo, Sri Lanka, in 2005, Hong-Kong in 2006, and Bombay, India, in 2007.

The IOSCO European Regional Committee

The European Regional Committee of I.O.S.C.O. comprises 42 supervisory authorities, including the 25 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 regulatory and supervisory standards by member-states; the activities of off-shore financial centers, and the harmonization of the regulatory standards in accordance with European Directives.

Two meetings of the European Regional Committee of IOSCO were held in 2004. The first was held during the Annual Conference, in Amman, Jordan, in May 2004. The main issues that were discussed during the conference were the following: (i) The members of the Committee presented major developments in the regulatory framework, such as the formation of single financial services regulators in certain countries and the enhancement of regulators' responsibilities in other. There was a marked trend towards the adoption of the IAS and the enhancement of the institutional framework for the prevention of market abuse phenomena. (ii) The members were updated about the new members of the Multilateral Memorandum of Understanding of IOSCO, and were provided with statistical information concerning new applications, and existing members. (iii) There was a presentation of the work of CESR. (iv) Finally, there was a presentation of the work of the Working Group on Corporate Governance, along with the final document.

The second meeting of the European Regional Committee of IOSCO was held in Lisbon, Portugal, in November 2004. During the meeting, there was a working session on international co-operation in the context of the Multilateral Memorandum of Understanding of IOSCO and the institutional framework of the European Union for the financial sector. The member-states of the European Regional Committee presented recent developments, while the Chairman of the Committee presented the progress concerning the implementation of the Multilateral Memorandum of Understanding of IOSCO by the member-states of the European Regional Committee.

Announcements from the Technical Committee

In 2004, the Technical Committee of IOSCO announced certain major initiatives. The first referred to the necessity of adopting a code of conduct for Credit Rating Agencies - CRAs. The second referred to the ratification of the principles for the identification of clients and end-investors in securities markets.

APPENDICES

APPENDIX I

Rules and Regulations Issued by the HCMC, 2004

Rule No	Rule Title	Summary
1/291/22.01.2004 (GAZETTE B' 127/28.01.2004)	ADDITIONAL CONTRIBUTIONS TO THE TRANSACTION CLEARING FUND OF THE ATHENS STOCK EXCHANGE	The foreseen contribution of Athens Stock Exchange members to the Transaction Clearing Fund, according to the decision 106/13-5-1997/Par. 4 that is equal to 0,01 percent of the value of daily transactions, is extended until 31-12-2004. 2/291/22.01.2004 (GAZETTE B 300/11.02.2004)
2/291/22.01.2004 (GAZETTE B' 300/11.02.2004	«AMENDMENT OF ARTICLES 3, 5 AND 8 OF CMC RULE 2/213/28.3.2001 (GAZETTE 480/26-4-2001) 'PROVISION OF CREDIT BY THE ASE MEMBERS AND OTHER ADJUSTMENTS TO CLIENTS (MARGIN ACCOUNT).»	The Rule amends in part articles 3, 5 and 8 of CMC. Rule 2/213/28.3.2001 (Gazette 480/26-4-2001) «Provision of credit by the ASE members and other adjustments to clients (margin account).»
18/291/22.01.2004 (GAZETTE B' 486/05.03.2004)	SPECIFICATION OF THE MAXIMUM DAILY FLUCTUATION LIMITS OF SHARE PRICES, BLOCK TRADES AND CLEARING ENTRIES	It determines the fluctuation of share prices, block of trades and clearing entries. 1/294/19.02.2004 (GAZETTE B 483/05.03.2004)
1/294/19.02.2004 (GAZETTE B' 483/05.03.2004)	SYLLABUS, TERMS AND CONDITIONS FOR THE PARTICIPATION OF CAPITAL MARKET PARTICIPANTS IN SPECIAL EXAMS FOR THE ACQUISITION OF PROFESSIONAL CERTIFICATION ACCORDING TO ARTICLE 4 OF LAW 2836/2000	The rule sets the syllabus, the terms and conditions for the participation of capital market participants in special exams for the acquisition of professional certification. CMC rules 4/213/28.3.2001, 4/252/18.9.2002 and 2/273/10.6.2003 are abolished.
2/294/19.02.2004 (GAZETTE B' 483/05.03.2004)	SYLLABUS, TERMS AND CONDITIONS FOR THE APPOINTMENT OF STOCK MARKET REPRESENTATIVES	The rule sets the syllabus, the terms and conditions for the appointment of stock market representatives.
3/294/19.02.2004 (GAZETTE B' 437/05.03.2004)	SIZE OF THE COMMON GUARANTEE FUND FOR THE YEAR 2004.	This rule sets the total amount of the Common Guarantee Fund for the year 2004 to 187 million euros.
1/295/01.03.2004 (GAZETTE B' 483/05.03.2004)	AMENDMENT OF THE REGULATION FOR THE CLEARING AND SETTLEMENT PROCESS AND THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM.	This rule amends CMC Rule 9820/154/16.3.1999 (Gazette B 900) on the regulation for the clearing and settlement process and the operation of the Dematerialized Securities System.
14/300/06.05.2004 (GAZETTE B' 795/27.05.2004)	APPOINTMENT OF THE COMMON GUARANTEE FUND AS THE ADMINISTRATOR AND DEPOSITORY OF THE SUPPLEMENTARY FUND FOR CLEARING AT THE ASE	The rule sets the Common Guarantee Fund as an administrator and depository of the Supplementary Fund for the Clearing at the Athens Stock Exchange.
15/300/06.05.2004 (GAZETTE B'	APPOINTMENT OF A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMON GUARANTEE FUND	This rule appoints a member and Chairman of the Board of Directors of the Common Guarantee Fund.
1/302/26.05/2004 (GAZETTE 900/16.06.2004)	MINIMUM SHARE CAPITAL REQUIREMENTS OF INVESTMENT FIRMS	According to this rule the minimum amount of the share capital of an Investment Firm that is paid in cash, is adjusted to six hundred thousand (600,000) euros. The minimum share capital that investment firms must have in order to perform over-the-counter agreements is adjusted to nine hundred thousand (900,000) euros.

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2/302/26.05.2004 (1°: Gazette B 900/16.06.2004, 2nd: Gazette B 994/05.07.2004)	SPECIFICATION OF THE NUMBER OF STOCK MARKET REPRESENTATIVES OF INVESTMENT FIRMS	This rule determines that the number of stock market representatives employed by each investment firm may be specified freely, according to its needs, by decision of the firm's Board of Directors. In any case investment firms must employ at least one stock market representative
3/302/26.05.2004 (1°: Gazette B 900/16.06/2004, 2nd: Gazette B 994/05.07.2004), as amended by CMC Rule 15/315/26.10.2004	MINIMUM SIZE REQUIREMENT FOR THE LISTING OF COMPANY SHARES TO THE MAIN MARKET OF THE ASE	The minimum amount of own capital required for the submission of company applications for the listing of their shares in the main market of the ASE, must be twelve million (12,000,000) euros. This condition does notapply to the listing of additional series of shares,of the same type with those already listed.
4/302/26.05.2004 (1°: Gazette B 900/16.06.2004, 2nd: Gazette B 994/05.07.2004)	MINIMUM AMOUNT OF NET BOOK VALUE FOR THE LISTING OF BONDS IN THE MAIN MARKET	The minimum net book value required for the submission of company applications for the listing of their bonds in the main market of the ASE, must be, according to the last balance sheet published prior to the issuance of the bond, three million (12,000,000) euros.
5/302/26.05.2004 (1°: Gazette B 900/16.06.2004, 2nd: Gazette B 994/05.07.2004)	MINIMUM SIZE OF CORPORATE BONDS	The minimum size required for the listing of corporate bonds in the main market of the ASE is adjusted to two hundred thousand (200,000) euros.
1/304/10.06.2004 (GAZETTE 900/16.06.2004)	APPROVAL OF THE RULEBOOK OF ATHENS STOCK EXCHANGE SA	The rule approves the Rulebook of Athens Stock Exchange SA that was adopted at the 08.06.2004 meeting of the Board of Directors of the ASE.
2/304/10.06.2004 (GAZETTE 900/16.06.2004)	APPROVAL OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DEMATERIALIZED SECURITIES	This rule ratifies the «Regulation for the Clearing of Transactions on Dematerialized Securities» dated 26.05.2004.
3/304/10.06.2004 (GAZETTE 901/16.06.2004)	REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	This rule sets the Rulebook of the Dematerialized Securities System.
4/304/10.06.2004 (GAZETTE 900/16.06.2004)	APPROVAL OF THE REGULATION FOR THE OF TRANSACTIONS ON DERIVATIVES	This rule ratifies the «Regulation For The Clearing of Transactions on Derivatives» adopted on 28.05.2004 at meeting No. 108 of the Board of Directors of the ADECH.
5/304/10.06.2004 (GAZETTE 900/16.06.2004)	AMENDMENT OF THE TERMS FOR SHARE BLOCKING IN THE NEW MARKET	This rule redefines the percentages concerning share blocking, the duration of this limitation and the terms and condition for its gradual removal.
6/304/10.06.2004 (GAZETTE 900/16.06.2004)	ADJUSTMENT OF THE MINIMUM SHARE CAPITAL OF INVESTMENT FIRMS	This rule readjusts the minimum share capital of investment firms, provided for by article 28, paragraph 1, verse 1 of Law 2396/1996 (Gazette 73 A/30.04.1996) to six hundred thousand (600,000) euros. The minimum share capital of investment firms provided for by article 28, paragraph 1, verse 2 of Law 2396/1996 (Gazette 73 A/30.04.1996) for the provision of underwriter services, is adjusted to three million (3,000,000) euros.
7/304/10.06.2004 (GAZETTE 900/16.06.2004)	ADJUSTMENT OF THE MINIMUM SHARE CAPITAL OF BROKERAGE FIRMS PROVIDING PUBLIC OFFERINGS	This rule readjusts the minimum share capital of brokerage firms, provided for by article 26, paragraph 1, of Law 1806/1988 (Gazette 207A/20.09.1988) for the provision of underwriter services at public offerings to three million (3,000,000) euros.
8/304/10.06.2004 (GAZETTE 900/16.06.2004)	GHTS OF ASE MEMBERS AND THE CONTRIBUTION OF ASE MEMBERS TO THE SUPPLEMENTARY FUND FOR THE CLEARING AT THE ATHENS STOCK EXCHANGE	This rule sets the rights of ASE members, as well as the contribution of ASE members to the Supplementary Fund for the Clearing at the Athens Stock Exchange.
9/304/10.06.2004 (GAZETTE 900/16.06.2004)	EMERGING MARKETS IN WHICH EMERGING MARKET INVESTMENT FUNDS MAY INVEST THEIR ASSETS	This rule specifies the markets in which Emerging Market Investment Funds are allowed to invest their assets.

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10/304/10.06.2004 (1°: Gazette B 900/16.06.2004, 2nd: Gazette B 994/05.07.2004)	EMERGING MARKETS IN WHICH EMERGING MARKET PORTFOLIO INVESTMENT FIRMS MAY INVEST THEIR CASH	This rule specifies the markets in which Emerging Market Portfolio Investment Firms are allowed to invest their cash
2/305/18.06.2004 (GAZETTE 1360/03.09.2004)	OPERATION OF THE PARALLEL MARKET OF THE STOCK EXCHANGE, AS PROVIDED FOR BY ARTICLE 32 LAW 1806/1988 (GAZETTE A 207).	The rule specifies the terms and conditions for the listing of shares and bonds in the Parallel market, along with the place and time for the public sessions of the parallel market, and the reasons for the suspension of trading and the delisting of company shares from the parallel market.
1/306/22.06.2004 (GAZETTE 1029/08.07.2004)	AMENDMENT OF ARTICLE 2 OF CMC RULE 2/213/28.3.2001 PROVISION OF CREDIT BY THE ASE MEMBERS AND OTHER ADJUSTMENTS TO CLIENTS (MARGIN ACCOUNT) (GAZETTE 480/26.04.2001)	The rule amends article 2 of CMC Rule 2/213/28.3.2001 (Gazette 480/26.04.2001) «Provision of credit by the ASE members and other adjustments to clients (margin account).»
2/306/22.06.2004 (GAZETTE 1029/08.07.2004)	SEGREGATION OF CLIENT AND INVESTMENT FIRM FUNDS	When investment firms hold client funds, they are required to keep them in a special bank account, separated from the firms own funds, stating that this account concerns client funds.
6/306/22.06.2004 (GAZETTE 1029/08.07.2004)	TERMS AND CONDITIONS FOR BOOK BUILDING AND THE ALLOCATION OF SHARE IN PUBLIC OFFERING IN THE MAIN AND PARALLEL MARKETS OF THE ASE	This rule sets the terms and conditions regarding book building and the allocation of shares in public offerings in the Main and Parallel markets of the ASE.
7/306/22.06.2004 (GAZETTE 1029/08.07.2004)	TERMS AND CONDITIONS REGARDING THE ALLOCATION OF IPO SECURITIES IN THE NEW MARKET OF THE ATHENS STOCK EXCHANGE AND THE GREEK MARKET OF EMERGING CAPITAL MARKETS	This rule sets the terms and conditions regarding the allocation of IPO securities in the New Market of the Athens Stock Exchange and the Greek Market of Emerging Capital Markets.
7/308/15.07.2004 (GAZETTE 1124/23.07.2004)	ABOLISHMENT OF PARAGRAPH 1 OF CMC RULE 4/106/13.05.1997 (GAZETTE B/417/23.05.1997), CONCERNING THE PAYMENT OF ADDITIONAL CONTRIBUTIONS TO THE SUPPLEMENTARY FUND FOR THE CLEARING AT THE ATHENS STOCK EXCHANGE.	This rule abolishes CMC Rule 4/106/13.05.1997 (Gazette B/417/23.05.1997, as amended by CMC Rule 2/291/22.01.2004 (Gazette B 300/11.02.2004).
8/308/15.07.2004 (GAZETTE 1124/23.07.2004)	AMENDMENT OF CMC RULE 8/304/10.06.2004 (GAZETTE B/900/16.06.2004) ON THE RIGHTS OF ASE MEMBERS AND THE CONTRIBUTION OF ASE MEMBERS TO THE SUPPLEMENTARY FUND FOR THE CLEARING AT THE ATHENS STOCK EXCHANGE.	This rule abolishes verse 2 of the first paragraph and verse 2 of the second paragraph of article 1 of CMC Rule 8/304/10.06.2004 (Gazette B/900/16.06.2004).
2/316/29.10.2004 (GAZETTE 1671/11.11.2004)	TRANSITIONAL PROVISION ON THE TAX AUDIT REQUIREMENTS OF CMC RULE 2/305/18.06.2004 (GAZETTE /1360/03.09.2004) 'OPERATION OF THE PARALLEL MARKET OF THE STOCK EXCHANGE, AS PROVIDED BY ARTICLE 32 LAW 1806/1988 (GAZETTE A 207).	Transitional provision on the tax audit requirements of CMC Rule 2/305/18.06.2004 (Gazette /1360/03.09.2004) «Operation of the parallel market of the stock exchange, as provided for by article 32 Law 1806/1988 (Gazette A 207).»

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1/317/11.11.2004 (GAZETTE 1746/26.11.2004)	CLASSIFICATION OF MUTUAL FUNDS ACCORDING TO LAW 3283/2004.	This rule redefines the classification of mutual funds.
2/317/11.11.2004 (GAZETTE 1746/26.11.2004)	QUARTERLY MUTUAL FUND INVESTMENT LISTS ACCORDING TO LAW 3283/2004.	According to this rule, mutual fund management firms prepare an investment list for the mutual fund for each calendar quarter, on the basis of the example attached to the rule, and within 10 calendar days after the end of each semester submit the investment list to the HCMC, release it to the public and upload it to their websites.
24/318/23.11.2004 (GAZETTE	AMENDMENT OF CMC RULE 2/132/19.05.1998 «CODE OF CONDUCT FOR MUTUAL FUND MANAGEMENT FIRMS AND PORTFOLIO INVESTMENT FIRMS»	This decision amends paragraph 11, article 9 of 2/132/19.05.1998, concerning the obligation of mutual fund management firms to inform their share holders.
1/319/09.12.2004 (GAZETTE 1884/20.12.2004)	AMENDMENT OF CMC RULE 5/204/14.11.2000 «CODE OF CONDUCT FOR LISTED COMPANIES (GAZETTE 1487/06.12.2000)	This rule amends article 16 of the said rule, concerning the annual report. 2/319/09.12.2004 (Gazette B 1884/20-12-2004)
2/319/09.12.200 (GAZETTE 1884/20.12.2004)	AMENDMENT OF HCMC RULE 18/291/22.1.2004 (GAZETTE _/486/5.3.2004) «SPECIFICATION OF THE MAXIMUM DAILY FLUCTUATION LIMITS OF SHARE PRICES, BLOCK TRADES AND CLEARING ENTRIES»	This rule adjusts share price fluctuation limits.
3/319/09.12.2004 (GAZETTE 1884/20.12.2004)	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DERIVATIVES	This rule approves an amendment of the Regulation For The Clearing of Transactions on Derivatives the minimum margin paid to the ADECH by members of the derivatives market that are not ADECH members (non-clearing members).
4/319/09.12.2004 (GAZET 1884/20-12-2004)	AMENDMENT OF THE RULEBOOK FOR ATHENS STOCK EXCHANGE SA	This rule approves three amendments to the Athens Stock Exchange Rulebook. The first concerns the TE extension by 15 minutes of the specific period of the ASE spot market sessions, during which transactions are executed at the closing price. The second concerns the placement of shares of companies showing negative own capital under suspension of trading status. The third concerns the obligation of listed companies to announce to the General Meeting the cutout date and the payment period of dividends.

APPENDIX 2

Participation in International Conferences, Fora and Meetings in 2004

- January 14th, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- January 16th, 2004, London, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- January 20th, 2004, Brussels, CESRPol Meeting
- January 20th, 2004, Frankfurt, Meeting of the joint CESR-ECB group on Clearing and Settlement
- January 26th, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- January 26th, 2004, Paris, CESR Meeting for the incorporation of EU Directive on Market Abuse.
- January 27th, 2004, Paris, Conference of the CESR Review Panel
- January 29th, 2004, Rome, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- January 29th to 30th, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- February 4th to 6th, 2004, Madrid, IOSCO opening ceremony and Meeting of IOSCO's Technical Committee
- February 6th, 2004, Madrid, Conference of IOSCO's Executive Committee
- February 6th, 2004, Paris, CESR Meeting
- February 9th, 2004, Luxemburg, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- February 10th to 11th, 2004, Seoul, South Korea, , Korean Development Institute - OECD
- February 10th to 12th, 2004, Mexico, Meeting of the Standing Committee IV, the Screening Group and the Task Force on Client Identification of IOSCO,
- February 12th to 13th, 2004, Rome, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- February 13th, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- February 23rd to 27th, 2004, Brisbane, Australia, _SIC Summer School
- February 26th, 2004, Paris, Meeting of the joint CESR-ECB group on Clearing and Settlement
- February 27th, 2004, Prague, Conference of CESR Presidents
- March 2nd, 2004, Paris, CESRPol Meeting
- March 10th, 2004, CESRFin Meeting
- March 11th, 2004, London, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group)
- March 11th, 2004, Paris, Meeting of the Market Participants Consultative Panel
- March 16th, 2004, London, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- March 16th, 2004, Brussels, CESR Meeting for the implementation of EU Directive on Market Abuse.
- March 18th, 2004, Lisbon, Meeting of the CESR Working Group on Prospectuses
- March 23rd, 2004, Paris, CESR Summit
- March 30th, 2004, Vienna, CESRPol Meeting
- March 30th to 31st, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- April 1st to 2nd, 2004, Paris, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards

- April 6th, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- April 14th, 2004, Brussels, Meeting of the UCITS Contact Committee
- April 18th to 19th, 2004, Rome, Meeting of the CESR Working Group on Prospectuses
- Aptril 19th to 20th, 2004, Vienna, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards
- April 20th to 21st, 2004, Paris, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- April 20th to 21st, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- April 21st, 2004, Brussels, CESR Meeting for the implementation of EU Directive on Market Abuse.
- April 26th to 27th, 2004, Maastricht, Meeting of the European Institute of Public Administration
- April 26th to 30th, 2004, Istanbul, _OSCO and the Capital Markets Board of Turkey
- April 26th, 2004, Brussels, Meeting for the incorporation of the Directive on Prospectuses
- April 27th, 2004, Paris, CESRPol Meeting
- April 27th, 2004, Rome, Meeting of the CESR Working Group on investment management
- April 28th, 2004, Frankfurt, Meeting of the joint CESR-ECB group on Clearing and Settlement
- May 5th to 6th, 2004, London, Meeting of Standing Committee IV of IOSCO
- May 11th, 2004, London, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- May 12th, 2004, Helsinki, Conference of the CESR Review Panel
- May 12th, 2004, Paris, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards
- May 14th, 2004, Lisbon, Meeting of the CESR Working Group on Prospectuses
- May 14th, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- May 17th, 2004, Stockholm, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- May 17th to 20th, 2004, Amman, Jordan, IOSCO Annual Conference
- May 26th, 2004, Stockholm, CESRPol Meeting
- June 3rd to 4th, 2004, Amsterdam, CESR Summit
- June 8th to 10th, 2004, Lausane, Capital Management Advisors
- June 16th, 2004, Vienna, CESRPol Meeting
- June 21st, 2004, Paris, Meeting of the CESR Working Group on Transparency
- June 22nd to 23rd, 2004, Brussels, Conference of the European Commission
- July 1st to 2nd, 2004, Rome, Meeting of the CESR Working Group on investment management
- July 2nd, 2004, Frankfurt, Meeting of the joint CESR-ECB group on Clearing and Settlement
- July 5th, 2004, Frankfurt, Meeting of the CESR Working Group on Transparency
- July 4th, 2004, London Meeting for the implementation of the new Directive on Market Abuse in the UK
- July 8th to 9th, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- July 9th, 2004, Brussels, 3rd unofficial meeting for the incorporation of the Directive on Market Abuse
- July 13th, 2004, Paris, Meeting of the CESR Working Group on Transparency
- July 15th, 2004, Paris, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards

- July 22nd, 2004, London, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- August 13th, 2004, Frankfurt, Meeting of the CESR Working Group on Transparency
- August 30th to 31st, 2004, Talin, Meeting of the CESR Working Group on Transparency
- September 2nd, 2004, Paris, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- September 2nd to 3rd, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- September 7th, 2004, Paris, Meeting of the CESR Working Group on Prospectuses
- September 8th to 9th, 2004, Brussels, Meeting of the CESR Working Group on Transparency
- September 9th to 10th, 2004, Copenhagen, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards
- September 14th, 2004, Dublin, CESRPol Meeting
- September 14th to 15th, 2004, Amsterdam, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- September 15th to 16th, 2004, Budapest, Meeting of the CESR Working Group on Transparency
- September 17th, 2004, Helsinki, Conference of the CESR Review Panel
- September 22nd , 2004, Rome, Meeting of the CESR Working Group on Transparency
- September 22nd , 2004, Brussels, Working Group of the Council of Europe on financial services.
- September 22nd to 23rd, 2004, London, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- September 24th, 2004, Amsterdam, CESRFin Meeting
- September 27th to 28th, 2004, Frankfurt, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- September 28thto 29th, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- September 28th to 29th, 2004, Paris, Meeting of the CESR Working Group on Transparency
- September 30th, 2004, Rome, Meeting of the CESR Working Group on investment management
- October 1st, 2004, Brussels, Unofficial meeting for the Directive on market abuse
- October 1st, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- October 5th, 2004, Frankfurt, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- October 6th to 8th, 2004, Paris, Meeting of the CESR Working Group on Transparency
- October 14th and 15th, 2004, Paris, CESR Summit
- October 20th, 2004, Brussels, Working Group of the Council of Europe on financial services.
- October 20th, 2004, Paris, OECD meeting on Corporate Governance
- October 20th to 22nd, 2004, Oslo, Meeting of the CESR Working Group on Transparency
- October 21st, 2004, Paris, Meeting of the joint CESR-ECB group on Clearing and Settlement
- October 25th, 2004, Brussels, Meeting of the European Council on listed company transparency
- October 27th to 28th, 2004, Frankfurt, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- October 27th to 29th, 2004, New York, Conference on Regulators and the Global Marketplace
- November 3rd to 5th, 2004, Lisbon, Meeting of the CESR Working Group on Transparency

- November 4th, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- November 4th, 2004, Nicosia, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards
- November 9th, 2004, Amsterdam, Meeting of CESRFin sub-committee for the Endorsement of International Accounting Standards
- November 19th, 2004, Lisbon, Conference of the European Regional Committee of IOSCO
- November 23rd, 2004, Frankfurt, Meeting of the CESR Working Group for regulated markets (MiFiD CESR Working Group)
- November 24th to 25th, 2004, Paris, Meeting of the CESR Working Group on Transparency
- November 29th, Nicosia, Meeting with the securities commission of Cyprus for the development of a Corporate Governance Code
- December 2nd, 2004, Paris, Meeting of the CESR Working Group for Co-operation and Information Exchange on executed transactions (MiFiD CESR Working Group).
- December 2nd to 3rd, 2004, Paris, Meeting of the CESR Working Group for market intermediaries (MiFiD CESR Working Group)
- December 6th, 2004, Paris, 1st CESR Conference on Europe's Single Market: Under Construction or fully Integrated
- December 7th, 2004, Paris, Conference of the CESR Review Panel
- December 14th, 2004, Paris, CESRPol Meeting

APPENDIX 3

Rules and Regulations Issued by the HCMC, 2004

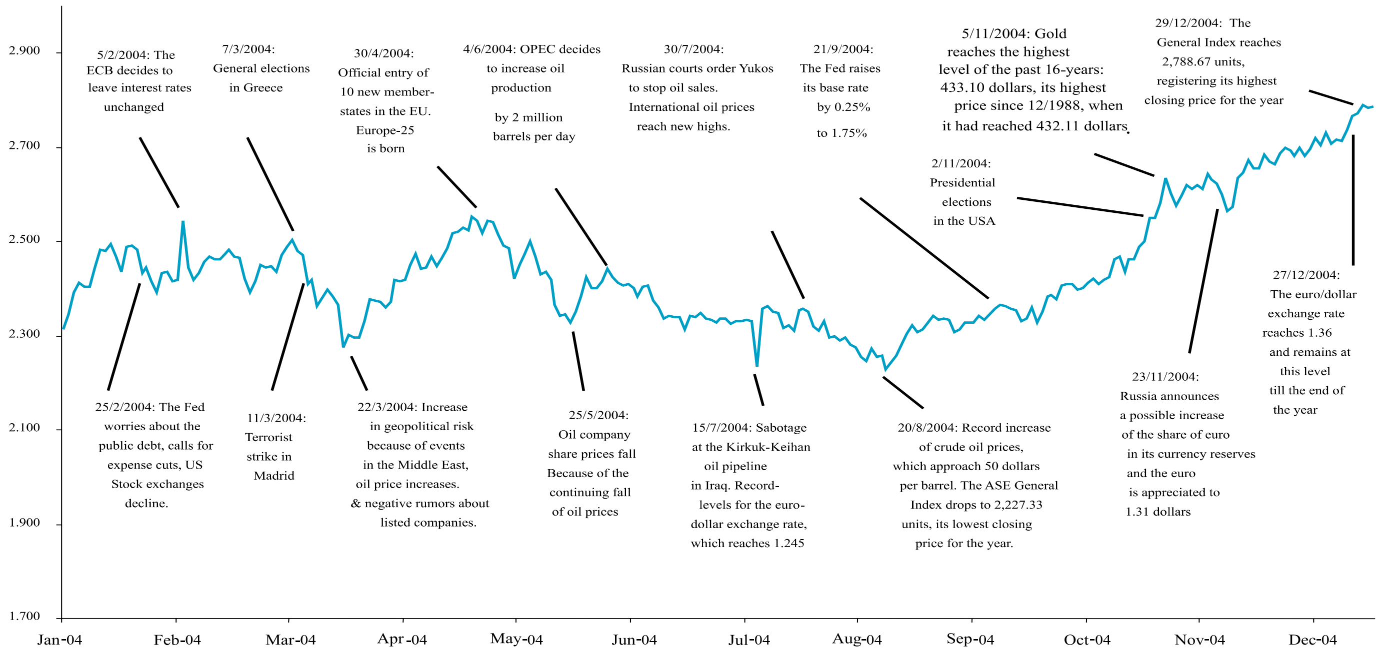

TABLE I

Developments in Selected International Stock Exchanges, 2004

Stock Exchanges	Stock Exchange Indices [1]		Market Capitalisation [1]			Value of Transactions [1]				
	Closing price	Annual Change (%)	Amount (US$ bn)	Annual Change (%)	% of GDP	Annual Change (%)	% of GDP	% of GDP	Turnover ratio (%) [1]	No. of listed companies
London	4,814.30	7.54	2,815.93	16.1	121.93	5,176.17	42.8	224.12	183.82	2,837
Germany	4,256.08	7.34	1,194.52	10.7	40.75	1,541.90	18.2	52.60	129.08	819
Euronext 3	657.93	8.04	2,441.26	17.6	-	2,475.33	29.9	-	101.40	1,333
Paris	3,821.16	7.40	-	-	-	-	-	-	-	-
Switzerland	4,234.56	6.89	829.10	14.0	216.40	789.40	29.6	206.04	95.21	409
Amsterdam	348.08	3.09	-	-	-	-	-		-	-
Italy	23,534.00	18.13	789.56	28.4	43.29	973.34	18.3	53.36	123.28	278
Madrid 4	959.06	18.70	940.67	29.5	88.13	1,207.08	28.6	113.09	128.32	N/A
Stockholm	228.41	17.63	377.86	18.1	100.16	463.22	51.8	122.79	122.59	276
Brussels	2,932.62	30.68	-	-	-	-	-	-	-	-
Athens	2,786.18	23.09	125.24	17.4	56.55	44.76	11.7	20.21	35.74	321
Vienna	2,431.38	57.36	87.78	55.3	28.00	24.36	117.0	7.77	27.75	121
NYSE	7,250.06	12.16	12,707.58	12.2	99.99	11,618.15	19.9	91.42	91.43	2,293
NASDAQ	2,175.44	8.59	N/A	N/A	NA	N/A	N/A	NA	N/A	N/A
Tokyo	11,488.76	7.61	3,557.67	20.5	70.42	3,220.03	51.1	63.74	90.51	2,306
Hong-Kong	14,230.14	13.15	861.46	20.6	NA	439.58	48.3	NA	51.03	1,096

Source: World Federation of Exchanges (WFE)

Notes: 1.The figures presented here are comparable, albeit may differ from other presentations because of the method of their calculation used by the W.F.E. 2. Value of trading in shares / market capitalization.3. Includes data from Amsterdam, Brussels, Lisbon and Paris.

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

TABLE II

Market Share, Number of and Total Asset Value of Mutual Fund Management Firms, 2002-2004

Mutual Fund Management Firms	31.12.2004 Number of M/F	31.12.2004 Assets (mil. euro)	31.12.2004 Market Share	31.12.2004 % Annual Change	31.12.2003 Number of M/F	31.12.2003 Assets (mil. euro)	31.12.2003 Market Share	31.12.2003 % Annual Change	31.12.2002 Number of M/F	31.12.2002 Assets (mil. euro)	31.12.2002 Market Share	31.12.2002 % Annual Change
ABN AMRO	--	-	-	4	92,44	0,30%	-31,27%	4	134,5	0,53%	-28,42%	
ALICO AIG	15	520.2	1.64%	-0.21%	14	563.25	1.85%	-8.99%	15	618.9	2.44%	-36.19%
ALLIANZ DRESDNER	10	309.2	0.98%	-0.13%	14	337.78	1.11%	10.58%	14	305.5	1.20%	-16.23%
ALPHA	25	4,676.1	14.78%	-0.27%	27	4.573.79	15.05%	47.30%	23	3,105.00	12.23%	-18.21%
ALPHA TRUST	10	224.7	0.71%	-0.09%	11	242.13	0.80%	-5.53%	11	256.3	1.01%	-38.11%
EFG	36	10,494.1	33.16%	1.57%	18	7.797.64	25.65%	-2.13%	16	7,967.20	31.39%	12.75%
HSBC (HELLAS)	10	578.7	1.83%	0.51%	10	402.14	1.32%	12.80%	10	356.5	1.40%	-27.71%
IBG (1)	--	-	-	-	-	-	-	4	4.9	0.02%	3.55%	
ING Piraeus (2)	12	757.3	2.39%	-1.82%	10	717.13	2.36%	-5.24%	9	300.5	1.18%	-30.44%
INTERNATIONAL	7	108.6	0.34%	-0.09%	8	131.90	0.43%	12.45%	10	117.3	0.46%	-20.18%
INTERTRUST	--	-	-	-	23	2,233.48	7.35%	1.72%	25	2,195.70	8.65%	-4.33%
MARFIN	11	29.4	0.09%	0%	11	27.51	0.09%	56.41%	11	17.6	0.07%	-28.97%
PROFUND	3	22.0	0.07%	0%	3	19.93	0.07%	41.13%	3	14.1	0.06%	431.23%
PROTON (3)	3	15.6	0.05%	0%	3	14.52	0.05%	303.36%	-	-	-	-
ASPIS	10	263.2	0.83%	-0.2%	6	220.51	0.73%	-2.89%	6	227.1	0.89%	-20.10%
SOCIAL SECURITY FUNDS	2	722.2	2.28%	0.13%	2	655.22	2.16%	102.70%	1	323.2	1.27%	-
ATE	9	891.7	2.82%	-0.29%	9	945.60	3.11%	-5.93%	9	1,005.30	3.96%	-11.91%
ATTIKI	4	34.3	0.11%	0.03%	4	23.75	0.08%	-2.48%	4	24.4	0.10%	-19.19%
GENIKI	8	132.0	0.42%	-0.15%	8	171.04	0.56%	-15.90%	8	203.4	0.80%	-51.63%
DIETHNIKI	21	8.512.3	26.90%	1.63%	20	7,678.89	25.26%	81.46%	16	4,231.80	16.67%	-0.19%
EGNATIA	7	128.8	0.41%	-0.06%	7	141.21	0.46%	-7.38%	6	152.5	0.60%	-38.62%
ELLINIKI TRUST	7	183.5	0.58%	0.32%	6	79.34	0.26%	1188.62%	2	6.2	0.02%	-
ERMIS	10	2,079.4	6.57%	-0.19%	10	2,053.47	6.76%	10.29%	10	1,861.90	7.33%	-6.44%
EVROPAIKI PISTI	11	63.5	0.20%	-0.03%	11	71.51	0.24%	2.02%	11	70.1	0.28%	-16.38%
CYPRUS	5	574.7	1.82%	0.26%	5	473.21	1.56%	-14.92%	5	556.2	2.19%	-8.15%
LAIKI	4	47.0	0.15%	-0.01%	4	48.18	0.16%	-3.20%	4	49.8	0.20%	-40.27%
P & K (4)	12	174.8	0.55%	-0.9%	4	19.84	0.07%	33.13%	6	38.2	0.15%	-42.25%
PIRAEUS	--	-	-	-	3	582.35	1.92%	-24.16%	10	1,200.90	4.73%	-10.05%
PSB GREEK POST (5)	3	28.8	0.09%	0.01%	3	25.64	0.08%		-	-	-	-
OMEGA (6)	7	75.6	0.24%	0.06%	7	55.42	0.18%	37.13%	7	40.4	0.16%	-40.47%
TOTAL	262	31,647.3	100.00%	-	265	30,398.81	100%	19.76%	260	25,385.10	100%	-5.26%

Source: Union of Greek Institutional Investors.

TABLE III

Total Mutual Funds Asset Value by Type of Fund, 31.12.2004

Mutual Fund	Bond				Money market				Mixed				Equity			
Management Firms	Domestic	Foreign	International	Total	Domestic	Foreign	International	Total	Domestic	Foreign	International	Total	Domestic	Foreign	International	Total
ALICO AIG	22.78%	11.93%		34.71%	21.57%			21.57%	1.61%		9.79%	11.40%	27.98%	4.34%		32.32%
ALLIANZ DRESDNER	37.35%		3.78%	41.13%	5.65%			5.65%	23.07%			23.07%	24.41%	2.06%	3.68%	30.15%
ALPHA TRUST	7.34%	5.79%	0.91%	14.04%	4.17%			4.17%	4.00%			4.00%	67.30%	10.49%		77.79%
ALPHA	10.29%	4.52%	17.20%	32.02%	40.24%			40.24%	2.20%	0.06%		2.25%	23.42%	2.08%		25.49%
ASPIS INT'L	38.09%		1.14%	39.23%	39.31%			39.31%					21.46%			21.46%
EFG	25.91%	1.61%	2.97%	30.48%	32.31%		2.14%	34.45%	17.60%		3.14%	20.74%	9.27%	5.06%		14.33%
HSBC (HELLAS)	7.10%		1.10%	8.20%	55.08%			55.08%			2.88%	2.88%	28.20%	5.65%		33.85%
ING PIRAEUS	19.02%	1.48%		20.50%	29.37%			29.37%	9.01%			9.01%	32.90%	8.21%		41.11%
INTERNATIONAL	45.24%			45.24%	2.38%			2.38%	20.37%		1.42%	21.79%	30.58%			30.58%
MARFIN			9.22%	9.22%	34.00%			34.00%	16.59%		3.97%	20.56%	8.90%		27.32%	36.22%
PROFUND			42.37%	42.37%	30.92%			30.92%					26.71%			26.71%
PROTON			21.94%	21.94%					16.59%			16.59%			61.47%	61.47%
SOC SECUR FUND	42.05%			42.05%					57.95%			57.95%				
ATE	34.91%		2.46%	37.36%	37.82%			37.82%	3.00%		4.09%	7.10%	16.88%		0.84%	17.72%
ATTIKI	13.52%			13.52%	11.83%			11.83%	33.88%			33.88%	40.77%			40.77%
GENIKI	36.61%		8.13%	44.74%	9.28%			9.28%	5.70%			5.70%	38.27%	2.00%		40.28%
DIETHNIKI	5.93%	6.88%	0.21%	13.02%	77.12%		0.70%	77.82%	2.02%		0.31%	2.33%	6.70%	0.13%		6.83%
EGNATIA	4.12%			4.12%	11.89%			11.89%	1.37%			1.37%	78.48%		4.14%	82.62%
ELLINIKI TRUST					42.51%			42.51%		48.39%	5.14%	53.53%	1.43%	2.54%		3.96%
ERMIS	12.44%			12.44%	68.47%			68.47%	2.70%			2.70%	16.14%	0.25%		16.39%
EVROPAIKI PISTI	21.98%	10.64%		32.61%	19.01%			19.01%	7.86%		0.84%	8.70%	37.99%		1.68%	39.68%
CYPRUS	7.50%			7.50%	84.24%			84.24%	1.41%			1.41%	6.86%			6.86%
LAIKI	17.62%			17.62%	8.62%			8.62%					73.76%			73.76%
P & K	29.29%			29.29%	46.73%			46.73%	0.81%			0.81%	21.20%	1.97%		23.16%
PSB GREEK POST	41.39%			41.39%	7.05%			7.05%	51.57%			51.57%				
OMEGA	11.05%			11.05%	68.37%			68.37%		1.21%	2.75%	3.96%	16.62%			16.62%
MARKET SHARES	16.93%	3.35%	3.80%	24.08%	47.86%		0.90%	48.76%	9.04%	0.29%	1.50%	10.83%	13.66%	2.54%	0.14%	16.33%

Source: Union of Greek Institutional Investors.

Note. (a) On 20.12.04, ASPIS INTERNATIONAL absorbed ABN AMRO and changed its name, (b) on 20.12.04 _BN-AMRO was absorbed by ASPIS, (c) on 29.11.04 Intertrust undertook the management of Interamerican M/Fs from EFG, (d) on 29.11.04 EFG undertook the management of the Interamerican mutual funds from Intertrust, (e) on 29.10.04 ING PIRAEUS undertook the management of Domestic money market MF of Piraeus, (f) on 29.10.04 PIRAEUS undertook the management of the Domestic money market MF of ING Piraeus, (g) on 01.10.04 P/K undertook the management of the Novabank MFs of Intertrust, and (h) on 01.10.04 INTERTRUST undertook the management of the Novabank MFs of P & K.

TABLE IV

Mutual Funds Returns by Type of Fund, 2000-2004

M/F Classification	End of year return*Average Annual Return									
	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
BOND										
Domestic	2.53%	2.27%	4.89%	4.11%	7.83%	0.2%	2.41%	4.89%	4.11%	7.98%
Foreign	3.32%	-1.42%	0.45%	4.52%	12.25%	0.28%	-1.87%	0.45%	4.85%	12.25%
International	1.03%	-1.61%	1.07%	4.37%	10.48%	0.08%	-2.21%	0.75%	5.48%	11.19%
MONEY MARKET										
Domestic	1.77%	2.12%	2.26%	3.44%	6.37%	0.15%	2.18%	2.40%	3.70%	7.15%
Foreign			3.28%	0.26%	6.94%			3.28%	2.87%	6.94%
International	-0.95%	-2.26%	-2.05%	5.67%	7.43%	-0.19%	-3.34%	-2.84%	5.67%	9.97%
EQUITY										
Domestic	10.23%	23.09%	-26.35%	-22.63%	-38.42%	0.82%	23.40%	-27.24%	-23.97%	-45.66%
Foreign	2.67%	9.26%	-27.84%	-12.79%	-7.43%	0.24%	11.03%	-29.39%	-17.66%	-10.91%
Διεθνή	5.9%	14.70%	-30.41%	-15.66%	-13.21%	0.28%	13.92%	-30.41%	-18.47%	-19.24%
MIXED										
Domestic	8.64%	12.19%	-12.80%	-10.56%	-20.19%	0.77%	12.67%	-13.40%	-11.78%	-23.23%
Foreign	0.41%	2.40%	-20.27%	-10.87%	4.04%	0.08%	3.98%	-20.27%	-10.87%	5.52%
International	2.86%	2.46%	-11.95%	-4.64%	-10.04%	0.15%	2.25%	-11.95%	-6.46%	-11.50%

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

TABLE V

Monthly Distribution of Mutual Fund Assets Value by Type of Fund, 2002-2004

Month / Year	Total Assets	Bond		Domestic Equity		Domestic Mixed		Domestic Money market	
		Assets mn euro)	% monthly change	Assets mn euro)	% monthly change	Assets mn euro)	% monthly mn euro)	Assets mn euro)	% monthly mn euro)
Dec-04	31,647.31	5,348.42	0.22%	4,323.05	3.42%	2,860.25	2.21%	15,145.75	0.34%
Nov-04	31,323.12	5,346.67	3.94%	4,179.99	3.12%	2,798.48	-1.40%	15,094.81	-0.56%
Oct-04	31,061.07	5,143.89	1.13%	4,053.7	3.81%	2,838.11	-0.98%	15,179.53	0.17%
Sep-04	30,614.98	5,086.37	1.24%	3,904.94	-1.94%	2,866.24	-0.87%	15,154.31	-2.83%
Aug-04	30,700.81	5,024.03	0.8%	3,982.18	-2.38%	2,891.3	-0.57%	15,596.19	-0.93%
July-04	30,794.36	4,984.12	0.01%	4,079.06	-1.68%	2,874.98	-0.84%	15,742.76	0.75%
Jun-04	30,698.27	4,983.53	0.05%	4,149.25	-2.96%	2,899.44	-2.92%	15,625.21	0.85%
May-04	30,605.77	4,980.81	-0.31%	4,275.95	-4.27%	2,986.53	-2.07%	15,494.27	-1.71%
Apr-04	31,116.29	4,996.2	-0.03%	4,466.83	3.7%	3,049.53	0.25%	15,764.6	0.73%
Mar-04	30,798.24	4,997.91	-0.54%	4,307.42	-4.57%	3,041.81	1.15%	15,650.56	2.85%
Feb-04	30,488.45	5,024.97	-0.07%	4,513.9	-1.01%	3,007.21	0.96%	15,217.06	-1.09%
Jan-04	30,362.73	5,027.86	-1.61%	4,555.23	8.86%	2,977.73	-2.51%	15,160.01	-3.04%
Dec-03	30,398.81	6,540.32	0.21%	4,184.59	3.76%	3,054.55	1.13%	15,635.78	1.25%
Nov-03	29,978.61	6,526.80	-1.72%	4,032.78	3.29%	3,020.50	0.53%	15,443.08	-0.79%
Oct-03	30,071.40	6,640.80	-1.36%	3,904.30	4.72%	3,004.48	-3.98%	15,565.46	-0.16%
Sep-03	29,969.60	6,732.30	0.40%	3,728.20	-8.68%	3,129.03	-6.49%	15,590.30	-0.50%
Aug-03	30,617.30	6,705.40	3.42%	4,082.50	4.11%	3,346.31	2.67%	15,667.87	-0.85%
July-03	30,236.70	6,483.70	0.29%	3,921.50	13.16%	3,259.16	6.79%	15,802.02	1.07%
Jun-03	29,232.10	6,464.70	4.70%	3,465.30	8.34%	3,052.05	-1.75%	15,634.95	6.07%
May-03	27,779.50	6,174.60	3.71%	3,198.40	1.39%	3,106.51	-3.48%	14,739.83	2.32%
Apr-03	27,269.90	5,953.80	1.35%	3,154.60	11.78%	3,218.39	3.19%	14,405.03	2.00%
Mar-03	26,431.80	5,874.60	2.34%	2,822.10	-8.15%	3,118.95	-3.03%	14,122.10	9.22%
Feb-03	25,456.20	5,740.50	5.20%	3,072.60	-4.33%	3,216.48	-11.24%	12,930.01	7.91%
Jan-03	24,771.50	5,456.70	6.54%	3,211.80	-5.20%	3,623.90	-35.84%	11,982.00	11.84%
Dec-02	25,385.10	5,121.90	3.51%	3,388.00	-7.74%	5,648.00	-2.47%	10,713.82	17.91%
Nov-02	24,052.40	4,948.10	0.30%	3,672.10	4.13%	5,791.20	33.25%	9,086.17	1.34%
Oct-02	22,306.70	4,933.30	-0.84%	3,526.30	-2.43%	4,346.20	7.02%	8,965.79	-1.31%
Sep-02	22,246.30	4,974.90	-0.21%	3,614.00	-13.12%	4,060.94	-3.43%	9,084.83	1.93%
Aug-02	22,824.10	4,985.60	0.09%	4,159.80	-0.40%	4,205.21	-1.56%	8,913.13	0.51%
July-02	22,864.00	4,981.10	-1.47%	4,176.30	-5.44%	4,271.92	-1.09%	8,867.53	2.47%
Jun-02	23,040.60	5,055.30	-1.60%	4,416.60	-2.19%	4,319.15	1.88%	8,653.53	-2.99%
May-*02*	*23,458.60*	*5,137.60*	*-2.99%*	*4,515.60*	*3.64%*	*4,239.51*	*3.67%*	*8,919.99*	*0.70%*
Apr-02	23,249.40	5,295.90	-1.99%	4,356.80	-2.74%	4,089.48	0.64%	8,858.25	-4.34%
Mar-02	23,863.60	5,403.20	-3.82%	4,479.70	-2.94%	4,063.30	-3.36%	9,260.31	-1.10%
Feb-02	24,424.70	5,617.70	-0.84%	4,615.50	-9.21%	4,204.57	-6.06%	9,363.54	-4.11%
Jan-02	25,627.40	5,665.50	1.41%	5,083.60	0.34%	4,475.82	-23.63%	9,764.53	1.27%

Source: Union of Greek Institutional Investors.

TABLE VI

Mutual Fund Asset Value, ASE Capitalization and the General Index, 2001-2004

Month / Year	Total M/F Assets	Annual Change (%) of MF assets	Market Capitalisation of ASE companies	ASE General Index	Return (%)
Dec-04	31,647.31	1.03%	250,045.21	2,786.18	4.95%
Nov-04	31,323.12	0.84%	240,465.11	2,654.81	6.65%
Oct-04	31,061.07	1.46%	235,177.12	2,489.19	6.91%
Sep-04	30,614.98	-0.28%	230,796.4	2,328.24	0.60%
Aug-04	30,700.81	-0.30%	231,420.19	2,314.26	-0.22%
July-04	30,794.36	0.31%	232,803.08	2,319.30	-1.27%
Jun-04	30,698.27	0.30%	227,719.09	2,349.16	-3.08%
May-04	30,605.77	-1.64%	231,355.26	2,423.72	-3.73%
Apr-04	31,116.29	1.03%	235,308.44	2,517.62	6.20%
Mar-04	30,798.24	1.02%	228,565.95	2,370.65	-3.30%
Feb-04	30,488.45	0.41%	227,033.54	2,451.50	0.78%
Jan-04	30,362.73	-0.12%	227,402.31	2,432.58	7.47%
Dec-03	30,398.81	1.40%	219,766.62	2,263.58	4.31%
Nov-03	29,978.61	-0.31%	218,154.18	2,170.05	2.31%
Oct-03	30,071.40	0.34%	217,358.80	2,121.06	5.02%
Sep-03	29,969.60	-2.12%	210,257.70	2,019.76	-8.63%
Aug-03	30,617.30	1.26%	219,462.90	2,210.57	2.41%
Jul-03	30,236.70	3.44%	217,518.30	2,158.64	14.09%
Jun-03	29,232.10	5.23%	196,888.40	1,892.04	10.81%
May-03	27,779.50	1.87%	191,222.95	1,707.54	0.95%
Apr-03	27,269.90	3.17%	181,302.20	1,691.52	15.28%
Mar-03	26,431.80	3.83%	173,986.40	1,467.30	-9.09%
Feb-03	25,456.20	2.76%	184,365.90	1,614.06	-4.13%
Jan-03	24,771.50	-2.42%	186,736.80	1,683.59	-3.71%
Dec-02	25,385.10	5.54%	180,329.50	1,748.42	-6.64%
Nov-02	24,052.40	7.83%	187,284.10	1,872.83	4.90%
Oct-02	22,306.70	0.27%	183,842.90	1,785.28	-2.84%
Sep-02	22,246.30	-2.53%	180,857.50	1.837.52	-13.69%
Aug-02	22,824.10	-0.17%	80,745.00	2,129.06	0.65%
July-02	22,864.00	-0.77%	197,862.90	2,115.39	-5.47%
Jun-02	23,040.60	-1.78%	198,659.90	2,237.86	-2.60%
May-02	23,458.60	0.90%	202,448.00	2,297.56	3.57%
Apr-02	23,249.40	-2.57%	198,084.40	2,218.35	-2.73%
Mar-02	23,863.60	-2.30%	166,127.80	2,280.72	-2.24%
Feb-02	24,424.70	-4.69%	164,469.90	2,332.89	-10.16%
Jan-02	25,627.40	-4.36%	177,428.80	2,596.75	0.20%
Dec-01	26,795.01	9.62%	178,129.71	2,591.56	-3.80%
Nov-01	24,444.61	2.45%	179,584.74	2,694.02	9.15%
Oct-01	23,861.19	-0.61%	168,741.89	2,468.26	10.88%
Sep-01	24,008.51	-7.00%	171,219.66	2,226.05	-19.41%
Aug-01	25,814.82	6.18%	192,855.47	2,762.12	1.28%
July-01	24,311.37	15.91%	189,074.98	2,727.21	-0.51%
Jun-01	20,974.91	-22.90%	190,937.93	2,741.18	-11.25%
May-01	27,204.40	-3.61%	201,900.81	3,088.66	-6.02%
Apr-01	28,221.86	-0.13%	211,644.02	3,286.67	7.95%
Mar-01	28,259.13	-2.19%	203,991.20	3,044.55	-2.70%
Feb-01	28,892.15	-3.37%	205,763.46	3,129.06	-4.16%
Jan-*01*	*29,900.22*	*-3.20%*	*206,648.28*	*3,264.76*	*-3.66%*

Source: ASE, Union of Greek Institutional Investors.

TABLE VII

The Performance of Portfolio Investment Companies, 31.12.2004

Rank	Company name	Date of Listing in the ASE	Listing Share Price (euro)	Market Capitalization of ASE PICs	Net assets (,000 euro)	Premium / Discount (%)
1	Active Invest	01.09.1999	1,04	7.054,91	8,950	-21.21%
2	Alpha Investment (1)	-				
3	Alpha Trust Asset Manager	02.08.1993				
4	Alpha Trust Andromeda	19.12.2001	2,75	78,811.72	79,670	-1.08%
5	Altius	16.08.2002	1,39	6,672	8,670	-23.20%
6	Arrow	11.01.2002	2,57	83,782	84,450	-0.77%
7	Domus (2)	04.12.2001	0,38	4,332	5,490	-20.83%
8	Euroline Investment	11.12.2002	1,51	14,450	17,540	-17.49%
9	Interinvest	15.01.1992				
10	Marfin Classic	18.08.1993				
11	New Millennium Invest.	18.12.2002	1,59	29,112.9	29,850	-2.45%
12	Nexus	23.01.2002	1,01	7,575	10,080	-24.63%
13	Optima	27.2.2003	1,6	5,160	5,520	-6.43%
14	Aeolian Invest. Fund	09.08.1993	2,74	30,627.72	33,130	-7.43%
15	Astra	31.7.2003	1,19	10,710.	13,710	-21.71%
16	Dias Closed & Inv. Fund	27.07.1992	1,1	27,621	32,230	-14.06%
17	National Invest. Co	19.06.1981	2,24	221,840.64	224,940	-1.32%
18	Hellenic Invest. Co	19.01.1973	2,8	432,962.85	450,970	-4.11%
19	Commercial Invest.	17.08.1993				
20	Exelixi	06.05.1992	0,78	66,339	78,890	-16.13%
21	Investment Dev. Fund					
22	Ergo Invest (4)					
23	Eurodynamic Closed End Fund	05.10.2001	2,42	18,307.30	19,410	-5.84%
24	P & K	19.04.2002	1,19		30,260	-1.65%
25	Piraeus Investment (5)					-0.99%
26	The Greek Progress Fund	30.07.1990	4	128,960	130,230	
27	Global New Europe Fund	*8.10.2004*		*48,860.91*	*61,930*	*-21.11%*

Source: Union of Greek Institutional Investors, HCMC.

TABLE VIII

FEFSI Statistics on EU Mutual Funds, 30.09.2004

FEFSI Member States	Total Assets (mn euro)		UCITS members Assets (mn euro)		Non UCITS members Assets. (mn euro)	
	30.9.2004	**30.9.2003**	**30.9.2004**	**30.9.2003**	**30.9.2004**	**30.9.2003**
Austria	121,547	91,417	86,407	69,297	35,140	22,120
Belgium	96,026	79,516	90,702	74,225	5,324	5,291
Czech Republic	3,388	3,406	3,347	3,314	41	92
Denmark	66,571	45,545	43,407	36,656	23,164	8,889
Finland	29,127	20,968	26,397	20,968	2,730	0
France	1,085.850	981,820	981,600	886,400	104,250	95,420
Germany	846,895	811,635	226,579	212,538	620,316	599,097
Greece	31,828	31,811	30,615	29,970	1,213	1,841
Hungary	3,545	4,224	3,009	3,886	536	338
Ireland	420,903	337,306	330,907	265,601	89,996	71,705
Italy	394,555	394,736	373,410	381,826	21,145	12,910
Lichtenstein	9,752	6,980	9,570	6,932	182	48
Luxembourg	1,058.915	916,417	980,373	837,891	78,542	78,526
Netherlands	86,371	93,200	72,560	80,300	13,811	12,900
Norway	21,054	15,680	21,054	15,680	0	0
Poland	7,972	7,638	7,611	7,175	361	463
Portugal	30,491	26,757	23,186	20,598	7,305	6,159
Spain	224,614	199,672	220,695	196,925	3,919	2,747
Sweden	77,958	66,644	76,552	65,336	1,406	1,308
Switzerland	82,932	80,106	70,255	72,233	12,677	7,873
Un. Kingdom	469,479	393,199	361,728	293,520	107,751	99,679

Source: FEFSI

TABLE IX

FEFSI Statistics on Mutual Fund Assets Value by Fund Type, 2003-2004.

Type of mutual fund	30.9.2004		30.06.2004		30.3.2004		31.12.2003	
	Total Assets (bn euros)	% of Total	Total Assets (bn euros)	% of Total	Total Assets (bn euros)	% of Total	Total Assets (bn euros)	% of Total
Equity	1,269	34,.09%	1,288	34.5%	1,269	34.2	1,167	33.49%
Mixed	485	13,03%	487	13.05%	490	13.2	470	13.49%
Funds of funds	61	1.64%	69	1.85%	69	1.86	60	1.72%
Bond	1,009	27.1%	979	26.23%	980	26.41	1,041	29.87%
Money Market	816	21.92%	826	22.13%	825	22.23	676	19.4%
Other	*83*	*2.23%*	*84*	*2.25%*	*78*	*2.1*	*71*	*2.04%*
Total (1)	3,723	100.00%	3,733	100.00%	3,711	100.00%	3,485	100%
Incl. Ireland	4,054		4,058		4,026		3,760	

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

TABLE X

The Trading Status of ASE listed Companies, 31.12.2003.

A. Total Listed

ASE Market	Under regular trading	Under probation (still trading)	Total trading	Under suspension	Under listing	Total listed
Main market	201	11	212	15	0	227
Parallel Market	115	4	119	4	0	123
New Mrtk	8	0	8	1	0	9
EAGAK	1	0	1	0	0	1
Total	325	15	340	20	0	360

B. De-listed			C. Under Suspension			
Company	Market	Date	Parallel market	Date	Papastratos Cig	Main market
Papastratos Cig	Main market	07.05.2004	Greek Powder Co	02.04.1992	Connection SA.	03.02.2003
Panafon SA	Main market	16.07.2004	Philippou De Sa	20.01.1995	Sea Farm Ionian SA	03.02.2003
			Cosmos Sa	11.06.1996	Mouriadis SA	11.06.2004
			Globe SA	11.06.1996	Xifias SA	09.12.2003
			Dane Sea Line	07.10.1998		
			Thessaliki Spirits Co	01.07.1999		
			Alfa Beton (ex Nimatem.)	23.07.1999	New Market	Date
			Energos Holding SA	09.08.1999	Dynamic Life SA	21.12.2004
			Stabilton SA	04.06.2003		
			Datamedia SA.	07.08.2003		
			Intersat Sa	28.01.2004		
			European Technical SA	07.06.2004		
			Technodomi SA	25.06.2004		
			O. Daring SA	06.12.2004		
			Balafas SA.	06.12.2004		

D. Under Probation

Main market	Date	Parallel Market	Date
Emporikos Desmos Sa	23.09.1999	Corinth Pipeworks SA.	07.03.2003
Viosol Sa.	23.09.1999	MICROLAND COMP SA	12.03.2004
Keranis Holding Sa	23.03.2001	Hellatex Synth. Yarns SA	27.07.2004
Ideal Group SA	07.03.2003	Intersonic SA	31.12.2004
Multirama SA.	28.02.2003		
Alisida SA	07.03.2003		
Sp. Tassoglou SA.-Delonghi	07.03.2003		
Keramia-Allatini SA.	07.03.2003		
Plias SA.	07.03.2003		
Ergas SA	06.02.2004		
Empedos SA	15.12.2004		

Source: HCMC

TABLE XI

Public Offerings in the ASE, 2004 (Part A)

Rank	Company	IPO Period	Listing Date	Market	Sector	Binding Price Range	Initial Share Price (euro)	Public offering of new shares	Private placement of new shares	Total new shares	Private placement of existing shares	Public Offering of existing shares	Total shares distributed by public offering and private placement	Funds Raised (1)
1	Kloukinas-Lappas SA	21.01.2004-23.01.2004	16.02.2004	Parallel Market	Construction	7,74 - 8,50	8,5	1,309,600	65,480	1,375,080	0	0	1,375,080	11,688,180
2	Ilyda SA	28.01.2004-30.01.2004	26.02.2004	New Mrtk	Information Technology	3,5 - 4,0	4	762,000	38,000	800,000	0	0	800,000	3,200,000
3	Sprider SA (2)	05.02.2004-10.02.2004	24.02.2004	Main	Retail Trade	3,00 - 3,50	3,2	3,126,450	0	3,126,450	315,000	4,600,000	8,041,450	25,732,640
4	Elinoil SA	12.02.2004-17.02.2004	10.03.2004	Main	Wholesale & Retail Trade	6,20 - 6,80	6,8	2,250,000	110,000	2,360,000	0	0	2,360,000	16,048,000
5	Intramet SA	17.02.2004-20.02.2004	15.03.2004	Main	Manufacturing	1,77 - 1,94	1,9	5,240,000	260,000	5,500,000	0	0	5,500,000	10,450,000
6	EUROBROKERS	10.03.2004-12.03.2004	08.04.2004	Parallel Market	Financial Services	2,40 - 2,20	2,4	1,200,000	60,000	1,260,000	0	0	1,260,000	3,024,000
7	Alpha Grissin SA (3)	15.03.2004-17.03.2004	20.04.2004	Parallel Market	Information Technology	1,80 - 1,98	1,8	1,106,250	55,000	1,161,250	0	206,000	1,367,250	2,461,050
8	DELTA PROJECT	21.04.2004-23.04.2004	27.05.2004	New Mrkt.	Manufacturing	9,78 - 11,24	9,78	625,000	0	625,000	0	0	625,000	6,112,500
9	FHL MERMEREN KOMBINAT AD-Prilep (4)	28.04.2004-30.04.2004	21.05.2004	EAGAK	Manufacturing	6,70 - 7,50	7,5	446,380	22,320	468,700	0	0	468,700	3,515,250
10	Global New Europe Fund	14.09.2004-17.09.2004	08.10.2004	Main market	Investment Companies	3,14 - 3,40	3,22	4,085,360	0	4,085,360	0	0	4,085,360	13,154,859
	Συνολο													**95,386,479**

Source: HCMC

*Notes: 1. Includes the proceeds from both the Public Offering and the Private Placement2. The public offering of SPRIDER SA includes the sale of 4,915,000 existing shares. 3. The public offering of Alpha Grissin SA includes the sale of 206,000 existing shares 4. The trading unit in the ASE is one Greek Depository Certificate * In 2004 there was also the public offering of TECNERGA SA, the license for which was revoked, according to 7/307/24-6-2004.*

TABLE XI

Public Offerings in the ASE, 2004 (Part B, continued for Part A)

No	Company	Main Underwriter	Advisor	Allocation to private investors according to Prospectus	Allocation to institutional	Demand from private investors	Demand from institutional investors	Institutional Investor oversubscription	Private investor oversubscription	Total oversubscription	Weighted oversubscription (euro)
1	Kloukinas -Lappas SA	EFG TELESIS FINANCE	EFG TELESIS FINANCE	916,720	392,880	3,118,780	2,455,752	6.3	3.4	4.3	49,752,698
2	Ilyda SA	EFG TELESIS FINANCE	EFG TELESIS FINANCE	533,400	228,600	13,347,940	4,644,850	20.3	25.0	23.6	75,560,273
3	Sprider SA (2)	ALPHA FINANCE	ALPHA FINANCE	5,408,515	2,317,935	12,636,920	8,736,203	3.77	2.34	2.77	71,182,352
4	Elinoil	NBG	EFG TELESIS FINANCE	1,575,000	675,000	5,457,240	1,909,559	2.8	3.5	3.3	52,543,285
5	Intramet SA	ALPHA FINANCE, NBG	EFG TELESIS FINANCE	3,668,000	1,572,000	11,091,170	4,505,711	2.87	3.02	2.98	31,104,467
6	EUROBROKERS	MARFIN BAN		840,000	360,000	968,370	699,499	1.9	1.2	1.39	4,203,030
7	Alpha Grissin SA (3)	EFG TELESIS FINANCE		918,580	393,670	866,600	573,989	1.5	0.9	1.10	2,701,742
8	DELTA PROJECT	ACROPOLIS INV.	ACROPOLIS INV.	312,500	312,500	286,840	492,400	1.58	0.92	1.25	7,620,967
9	FHL MERMEREN KOMBINAT ADPrilep (4)	Piraeus Bank	Piraeus Bank	223,190	223,190	461,639	585,333	2.6	2.1	2.35	8,244,922
10	Global New Europe Fund	EFG TELESIS FINANCE	EFG TELESIS FINANCE	2,859,750	1,225,610	3,654,680	3,629,221	2.96	1.28	1.78	23,454,161
	Total										**326,367,897**

Source: HCMC

TABLE XII

Share Capital Increases in the ASE, 2004

No	Company	Market	ASE Board Approval	Ex-right Date	SCI Period	Date of new share trading	Capital Raised (in euro)	issuing Price	Number of shares	Beneficiaries	Advisor Underwriter
1	Lampsa Greek Hotels SA	Main	15.01.2004	30.1.2004	06 - 20.02.2004	12.3.04	14,267,235.0	7.50	1,902,298	Existing Shareholders 4n (CR)>10e(CR)	-
	(1)									Distribution of unsold shares	-
2	Empedos SA	Main	02.02.2004	5.2.2004	13 - 27.02.2004	24.6.04	8,533,639.0	0.56	15,238,641	Existing Shareholders 4n(CR)>10e(CR)	Proton Investment Bank
	(2)				Extension till έως 08.04.2004		5,554,016.7	0.56	9,917,887	Distribution of unsold shares	-
3	Viosol SA	Main	20.02.04	25.2.2004	03 - 17.03.2004	20.5.04	2,357,968.2	0.30	7,859,894	Existing Shareholders 6n(CR)>10e(CR)	Piraeus Bank
	(3)									Existing Shareholders 6n(CR)>10e(CR)	Piraeus Bank
							1,419,478.8	0.30	4,731,596	Διάθεση Αδιάθετων Μετοχών	
4	Ktima Kostas Lazaridis SA	Parallel Market	20.02.2004	12.3.2004	19.03 - 06.04.2004	23.4.04	2,956,128.0	2.40	1,231,720	Existing Shareholders 1n(CR)>10e(CR)	Merit Inv
	(4)						492,192.0	2.40	205,080	Distribution of unsold shares	-
5	GENIKI BANK Main market	Main market	24.03.2004	-	05.03.2004	29.3.04	89,142,858.0	6.00	14,857,143	Strat. Investor (cr)	-
6	Corinth Pipeworks SA	Parallel Market	19.04.2004	22.4.2004	28.04 - 06.05.2004	15.7.04	35,914,736.5	0.78	46,044,534	Existing Shareholders 2n (CR)>1e(CR)	Alpha Finance
	(5)										National Bank
7	Vivere SA	Parallel Market	27.05.2004	11.6.2004	21.06 - 05.07.2004	8.9.04	4,300,501.5	0.45	9,556,670	Existing Shareholders 1n (CR)>2e(CR)	Investment Bank of Greece
	(6)						2,005,946.6		4,457,659	Distribution of unsold shares	-
8	ASPIS BANK SA	Main market	15.07.2004	23.7.2004	30.07 - 30.08.2004	24.9.04	22,235,970.0	3.00	7,411,990	Existing Shareholders 1n (CR)>2.99e(CR)	-

	(7)					14,249,031.0		4,749,677	Distribution of unsold shares	
9	Keranis Holding SA*	Main market	21.10.2004	25.10.2004	30.10 - 29.11.2004		0.60	906,653	Existing Shareholders 1n (CR)>3e(CR)	Pentedekas Inv
	(8)						0.60	7,278,722	Distribution of unsold shares	Pentedekas Inv
							0.50	252,082	Existing Shareholders 1n (PR)>3e(PR)	
							0.50	3,022,033	Distribution of unsold shares	
10	Corinth Spinmills	Parallel Market	18.11.04	24.11.04	30.11 - 30.12.2004	1,028,071.8	0.45	2,284,604	Existing Shareholders 2n (CR)>1e(CR)	P & K Capital
	(9)					2,400,759.9	0.45	5,335,022	Distribution of unsold shares	
						44,605.8	0.45	99,124	Existing Shareholders 2n (PR)>1e(PR)	
						499,714.2	0.45	1,110,476	Distribution of unsold shares	
11	Energos Holding SA	Main market	-		18.11 - 02.12.2004	5,106,249.8	0.57	8,958,333	Existing Shareholders 0.1967n (CR)>1e(CR)	-
	TOTAL					**244,021,867.8**				

Source: HCMC

Notes: 1. The approved share capital increase by 6,104,000 shares (total capital 45,780,000euro) was initially subscribed to by 31.16% and subsequently by 100%. 2. The approved share capital increase by 52,260,397 shares (total capital 29,265,822 euro) was initially subscribed, through the exercise of options, by 29.16% (15,238,641 shares) Subsequently, and after the acquisition of unsold shares by prescribed and interested investors and shareholders (9,917,887 shares) it was covered by 48.14% (25,156,528 shares).3. The approved share capital increase by 19,863,016 shares (total capital 29,265,822 euro) was initially subscribed, through the exercise of options, by 39.57% (7,859,894 shares) Subsequently, and after the acquisition of unsold shares by prescribed investors (4,731,596 shares) it was covered by 63.39% (12,591,490 shares). 4. The approved share capital increase by 1,436,800 shares (total capital 3,448,320euro) was initially subscribed by 85.73% through the exercise of options and subsequently by 100%. 5. The approved share capital increase by 73,471,200 shares (total capital 57,307,536euro) was finally subscribed by 62.67% 6. The approved share capital increase by 18,450,940 shares (total capital 8,302,923 euro) was initially subscribed, through the exercise of options, by 51.8% (9,556,670 shares) Subsequently, and after the acquisition of unsold shares by prescribed investors (4,457,659 shares) it was covered by 75.96% (14,014,329 shares). 7. The approved share capital increase by 12,161,667 shares (total capital 36,485,001euro) was initially subscribed by 60.9455% through the exercise of options and subsequently by 100%. 8. The approved share capital increase by 8,185,375 common shares (total capital 4,911,225euro) and 3,274,115 preffered shares (total capital 1,964,469euro) was initially subscribed through the exercise of options by 11.076% and 7.699% respectively. Subsequently and after the acquisition of unsold shares by interested investors (7,278,722 common and 3,022,033 preferred shares) it was covered by 100% and 100% respectively. (i.e. 8,185,375 common and 3,274,115 preferred shares). 9. The approved share capital increase by 11,289,600 common registered shares (total capital 5,080,320euro) and 1,209,600 preffered shares (total capital 544,320euro) was initially subscribed through the exercise of options by 20.24% (2,284,604 shares) and 8.19% (99,124 shares) respectively. Subsequently and after the acquisition of unsold shares by interested investors (5,335,022 common and 1,110,476 preferred shares) it was covered by 67.49% and 100% respectively (i.e. 7,619,626 common and 1,209,600 preffered shares). 10. Pending a decision by the General Assembly of the holders of common and preferred shares for the approval of the share capital increase up to the full amount of the subscription. Pending the approval of the completed increase by the competent authorities.*

HELLENIC CAPITAL MARKET COMMISSION

1, Kolokotroni & Stadiou Str., GR 105-62 Athens GREECE
Tel. center: ++30.210.3377100
Web site: http://www.hcmc.gr