HELLENIC CAPITAL MARKET COMMISSION

2006

ANNUAL REPORT

ΠΙΝΑΚΑΣ ΠΕΡΙΕΧΟΜΕΝΩΝ

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A NOTE FROM THE CHAIRMAN

In 2006, capital market indices rose and investment activity soared in most international capital markets. In Greece, both the indices and the trading activity in the markets of the Athens Stock Exchange exhibited substantial growth and the General Index of the ATHEX registered an annual gain of 19.9%. These developments resulted from increased liquidity and strong corporate merger & acquisition activity in international markets.

In 2006, the Hellenic Capital Market Commission (HCMC) reinforced the regulatory framework and the infrastructure for the control and supervision of the capital market through a series of legislative initiatives and regulatory decisions. These actions aimed at ensurig investor protection, enhanced the effectiveness and liquidity of the market, improved the operation of supervised firms and the operation of transactions clearing and settlement system and facilitated the modernization of the framework that governs the listing of companies in the Stock Exchange and their oversight.

A major initiative undertaken in 2006 was the transposition of Directive 2004/25/EC on Takeover Bids into Greek legislation by means of Law 3461/2006, which provided the Greek market with increased corporate restructuring options. The law sets the terms and conditions regarding take-over bids in the capital market, appoints the HCMC as the competent authority for the supervision of compliance with the provisions of the law and resolves supervisory responsibility issues that arise from cross-border deals. According to the new regime, the holders of 1/3 of total voting rights of a listed company must make a bid for the entire number (100%) of the company's voting rights within twenty (20) days after the acquisition of their initial stake. Moreover, the law-drafting committees, whose active membership includes the Hellenic Capital Market Commission, continued their work in 2006. More specifically, this work concentrated on the preparations for: the transposition of the provisions of EU Directive on Markets in Financial Instruments 2004/39/EC (MiFID) and its executive measures into Greek law; the alignment of transparency requirements concerning information about security issuers in accordance with EU Directive 2004/109/EC and the alignment of the capital adequacy framework for banks and investment firms in accordance with new EU Directives 2006/48/EC and 2006/49/EC.

These initiatives are part of the legislative amendments introduced by the European Commission in the context of implementation of the Financial Services Action Plan (FSAP). It is anticipated that the fundamental objectives of the FSAP regarding the establishment of a single European market in financial services will provide major advantages for both European investors and investment firms. More specifically, MiFID is expected to promote the realization of these objectives, since its provisions shall provide European investors with access to a wider range of low-cost financial products and services and European investment firms with access to other member-state markets on the basis of a single regulatory framework, which will enable them to perform efficient cross-border transactions in a competitive industry. MiFID is also designed to reduce cross-border transaction costs within Europe and increase the potential for capital movements in a wider market for financial services.

In 2006, the Board of Directors of the HCMC issued many rules and regulations. These rules and regulations were aimed at the protection of investors, the improvement of the smooth functioning of the market, the reinforcement of the trading and clearing systems, the establishment of transparency in the capital market and the improvement of the operating conditions and efficiency of market intermediaries.

Investor protection was reinforced through the revision of the regime for the regulation and supervision of investment intermediation firms, the improvement of the requirements and the procedure for public offerings of stock, the extension of professional certification requirements to the employees of all supervised intermediaries and the establishment of conditions for exercising sell-out rights after the end of take-over bids. Transparency in the market was improved by specifying the information that must be contained in listed company financial statements, the improvement of stock lending rules and the establishment of rules against money laundering and terrorist financing. The smooth operation of the market was decisively upgraded through the improvement of the procedures concerning margin trading and the settlement of trades, the modernization of auction procedures for non-dematerialized tangible securities and non-allocated securities resulting from increases in listed companies share capital.

A key development for 2006 was the deregulation of short selling, which mainly involved the abolition of both the tick rule and the obligation to borrow in advance the securities sold short. Transaction safety and market infrastructure were readjusted through the approval of important revisions in the rulebooks of the ATHEX markets on the trading, clearing and settlement of transactions on securities and derivatives, the reset of the level of Common Guarantee Fund and the revision of the operation of the Supplementary Fund for securities clearing involving the rationalization of member contribution, the calculation of members' position limits and the professional management of Fund reserves.

During 2006, the Commission continued its auditing and supervisory work. The audits revealed several illegal practices, which led the Commission to levy fines totally worth 6.14 million Euros, the proceeds credited with the Greek State and to submit indictments against a large number of persons to criminal courts.

Alexios Pilavios

PART ONE

HELLENIC CAPITAL MARKET COMMISSION OBJECTIVES AND TASKS

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

The capital market entities supervised by the HCMC include brokerage firms, investment firms, mutual fund management firms, portfolio investment companies, real estate investment trusts and Investment intermediation firms. Moreover, the HCMC oversees the compliance of ATHEX-listed companies with capital market legislation, concerning legitimacy issues related to investor protection. The members of the boards of directors and the executive managers of the aforementioned entities must comply with the rules and regulations set by the Commission. Entities and organizations subject to supervision by the HCMC also include organized markets and clearing houses, such as the securities and derivatives markets of the Athens Exchange and the "Hellenic Exchanges" company, as the entity responsible for the clearing and settlement of transactions on securities and derivatives, as well as investor indemnity and transaction security schemes, such as the Common Guarantee Fund and the Supplementary Fund. The Hellenic Capital Market Commission is responsible for the approval of prospectuses, in order for investor requirements to receive complete information during public offerings and the listing of securities in organized markets is concerned.

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

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

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 the Chairman is also 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 Exchange Members and the Hellenic Banks Association and are appointed by decision of the Minister of Economy and Finance.

In 2006, the Board of the HCMC comprised the following nine members, in accordance with Ministerial Decision 18249/B644 (Gazette 615/27.04.2005):

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

The Board of Directors of the HCMC is mainly 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. 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.

EXECUTIVE COMMITTEE

The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions made by the Board of Directors. It is responsible 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.

ORGANIZATION OF THE CAPITAL MARKET COMMISSION

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

BOARD OF DIRECTORS

FIRST VICE-CHAIRMAN | CHAIRMAN | SECOND VICE-CHAIRMAN

MEMBERS

Secretariat of the Board of Directors

Press Office

INTERNAL AUDIT OFFICE

DIRECTOR GENERAL

DIVISION OF LICENSING AND SUPERVISION OF CAPITAL MARKET INTERMEDIARIES

- Department of Licensing & Supervision of Investment Firms, Brokerage Firms & Firms for the Reception and Transmission of Orders
- Department of Licensing & Supervision of Mutual Funds and Portfolio Management Firms
- Department of Licensing & Supervision of Mutual Funds and Portfolio Management Firms

DIVISION OF RESEARCH, CERTIFICATION AND INFORMATION SYSTEMS

- Department of Research & Analysis
- Department of Certification
- Department of Management of Information Systems

DIVISION OF PUBLIC OFFERINGS & SUPERVISION OF LISTED COMPANIES

- Department of Supervision & Monitoring of the behavior of listed companies
- Department of Monitoring of Financial Data of Listed Companies
- Public Offerings Department

DIVISION OF MONITORING & AUDITING OF CAPITAL MARKET TRANSACTIONS

- Department of transactions monitoring
- Department of Transaction & Capital Market Entities Auditing
- Complaints Department

DIVISION OF INTERNATIONAL & PUBLIC RELATIONS

- Department of International Relations
- Department of European Affairs
- Department of Public Relations

DIVISION OF ADMINISTRATION & ACCOUNTING

- Registrar & Secretariat
- Economic & Accounting Department
- Human Resources Department

DIVISION OF LEGAL SERVICES

PART TWO

MARKET DEVELOPMENTS
MACROECONOMIC DEVELOPMENTS

The Greek economy

In 2006, the Greek economy showed one of the highest growth rates in the European Union and the Euro zone. The real Greek Gross Domestic Product (GDP) increased by 4% in 2006, as compared to 3.7% in 2005. During the same year, GDP growth in the Euro zone amounted to 2.6% in constant prices.

In 2006, there was marked improvement in most parameters of domestic aggregate demand and of the economy's external sector. According to estimates, real private consumption increased by 3.8% in constant prices in 2006, as compared with 3.7% in 2005, while real public consumption increased by 2.1%, as compared with 3.1% in 2005. Investment activity provided a major boost to domestic demand, since the increase in the outlays of the public investment budget and the significant growth of construction activity, led to a 9.1% increase in total gross fixed capital formation in 2006, as compared to a 1.4% reduction in 2005. These developments led to a real domestic demand growth of 5.2% in 2006, as compared to 2.6% in 2005. Conversely, it is estimated that the contribution of the external sector (the goods and services trade balance) to GDP growth in 2006, was marginally negative. The exports of goods and services increased, in constant prices, by 5.1% in 2006, as compared to 3% in 2005. The imports of goods and services increased, in constant prices, by 6.5% in 2006, as a result of domestic demand growth and increased oil prices — this compares to a 1.2% reduction in 2005.

GDP growth was accompanied by an upsurge of industrial activity. In 2006, the general index of industrial production increased by 0.9%, as compared to a 0.9% decrease in 2005.

In the labor market, the strong growth rates of the Greek economy boosted employment by 1.7% in 2006 and reduced the unemployment rate from 10.4% in 2005 to 9.2% in 2006. It is estimated that in the same year labor productivity improved by 2.2%, as compared to 2.3% in 2005.

In 2006, the inflation rate decreased despite the substantial rise of international oil prices. The Consumer Price Index increased by 3.2% in 2006, as compared to 3.5% in 2005. According to Bank of Greece data, at the end of the year the Harmonized Consumer Price Index had increased by 3.3%, as compared to 3.5% in 2005. The average inflation rate differential between Greece and the Euro zone fell from 1.5 percentage points in 2005 to 1.2 percentage points in 2006.

In 2006, the European Central Bank (ECB) carried out five consecutive base rate increases of 25 basis points each, in order to contain the inflation risks generated by the recovery of business activity and the rise in oil prices. The minimum bid rate in main refinancing operations, which in June 2003 had fallen to a historic low of 2%, climbed to 3.5% by the end of December 2006. During the same period, the interest rate on the marginal lending facility increased to 4.5% and the interest rate on the deposit facility increased to 2.5%. The increase of the base rate by the ECB and the market's expectations regarding further interest rate hikes, pushed Greek lending rates upwards. Greek interest rates increased in almost all loan categories in 2006, after the substantial decline of the past five years. However, the growth of lending rates in the Euro zone exceeded the growth of Greek interest rates in all loan categories, leading to a reduction of the positive differential between the Greek and Euro zone rates. Especially in the home loan category, the interest rate differential tends to be eliminated. Significant convergence is also observed in business lending rates and especially in the category of loans that exceed one million euros.

The yields of Greek treasury securities followed trends similar to those of Euro zone securities, increasing in the first seven months of 2006, receding in the following months and recovering by the end of the year. The yield of the 10-year benchmark bond for Greek treasury bonds reached 4.03% in 2006, gaining 44 basis points year-on-year.

The year-on-year credit expansion rate of the Greek economy subsided to 13.9% in the period Nov 2005-Nov 2006, as compared to 17% during the same period of 2005. This was mainly due to the 6% reduction of credit expansion to the public sector of the economy during the period Nov 2005-Nov 2006, as compared to an expansion of 5.1% in 2006. Conversely, credit expansion to the private sector showed a marginal decrease, since it increased by 21.0% in the period Nov 2005-Nov 2006, as compared to a 21.8% increase in the previous year. The growth of credit expansion to the private sector is due to the relatively low interest rate levels, which sustained private sector - mainly household - demand for banking credit. In 2006, the growth rate of commercial deposits and repos amounted to 9.1% in the period Nov 2005-Nov 2006, as compared to 22% in the previous year.

In 2006, structural fiscal policy was based on the further reform of the taxation system, the fight against tax evasion and the containment of expenditures. The fiscal consolidation effort yielded results. The primary surplus of the general government rose to 2% of the GDP in 2006, from a 0.4% deficit in 2005. The general government deficit, as a percentage of GDP, decreased substantially from 7.8% in 2004 to 5.2% in 2005 and is estimated to fall to 2.6% in 2006. The budget deficit for the previous year, as a percentage of GDP, is anticipated to fall below the acceptable 3% threshold set by the European Commission. General government debt as a percentage of the GDP fell to 104.1% in 2006, as compared to 107.5% in 2005.

Increased oil prices and the growth of the trade weighted exchange rate had an adverse effect on Greece's external account. The trade deficit as a percentage of GDP amounted to 16.6% in 2006, as compared to 16.2% in 2005, while the current account deficit rose to 10.6% of GDP in 2006, from 9.2% in 2005.

TABLE 1

Macroeconomic indicators of Greece, 2005-2006

Aggregate Demand and GDP (Constant prices, percent change [%] over previous year)	**2006**	**2005**
GDP	4.0	3.7
Private Consumption	3.8	3.7
Gross Fixed Capital Formation	9.1	-1.4
Domestic effective demand	5.2	2.6
Exports of Goods & Services	5.1	3.0
Imports of Goods and Services	6.5	-1.2
Production & Employment		
General Index of Industrial Production (percent, y-o-y)	0.9	-0.9
Total employment (percent, y-o-y)	1.7	1.3
Labor productivity (percent, y-o-y)	2.2	2.3
Salaries (percent, y-o-y)	8.7	7.7
Unit Labor Cost (percent, y-o-y)	3.8	2.2
Unemployment rate	9.2	10.4
Prices & Monetary Aggregates		
Consumer Price Index (% average annual change)	3.2	3.5
Harmonized CPI (% average annual change)	3.3	3.5
Euro Zone inflation rate (% average annual change)	2.1	2.0
Deposits and repos (percent, y-o-y.)	9.1	22.1
Total credit expansion (percent, y-o-y)	13.9	17.0
Credit expansion to the private sector (percent, y-o-y)	21.0	21.8
Credit expansion to the Public sector (percent, y-o-y)	-6.0	5.1
10-year Treasury Bond Yield (percent, year average)	4.0	3.6
Public Finances (percent of GDP)		
General Government Balance	-2.6	-5.2
General Government Primary Surplus	2.0	-0.4
General government debt	104.1	107.5
External Account		
Trade weighted nominal exchange rate (percent, annual change)	0.1	-0.7
Trade Balance (percent of GDP)	-16.6	-16.2
Current Account Balance (percent of GDP)	-10.8	-9.2

Source: Ministry of Economy and Finance, Stability & Growth Programme

The International Economy

In 2006, the international economic environment was favorable and global GDP growth reached almost 5%, according to IMF estimates. Moreover, the volume of international trade in goods and services grew by 8.9% in 2006, as compared with 7.4% in 2005, exceeding the average growth rate of the past five-years. Total GDP growth in advanced economies is estimated to 3.1% in 2006, as compared to 2.6% in 2005, while in emerging and developing markets it reached 7.3% in 2006, as compared to 7.4% in 2005. In 2006, the strongest growth rates among developing economies were observed in China (10%) and India (8.3%), while the highest growth rate among the countries of G7 was observed in the US (3.6%). Japan's economy grew by 2.7% in 2006, while the economy of the Euro zone recovered and grew by 2.4% in 2006, as compared to 1.3% in 2005. According to estimates, economic growth in EU-25 reached 2.8% in 2006, as compared to 1.7% in 2005.

In 2006, developed economies pursued restrictive fiscal policies. Despite the improvement of the past few years, both Japan and the US continue to show large budget deficits, which amount to 5.2% and 3.1% of GDP respectively. In the Euro zone, the budget deficit was slightly reduced and amounted to 2% of GDP in 2006, as compared to 2.2% in 2005. Gross government debt as a percentage of GDP was stabilized to 62.5% in the US and 181.8% in Japan, while in the Euro zone it fell to 69.8% of GDP in 2006, from 70.6% in 2005.

In 2006, developed economies pursued restrictive monetary policies, in order to contain the inflationary pressures generated by increased oil prices. On August 9th, 2006, Brent prices reached the historic high of $78.2 per barrel, but subsided afterwards.

The five consecutive increases of the ECB's base rate in 2006 and the decline of oil prices after September of the same year helped to contain inflationary pressures in the Euro zone and the inflation rate rose only marginally to 2.1% in 2006, from 2% in 2005. Restrictive monetary policy, combined with the recovery prospects of the European economy, led to an appreciation of the Euro against major international currencies. At the end of 2006, the euro:dollar exchange rate had increased by 11.6% year-on-year.

The labor market of the Euro zone responded to the recovery of business activity with a 1% increase in employment, while unemployment fell to 8% in 2006, from 8.6% in 2005.

The favorable economic climate that prevailed in 2006 was also reflected on the course of advanced stock markets, which sustained the rise in share prices that had began in the second half of 2003. The negative impact of interest rate hikes in the Euro zone and the US was offset by the stimulus from the increased profitability of listed companies worldwide, which supported the dynamic growth of stock prices.

TABLE 2

Macroeconomic indicators of Europe, 2004-2006

Country	GDP annual change (%)			Exchange Rate			GDP Deflator (annual % change)			Gross Government Debt (% GDP)		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Austria	2.4	2.0	3.1	-	-	-	1.7	1.9	1.5	63.8	63.4	62.1
Belgium	3.0	1.1	2.7	-	-	-	2.4	2.0	2.1	94.3	93.2	89.4
Denmark	1.9	3.0	3.0	7.439	7.452		2.2	2.8	3.2	42.6	35.9	28.5
Finland	3.5	2.9	4.9	-	-	-	0.6	0.6	1.4	44.3	41.3	38.8
France	2.3	1.2	2.2	-	-	-	1.7	1.9	2.0	64.4	66.6	64.7
Germany	1.2	0.9	2.4	-	-	-	0.9	0.6	0.6	65.7	67.9	67.8
Greece	4.7	3.7	3.8	-	-	-	3.4	3.7	3.6	108.5	107.5	104.8
Ireland	4.3	5.5	5.3	-	-	-	1.8	3.5	2.5	29.7	27.4	25.8
Italy	1.1	0.0	1.7	-	-	-	2.9	2.1	2.2	103.9	106.6	107.2
Luxembourg	3.6	4.0	5.5	-	-	-	4.0	4.1	3.9	6.6	6.0	7.4
Netherlands	2.0	1.5	3.0	-	-	-	0.8	1.1	1.7	52.6	52.7	50.5
Portugal	1.2	0.4	1.2	-	-	-	2.6	2.2	2.6	58.6	64.0	67.4
Spain	3.2	3.5	3.78	-	-	-	2.1	1.9	2.0	46.2	43.1	39.7
Sweden	3.7	2.7	4.0	9.124	9.282		2.8	3.0	3.2	50.5	50.4	46.7
Britain	3.3	1.9	2.7	0.678	0.684		-1.2	-1.3	-0.7	40.4	42.4	43.2
EU-25	2.4	1.7	2.8	-	-		2.1	1.9	2.0	62.4	63.3	62.2
USA.	3.9	3.2	3.4	1.243	1.244		2.8	3.0	3.2	64.5	64.6	61.7
Japan	2.3	2.6	2.7	134.4	136.8		-1.2	-1.3	-0.7	157.3	158.9	161.5

Source: European Economy

OVERVIEW OF THE CAPITAL MARKETS

International Capital Markets

In 2006, international market liquidity increased and capital market indices registered substantial gains. The European and American markets yielded two-digit returns, while developing markets fared even better. The growth of liquidity worldwide took place against a backdrop of strict monetary policies, marked by interest rate increases: the base annual rate on the US dollar rose to 5.34% at the end of 2006, registering a year-on-year increase of 10.3%, while the rate on the Euro rose to 4.03% at the end of 2006, registering a year-on-year increase of 41.4%.

According to the Financial Times (January 2nd, 2007), in 2006 the MSCI World ($) index registered an annual gain of 18.2%, sustaining the growth of the previous year. Moreover, the MSCI Europe (€) index rose by 15.9%, the MSCI Pacific ($) index by 10.4%, the DJ Euro Stoxx (€) index by 10.4% and the FTSE Eurotop 300 (€) index, which includes the largest listed European companies, rose by 16.30%. Most European capital markets performed slightly better than those of the US, with the exception of London, whose course was more comparable to that of US markets and

Japan, which underperformed both Europe and the US. More specifically, the FTSE 100 (£) index of the London Stock Exchange rose by 10.7% year-on year, the CAC-40 (€) of the Paris Stock Exchange rose by 17.5% and the Dax Xetra (€) index of the Frankfurt Stock Exchange rose by 22.0%, whereas the Dow Jones Industrial Average ($) registered a 16.7% increase (reaching a new historic high in September 2006), the NASDAQ Comp ($) registered a 10.1% increase year-on year and the Nikkei 225 Average (¥) registered an annual increase of only 6.9%.

Stock market indices in developing countries soared, registering capital gains for a fourth consecutive year, with the support of uninterrupted investment inflows from developed countries. Chinese company shares also showed substantial gains after many years of stagnation and contributed to the more than twofold increase of the main index at the Shanghai stock exchange.

In 2006, there was a substantial increase in the total value of transactions in international stock markets, which emanated, to a great extent, from the growth of cross-border portfolio restructuring investments, the privatization of state-owned enterprises, the increased activity of large private equity investors and the growth of corporate issuing activity. According to data from the World Federation of Exchanges, in 2006 there was a substantial increase in the value of share transactions worldwide. More specifically, the value of share transactions amounted to US$21,789.4 bn (+54.3%) in the NYSE; US$11,807.5 bn (+17.1%) in the NASDAQ; US$7,583.7 bn (+30.6%) in the London Stock Exchange; US$3,805.3 (+28.2%) in the Euronext; US$2,741.6 bn (+40.0%) in Frankfurt's Deutsche Borse; US$1,941.2 bn (+21.0%) in the BME Spanish Exchanges; US$1,596.2 bn (+19.8%) in the Borsa Italiana; US$1,332.7 bn (+37.2%) in Sweden's OMX; US$107.9 bn (+62.3%) in the Athens Stock Exchange; and US$5,824.9 bn (+36.4%) in the Tokyo Stock Exchange.

In 2006, the value of transactions in international bond markets showed variations. More specifically, the value of transactions in the NYSE fell to US$420.7 million (-55.8%); in the London Stock Exchange rose to US$3,309.8 bn (+8.1%); in the Euronext rose to US$367.4 bn (+105.5%); in the Deutsche Borse fell to US$288.2 bn (-25.9%); in the BME Spanish Exchanges rose to US$4,985.3 bn (+19.3%); in the Borsa Italiana fell to US$155.9 bn (-0.8%); in the Athens Stock Exchange decreased to US$5.4 bn (-89.1%); in the Tokyo Stock Exchange fell to US$5,090.3 bn (-11.8%); and in the OMX fell to US$2,894.4 bn (-8.8%).

In 2006, there was a substantial increase in the volume of transactions on derivative products. More specifically, the number of stock option contracts traded in the Chicago Board of Trade (CBOT) climbed by an impressive 41.7% year-on-year, whereas growth in European markets was more limited: The Eurex registered a 6.5% increase, the OMX a 13.0% increase, the Borsa Italiana an 18.0% increase and the Spanish Exchange a 12.3% increase. On the contrary, the number of contracts traded at the Euronext/Liffee exchange plummeted by 41.2%.

In 2006, commodity trades continued to increase, mainly following the escalation of oil prices during the first months of the year and the rise in the prices of gold and other metals. During the same year, the value of the US dollar declined against all other major currencies, in the face of concerns that the US might ease their monetary policy, in order to curb their budget deficits.

In 2006, there was a major increase in the total market capitalization of international stock exchanges. More specifically, the New York Stock Exchange remains the leading stock market in terms of listed company capitalization, with a market value of US$15.42 trillion (+15.9%), followed by the Tokyo stock exchange with a market capitalization of US$4.61 trillion (+1.9%), the NASDAQ with a market capitalization of US$3.85 trillion (+7.2%), the London Stock Exchange with a market capitalization of US$3.79 trillion (+8.8%) and the Euronext with a market capitalization of US$3.71 trillion (22.5%).

The rise of stock market indices during 2006 was not accompanied by any upsurge in stock market volatility. The greatest upheaval was observed in May and June, when international markets were beset by sudden equity sales, generated by the intensification of inflationary pressures. The central banks' immediate response and the drop in oil prices restored the smooth market operation. The high yields achieved in international markets were attributable to the favorable course of international macroeconomic aggregates and the considerable increase in international corporate merger & acquisition deals, which was fuelled by increased leverage, made possible by low interest rates. By the end of the year, market performance was mainly affected by expectations regarding the "soft landing" of the US economy, the result of a slump in the real estate market and the reduction of industrial output. It is worth noting that in 2006 markets responded feebly to North Korea's claim that it possesses nuclear weapons and to the bankruptcy of the Amaranth Capital hedge fund in the US, which caused losses amounting to $6 billion. The large rise of stock market indices triggered renewed talk about the "irrational exuberance" that characterizes share prices, albeit without preventing most international analysts from predicting an equally promising 2007 for investors.

The rise of international stock market indices was based on credit expansion. Despite the growth in the volume of M&A deals, the rise of corporate lending and the concerns regarding a slowdown of global growth and the escalation of inflationary pressures, international interest rate spreads remained low, having a positive effect on derivative product transactions. This development was mainly the result of increased liquidity, which directed many investors towards high-risk placements.

In 2006, corporate security offerings in international markets registered a considerable annual increase, sustaining the dynamic trends of the previous year. According to data from Thomson Financial (Global Financial Markets), the total international value of underwritten shares approached US$694.8 bn, registering a year-on-year increase of 31.9%. The most significant portion of this increased issuing activity included large international initial public offerings in Europe and Asia, which were absorbed by the investors' revived appetite for convertible corporate securities. In 2006, the value of stock public offerings amounted to US$315.1 bn and accounted for almost 45% of the total international value of stock offerings, as compared to 55.3% in 2005. The value of international initial public offerings increased by 56% year-on-year and climbed to US$257.1 bn, reaching an historic high. In 2006, the value of convertible security offerings amounted to US$120.5 bn, increased by 71% year-on-year and accounting for 17.3% of the total value of securities offered. Total investment bank income from the provision of stock underwriting services worldwide is estimated to approximately US$18.6 bn.

The largest international initial public offering concerned the share of China's ICBC bank (US$21.9 bn). In terms of the value of securities offered, the Hong-Kong and London stock exchanges outdid the New York stock exchange for the first time. In 2006, the public offerings of financial sector companies accounted for 25.6% of total international stock offerings, while the retail trade and real estate sectors showed the highest returns (120% and 99% respectively). In 2006, the initial public offerings of financial services and energy sector companies worldwide accounted for 45.4% of the total value of stock offerings, increased by 39.7% year-on-year.

In 2006, the total value of equity public offerings in Europe amounted to US$281.9 bn, increased by 31.8% year-on-year. The number of public offerings amounted to 948, registering an annual increase of 15.2%. Issuing activity in Europe exceeded issuing activity in the US and Asia, given that the value of equity public offerings in the EEA amounted to US$260.5 bn, as compared to US$199.5 bn in the US and US$140.5 bn in Asia (excluding Australia).

Moreover, in 2006 the total international value of fixed income security underwritings approached US$6.9 trillion, increased by 13.0% year-on-year. Bond offerings included corporate bonds and claim securitizations was encouraged by the high yields achieved in international bond markets. The value of corporate bonds offered worldwide accounted for 43% of the total value of fixed income security offerings in 2006, as compared to 39% in 2005. The value of claim securitization offerings accounted for 42% of the total value of fixed income security offerings in 2006, as compared to 43% in 2005. Fixed income security offerings by financial sector companies worldwide accounted for 81% of the total offerings for 2006, a percentage that remained unchanged since 2005. Fixed income security offerings by technology sector companies worldwide increased by 77% year-on-year. Total investment bank income from the provision of fixed income security underwriting services worldwide in 2006 is estimated to approximately US$18.6 bn.

In Europe, the offerings of euro-denominated fixed income securities increased by 19.9% year-on-year. More specifically, security offerings accounted for 18.2% of the total value of new euro-denominated issues in Germany, 15.5% in Spain and 10.2%.in the United Kingdom. The company that performed the largest issue of euro-denominated fixed income securities was Hypo (€19.2 bn).

This significant increase in the issuance of new securities in Europe emanated from the momentum of state-owned enterprise privatization, increased demand for securities from investors of all industries and the expansion of private equity investors. Arguably, the reduction in the number of new issues in the US has been partly the result of the adverse effects on cross-border transactions from the increase in the regulatory burden during the past few years (e.g. Sarbanes-Oxley Act). The growth of international issuance activity took place in a global environment marked by increasingly prudent investment opportunity selection and the limitation of the investment excesses of past periods.

Corporate restructuring was the main feature of international markets during 2006. According to data from Thomson Financial (Global Financial Markets), the total international value of company mergers and acquisitions reached US$3.8 trillion, registering an annualized increase of 37.9%, on top of a 38.4% increase during 2005. Activity in the US improved significantly, since the value of M&A deals reached US$1.6 trillion, increased by 35.7% year-on-year. The growth of M&A activity is largely due to the involvement of large private equity funds, whose transactions accounted for 19.9% of total M&A value worldwide.

The value of mergers & acquisitions among energy sector companies remained high for another year and reached US$600 bn, increased by 40.4% in 2006, on top of the 40.7% increase in 2005. The most important corporate deals included the acquisition of Endesa by E.ON. (US$71.4 bn) and the mergers between Suez and Gaz de France (US$41 bn) and Mittal and Arcelor (US$39.4 bn.), which accounted for 8.7% of total M&A value worldwide and 18.7% of the total value of Mergers & Acquisitions in the international energy sector. The value of Mergers & Acquisitions among financial sector companies increased by 38% in 2006, reaching US$581.2 billion, on top of the 28.5% increase in 2005. The value of Mergers & Acquisitions among media companies increased by 51.8% in 2006 reaching US$383.9 bn, on top of the 19.4% increase in 2005. In 2006, total investment bank income from the provision of advice on corporate M&A's is estimated to US$32.8 bn, increased by 26.7% year-on-year.

In Europe, M&A value exceeded US$1.7 trillion, registering an annual increase of 38.3%. M&A activity comprised a total of 11.741 merger and acquisition deals - 982 deals in the energy sector. Among European companies, British companies became the most usual acquisition targets, with 2,579 corporate deals, worth a total of US$348.9 bn, followed by Spanish companies (759 deals, worth US$182.2 bn) and French companies (1.271 deals, worth US$162.4 bn).

The year 2006 saw major developments in stock exchanges and international market infrastructures. The expansion of the electronic execution and clearing of transactions, which was made possible by technological developments and was enhanced by intense competitive pressures worldwide, the consequent substantial growth of trades on derivative produces, as well as the introduction of auxiliary regulations, facilitated the further improvement of international market efficiency and thus expanded capital gain realization opportunities, leading to a significant increase in the value of stock market transactions and reinforcing stock exchange profitability. These developments fashioned the background for the administrative and operational transformation of stock exchanges, which was initially materialized through changes in their ownership (and, as a result, the removal of their monopoly status) and the introduction of most exchanges as listed companies in the very markets they are operating. This transformation continues unabated till this date, through the emergence of trading systems (ECNs, ATSs, MTFs) that compete with traditional stock exchanges and also by means of partnerships, mergers & acquisitions among stock exchanges and among trading systems, in international markets. In order to succeed and survive in today's global and highly competitive stock trading market, stock exchanges have to improve their market shares and reduce trading costs.

This was the rationale behind the acquisition of Instinet's electronic trading system (ECN) by the NASDAQ exchange, the acquisition of Archipelago's corresponding electronic trading system by the New York Stock Exchange and the failed attempt of Frankfurt's stock exchange to acquire the London Stock Exchange, an attempt which is expected to be repeated with a different target. In 2006, the NASDAQ made an attempt to acquire the London Stock Exchange, while the NYSE Group and the Euronext Group, which control the NYSE and Euronext markets respectively, undertook a successful merger effort, which is expected to be completed during 2007. Moreover, in 2006 the Chicago Mercantile Exchange acquired the Chicago Board of Trade, forming the largest futures exchange in the world and defusing the causes that led to many decades of confrontation between the two exchanges. The same rationale is behind the adoption of a common platform for the execution of stock market transactions between the Stock Exchanges of Athens and Cyprus. In any case, the wave of mergers, acquisitions and co-operations among stock exchanges, markets and trading systems all over the world is expected to continue unabated in 2007, enhanced by the intensification of competition and the exploitation of the co-operation capabilities that will be introduced by the implementation of MiFID in the member-states of the European Union.

The Greek Capital market

International developments affected the course of the Greek capital market, which in 2006 featured a rise in stock market prices and increased trading activity in the markets of the Athens Stock Exchange (ATHEX), albeit without a corresponding increase in issuing activity. 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 ATHEX General Index closed at the year's end at 4,394.13 units, realizing total annual gains of 19.9%. The growth of the ATHEX General Index was marked by limited fluctuations. The average monthly volatility of all markets in the ATHEX during 2006 stood at 13.2%, reduced by 24.7% during the twelve-months from Dec 05 to Dec 06. The average monthly volatility of the FTSE/ATHEX-20 and FTSE/ATHEX-40 indices during 2006 stood at 7.4% and 9.7% respectively, reduced by 5.3% and 15.5% respectively during the twelve-months. In 2006, the average daily value of transactions in the ATHEX was 342.7 million euros, registering a substantial annualized increase of 62.8%, while the total annual value of transactions amounted to 85.34 billion euros, registering a major increase of 62.2%. By the end of 2006, the total market capitalization of ATHEX-listed companies amounted to 349.5 billion euros, representing an annual reduction of 184.1% and was equivalent to almost 64.6% of Greece's GDP.

More specifically, the ATHEX General Index and the sectoral indices followed an upward, fluctuating course, which tended to follow international developments, rather than domestic news. In January 2006, the stock indices of the ATHEX outperformed European ones. The rise of stock market prices was sharper in the case of small and middle capitalization companies. During this period, the Greek National Statistical

Service (GNSS) announced that inflation had fallen, owing to the decline of oil prices, while the government announced that the general government deficit had shrank by 21% in the first ten-months of the previous year and set the target of further trimming the deficit down to 2.6% of GDP, despite the non-incorporation of securitization offerings to the budget.

In February, stock market indices registered a slight fall, in contrast to the rise of European and American market indices, which was subsequently reversed. Fluctuations were more intense in the case of small capitalization company shares. GNSS announced a slight decrease in industrial output; the European Commission reiterated its belief that the Greek economy was moving towards the steady reduction of budget deficits; and the Bank of Greece announced its estimate of a 3.5% growth rate, which compares to the 3.8% growth rate announced by the Ministry of Economy and Finance.

In early March stock market indices plunged, only to recover by the end of the month, outperforming European indices. The indices followed an irregular course. During this period, the Bank of Greece announced that credit expansion had reached 16.4% year-on-year, as a result of increased mortgage lending and that the current account balance had grown by 20% year-on-year; the government announced the establishment of a committee responsible for reviewing the social security system, while the effort to strike a deal between employer organizations and worker unions on wage levels fell through.

In early April, Greek stock exchange indices registered a much larger fall than the one that occurred in European stock markets. This fall transpired partly because investors remained away from the market during the Easter vacation and partly because of the ambiguity caused by announcements regarding many billions worth of major corporate transactions (private placements, initial public offerings and share capital increases), which were expected to be made public by June. During this period, GNSS announced that the annualized inflation rate had reached 3.3%, as a result of the rise in oil prices. The government tabled a draft law concerning the transposition of European Directive on mergers & acquisitions to Greek law, which among other things, requires the submission of compulsory bids for the acquisition of 100% of the shares of companies whose shares are at least 33.3% owned by the acquirer. This period also saw the announcement of a reduction in industrial output, while the International Monetary Fund publicized its 2006 forecast for the Greek economy, which included a growth rate of 3.3%, a budget deficit of 2.8% of GDP, an inflation rate of 3.3% and an unemployment rate of 9.5%.

In early May, stock market indices rose, due to the strong results of the banking sector. Subsequently they suffered a sharp fall, albeit not as sharp as that of European indices. This fall was accelerated by the adverse domestic effects of increased inflationary pressures in the US and Europe and the anticipated rise of nominal interest rates. Price fluctuations were more pronounced in the case of large capitalization company shares. During this period, both the Ministry of Economy and the OECD noted the detrimental effect of oil price increases on the smooth implementation of the budget, the Bank of Greece announced the acceleration of mortgage loan growth, while the European Commission forecasted a 3.5% growth rate for the Greek economy.

In June, stock exchange indices continued to fall, affected by worldwide macroeconomic concerns and the large share capital increase that was about to be undertaken by the National Bank of Greece, in order to finance the acquisition of turkish Finansbank. Macroeconomic developments did not justify this fall, given that the GDP growth rate remained unchanged, public revenues improved and industrial output increased. By the end of the month, stock exchange indices rose thanks to the favorable environment that prevailed in the banking sector, carrying along the remaining sectors. This favorable environment was supported by the estimate of Standard & Poor's, the international credit rating agency, that Greece's credit rating would be upgraded to AA in subsequent years.

In July, stock exchange indices fluctuated, closing with gains. Index fluctuations were wider in the case of large capitalization stocks. GNSS announced a small increase in inflation, the European Commission stated that, despite its progress, the Greek economy still needed time to adjust, while the Ministry of Economy announced that the central government deficit had shrank by 29% during the first half of the year, albeit the current account deficit widened, because of the increase in oil prices.

In August, stock exchange indices increased, albeit the value of transactions decreased, mainly owing to the summer vacation. There was limited news from the macroeconomic front, which included announcements from the Ministry of Economy regarding the growth of state revenues and the inflation, during the first half of the year.

In September, stock exchange indices suffered an initial drop and recovered afterwards, mainly driven by the banking sector. The ATHEX announced that foreign investor participation had risen to 43.3% of total market capitalization and was even larger in the case of large capitalization companies; it also announced the extension of the trading system's working hours by one hour. The Ministry of Economy announced that the current account deficit had widened, due to the growth of the trade deficit and the financial account deficit.

In October, stock exchange indices rose and the banking sector sustained its dynamism. Index growth was more pronounced in the case of middle capitalization stocks. The government disclosed its privatization agenda for 2007, designed to raise 1.7 billion euros. GNSS announced that the inflation rate had fallen and forecasted that in 2006 it would remain stable at 3.2%-3.3%.

In November, stock exchange indices continued to grow, despite the fall of European ones, mainly driven by certain banks, the gaming sector and telecommunications. The demand for large capitalization stocks carried other shares along its path. By the end of the month the indices suffered a slight drop. The value of transactions during this month was significantly increased.

In early December, stock exchange indices fell, in line with European stock markets and despite the announcement of favorable macroeconomic news. The banking sector index suffered the greatest loss, which was compounded by the absorption of Alpha Bank's share capital increase. The value of transactions during this month rose anew. By the end of the month, stock exchange indices had risen, thanks to the reversal of international investor sentiment. The most important news of the month concerned the ratification of the state budget for 2007, which assumed 3.8% GDP growth, 3.2% inflation, a budget deficit equal to 2.4% of GDP and the expansion of the public investment budget to 8.75 billion euro. By the end of the year the ATHEX General Index had risen to 4,394 units, registering an annualized gain of 19.9%.

Issuance activity in the markets of the ATHEX during 2006 ran counter to international developments and was limited in both terms of absolute numbers and funds raised. Indeed, only two (2) new companies proceeded to the initial public offering of their shares, as compared to 8 companies in 2005 and 10 in 2004, raising 725.3 million euros, as compared to 81.9 million euros in 2005. Moreover, 14 listed companies proceeded to share capital increases in 2006, as compared to 19 in 2005 and 11 in 2004, raising 3,438.4 million euros. This amount reflects an annual increase of 28.5%. By the end of 2006, the total number of companies listed in the Athens Stock Exchange fell to 318, of which 302 were under regular trading status and 16 had been placed under suspension of trading.

During the period 2005-2006, ATHEX-listed companies improved their profitability. The consolidated net profits of listed companies, based on their 2005 annual financial statements, amounted to 5,885.8 million euros, increased by 9.5% year-on-year, while distributed dividends amounted to 3,268 million euros, increased by 8.9% year-on-year. The first estimates of the listed companies' results for 2006 reveal a decline in net profits for the first three quarters. According to initial indications, the profitability of listed companies for 2006 is expected to rise significantly. The nine-month profits after taxes and minority interests of those ATHEX-listed companies that announced their results, amounted to 6.8 billion euros, increased by 52.8% during the first three quarters and accounting for 5.9% of GDP.

In the past few years, placements in mutual fund and portfolio investment company shares exhibited upward and downward trends, with continuous inflows and outflows of liquidity. In 2006, this pattern remained unchanged. By the end of the year, the total assets of 269 mutual funds amounted to 23,910.5 million euros, registering a total annual decrease of 14.4%. The increase in collective fund assets in recent years laid the groundwork and provided incentives, for the competitive rationalization and restructuring of the collective investment industry's assets, through the introduction of new types of investment products and placements in foreign securities.

There was also a change in the composition of mutual fund assets. By the end of 2006, the net assets of money market funds accounted for 24.7% of total assets, as compared to 17.7% in 2005; the net assets of equity funds accounted for 26.6% of total assets, as compared to 21.5% in 2005; the net assets of bond funds accounted for 26.0% of total assets, as compared to 48.6% in 2005; the net assets of mixed funds accounted for 10.4% of total assets, as compared to 9.4% in 2005; and the net assets of mixed mutual funds that invest in other mutual funds ("funds of funds") accounted for 12.4% of total assets.

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 riskbearing financial placements, the reversal in investor sentiment during the past two years has led money savings to low risk placements, a trend that was reversed again during the course of the previous year. In other words, there is both greater sensitivity to stock market developments and a consequent change in the supply of funds that accept the assumption of higher risks in return for higher yields.

Although there was limited restructuring among listed companies in the Greek market in 2006, there was extensive M&A activity among listed and non-listed companies. In 2006, there were 9 mergers by absorption among listed companies, the same number as in 2005 and also 23 mergers by absorption that involved 32 non-listed companies, as compared to 26 mergers in 2005 (which had involved 38 non-listed companies).

The estimates regarding the course of the Greek capital market in 2007 are determined to a great extent by the estimates regarding the course of European and international markets. In fact, by the end of 2006 European capital markets yielded the highest returns of the last five years, fuelled by a cycle of intense M&A activity, which is expected to persist in 2007. Merger & Acquisition activity was rather strong in continental Europe during 2006. This trend is expected to continue, given that, despite the rise of interest rates in the Euro zone, credit is still cheap and corporate restructuring will remain the main feature of European markets during 2007.

As far as macroeconomic aggregates are concerned, growth in the Euro zone decelerated during the third quarter of 2006, while it is estimated that consumption in Germany may deteriorate. All the same, the growth of the Euro zone's economy exceeded growth in the US during the third quarter of 2006; nevertheless, it is too early to tell whether this can be sustained. In any case, though, the profitability of European companies seems to be stable. Inflation in the Euro zone is manageable, but the European Central Bank (ECB) fears a possible rise of inflation in early 2007, partly because of the increase in Germany's VAT rate. Last December, the ECB increased its rate to 3.5%, in order to keep inflation under control. Despite the ECB's continuous warnings against the risks bred by inflationary pressures, developments to date show that by increasing its rates it contained neither credit expansion, nor economic growth rates. In this vein, the Chairman of the ECB announced that monetary policy will continue to support monetary targets, nurturing speculation for a new interest rate increase during 2007. Obviously, the apparent lack of any warning about the exchange rate of the euro shows that the ECB is sanguine about the Euro zone's ability to endure the further enhancement of the single currency.

Based on the above estimates, many analysts argue that the European economy is at the outset of a new cycle of expanded investment activity, which is expected to fuel economic growth in 2007. It seems that the prospects of substantial fund placements in European markets will remain positive in 2007 and, in conjunction with employment growth and wage increases, in the Euro zone, will sustain the growth of European GDP in 2007.

These developments paint a positive picture for the Greek capital market in 2007. The bullish trends of the past period, during which both the General and FTSE/ATHEX-20 indices registered sustained cumulative growth rates, are expected to persist, as a result of the improvement of the domestic macroeconomic environment, the buoyant climate in international stock exchanges, the improvement of corporate profits, the gradual growth of corporate restructuring and the enhancement of investor interest for dynamic industries (e.g. energy). The increased participation of foreign investors in the Greek capital market and the continuous restructuring of stock exchanges, foretell a major alignment of behavior between the Greek and European and international, markets.

The Institutional Framework of the Capital Market

In 2006, both the supervisory authorities and the State reinforced the regulatory framework and the infrastructure for the supervision of the capital market, with new measures that protected the market from systemic risks and phenomena of extreme 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. This year, 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 professional 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 and in the trading and clearing system.

A major development was the expansion of corporate restructuring options in the Greek market through the transposition of Directive 2004/25/EC on Takeover Bids into Greek legislation, by means of Law 3461/2006. The law sets the terms and conditions regarding take-over bids in the capital market, appoints the HCMC as the competent authority for the supervision of compliance with the provisions of the law and resolves supervisory competence issues that arise from cross-border deals. The law requires holders of 1/3 of total voting rights in a listed company to launch a public bid for the entire number (100%) of this company's voting rights, within twenty (20) days after the acquisition of the initial stake. The price of the purchase may be paid in cash or securities, or a combination of the two, and must not deviate from the predetermined limits that correlate to the course of the price of the target company's securities in the stock exchange. Any bid requires the preparation and approval of the appropriate prospectus and its timely publication. The law also determines the obligations of the Board of Directors of the target company and allows the Board to express opinions, albeit imposing restrictions on defensive measure options. The law also sets the terms and conditions for the acceptance, cancellation and submission of competitive bids.

The law-drafting committee, responsible for the transposition of the provisions of the EU Directive on Markets in Financial Instruments 2004/49/EC (MiFID) into Greek law, continued its work in 2006. MiFID is the most recent from a series of legislative amendments introduced by the European Commission, in the context of the implementation of the Financial Services Action Plan (FSAP) and is the next step in the process regarding the alignment of European capital markets, which has been ongoing for almost a decade. EU member-states have pledged to create a more efficient and integrated financial services market, with the aim of creating "the most competitive and dynamic knowledge-based economy in the world", capable of sustaining economic growth and employment, as well as social cohesion (European Council, Lisbon, March 2004). It is anticipated that the fundamental objectives of the single European market for financial services will benefit both European investors and investment firms.

MiFID is expected to promote the realization of these objectives, since its provisions (i) shall provide European investors with access to a wider range of low-cost financial products and services; (ii) shall provide European investment firms with access to other member-state markets, on the basis of a single regulatory framework, enabling them to perform efficient cross-border transactions in a competitive business sector; (iii) are designed to reduce the cross-border transaction costs within Europe; and (iv) are designed to improve capital access options and capital reallocation throughout the European Union.

It should be noted that the target of creating an integrated financial services market has been incorporated in the FSAP that was approved by the Lisbon European Council in 2000. The FSAP sets broad directions and is a regulatory framework. Some of its measures had been taken during the pre-FSAP period, including the initial European Investment Services Directive (ISD).

The ISD was transposed into Greek legislation by means of Law 2396/1996 and introduced the European passport, allowing investment firms to provide investment services in EU member-states, allowing cross-border participations among European stock exchanges and reducing national regulatory barriers. As part of the FSAP, ISD underwent a revision that led to the issuance of draft directive ISD-2, the forerunner of MiFID, which was adopted by the European Council in April 2004.

MiFID extends the current ISD, by establishing the inter-community alignment of a wider range of financial instruments, a wider range of investment services, including the provision of advisory services to clients and multilateral trading facilities (MTF) and the venues for the execution of stock exchange transactions. Moreover, MiFID provides more guidance than the ISD and sets more and more detailed, rules than those previously existing in European legislation. This is expected to limit the flexibility of individual member-states in transposing MiFID into national law. MiFID aims at increasing transparency in European stock exchanges and ensuring the protection of investor interests (especially retail investors). In addition, the MiFID is designed to improve market efficiency, enabling investment firms to capitalize on the business opportunities that arise, using the right to expand their activity throughout Europe on the basis of the legislation that governs their home market.

The transposition of MiFID into member-state legislation is designed to ensure: (i) Increased transparency regarding the liquidity of all alternative execution venues, including trades in regulated markets, multilateral trading facilities and internalized transactions; (ii) increased retail investor protection, through the regulation of a wide range of investment services, from the provision of advice to the execution of orders, where "best execution" obligations have been imposed; (iii) reinforcement of competition between regulated markets (stock exchanges) and MTFs and removal of any obstacles for the association of investment firms with alternative trading venues throughout Europe; (iv) reinforcement and clarification of the investment firms' obligation to take all necessary steps in order to avoid any internal conflict of interest; and, (v) increased levels of information disclosure to retail investors, including increased transparency regarding the cost of transactions.

In 2006, the Board of Directors of the Commission 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 Investment 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 improved through the establishment of criteria for the licensing of Investment intermediation firms, the improvement of the requirements and the procedure for public offerings of stock, the extension of professional adequacy requirements to the executives of all supervised firms and the establishment of the conditions regarding the exercise of sell-out rights after the end of a take-over bid.

Transparency in the market was decisively improved through the further specification of the information contained in the listed companies' financial statements, the establishment of conditions for the conclusion of lending agreements by portfolio investment companies and the enactment of measures against money laundering.

The smooth operation of the market was decisively upgraded through the improvement of the procedures concerning margin account trading and the settlement of trades and the revision of the regime concerning the sale of stock either in the form of fractional balances resulting from a company's share capital increase, or in the form of tangible registered shares. A major development for 2006 was the revision of the short selling regime, which was mainly based on the abolition of the tick rule and the considerable slackening of the obligation to borrow in advance the securities sold short.

The security of transactions and market infrastructures were reinforced through continuous improvements in the rulebook of the ATHEX markets and the regulation for the clearing and settlement of transactions on securities and derivatives, through the revision of the framework governing the operation of the Supplementary Fund for Clearing, with the main purposes of rationalizing member contributions, the method for calculating customer order limits, the management of the Fund's cash reserves and the size of the Common Guarantee Fund.

Supervision of the Greek capital market

A major priority during 2006 was the supervision of listed company compliance with transparency obligations. Audits regarding the disclosure of additional information in the financial statements published by listed companies continued, with the aim of providing investors with complete information 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 comply with the decisions of the General Shareholders' Meeting.

A major part of the Commission's supervisory activity was 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 inside information, as well as the announcement of major corporate actions. As a result of the new regulations on market abuse, the above rule was revised, in order to become more efficient.

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, was sustained, showing a satisfactory degree of company compliance.

The Commission provided a major assistance to the State for the production of legislation regulating the capital market during 2006. The most important development was the conclusion of the work of the law-drafting committee responsible for revising the provisions of Corporate Law 2190/1920. The reform that is promoted by means of the proposed draft law is based on the following pillars: First, administrative intervention to the formation and operation of joint stock companies (sociétés anonymes) is drastically reduced. Second, all due care is taken to reinforce the shareholder's standing. Third, the scope of statute formation is expanded. Fourth, certain regulations are introduced, which facilitate the business choices of the interested parties, or simplify the formation and operation of companies (the reduction of administrative intervention is already contributing to this). Fifth, certain major issues of corporate law are revised and individual issues are settled.

In 2006, the HCMC persisted on the strict supervision of financial intermediaries (Investment intermediation firms, investment firms-members and non-members of the ATHEX and mutual fund management firms, portfolio investment companies), listed companies and financial transactions. More specifically, supervision principally involved compliance with the natural and legal person eligibility and transparency criteria for the provision of operating licenses to financial intermediaries and the listing of shares in the stock exchange; the monitoring of capital adequacy of brokerage firms through monthly regular and ad hoc audits; the monitoring of the asset structure of institutional investors through quarterly and ad hoc audits; the monitoring of the efficiency of risk management systems; the organization of examinations for the certification of stock exchange representatives; the strict monitoring of the financial behavior of investment intermediation firms 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 the imposition of sanctions in cases of malpractice; and the monitoring of illegal short selling.

During the year, the Commission continued to follow-up news announcements regarding corporate securities and listed companies and asked for the required explanations regarding the content of announcements in the ATHEX Daily Bulletin. Moreover, the Commission continued the semi-annual monitoring of the uses of funds raised by listed companies through the capital market, the quarterly monitoring of financial statements and the 'real time' monitoring of stock exchange transactions. Moreover, in 2006 the HCMC implemented for the first time the new regime on market abuse and started to monitor written analyst reports about Greek shares and the Greek market.

In 2006, the Commission expanded its auditing work, with major benefits for the Greek capital market. The audits that were performed during 2006 covered all capital market entities. There were many audits on supervised Investment intermediation firms and listed companies. Scores of 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. 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 in 2006, which led the Commission to levy fines worth a total of 6.14 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.

International activities of the Hellenic Capital Market Commission

Being a national regulator, 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 2006 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 Commission contributed significantly to the discussions and the preparation of European Commission Directives related to the capital market, such as the revision of the Directive on investment services; the promotion of work on the Directive concerning transparency and the frequency of financial disclosure by listed companies; and the promotion of work on the Directive concerning mergers & acquisitions, as well as participation in committees preparing the incorporation of the integrated institutional measures of the European Commission into Greek law.

One of the major events of 2006 was the appointment of the Commission's Chairman, Mr. A. Pilavios, as the chairman of the EcoNet Working Group of the CESR. The general objectives of the working group are to study and contribute to, the development of systems for monitoring smooth market operation. In 2006, the Working Group dealt, among other things, with the development of a methodology for assessing the effects of European regulations on corporate activity and the efficiency of markets in the European Union (Regulatory Impact Assessment – RIA).

The critical institutional and supervisory initiatives of the Commission enhanced market and investor protection under steadily improving circumstances for the financial markets. The operational and supervisory systems of the market responded efficiently to its increased trading activity requirements for 2006.

THE COURSE OF THE GREEK CAPITAL MARKET

The stock market

The General Index of the Athens Exchange

The rise of stock prices in the Greek capital market, which had began in 2004, was sustained in 2006. The correlation of changes between Greek and international — in particular European — market indices has increased, showing that the Greek capital market is closely following international developments. Moreover, the year 2006 featured a slight increase in average price volatility.

In the last trading session of the year 2006, the General Index of the Athens Exchange closed at 4,394.13 units, registering an annual gain of 19.9%. This is one of the best stock exchange performances that occurred in Euro zone member-states. This level represents an overall decrease of 31% of the General Index from the 6,355 unit historic high that was achieved on 09/17/1999. The average closing value of the General Index during the year was 3,986.12 units. The Index registered both its lowest intraday (3,362.14 units) and its lowest closing value (3,379.28 units) during the session of June 14th 2006. The highest intraday value of the Index (4,404.44 units) occurred during the last session of the year (12/29/2006), while the highest closing price occurred during the session held on 12/21/2006 (4,395.43 units).

The average standard deviation of the daily returns of the General Index rose to 1.08 in 2006, from 0.83% in 2005 and 1.05% in 2004, while the average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index rose to 21.32 units in 2006, from 12.76 units in 2005 and 8.82 units in 2004. The months of May and June featured increased price volatility, accompanied by a steep fall of the ATHEX General Index.

TABLE 3

Average Annual Percentage Change of the ATHEX General Index, 1996-2006

		Placement Year									
	Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Return Year	1997	58.5%									
	1998	71.2%	85.0%								
	1999	81.0%	93.4%	102.2%							
	2000	38.0%	31.8%	11.3%	-38.8%						
	2001	22.7%	15.0%	-1.8%	-31.6%	-23.5%					
	2002	11.0%	3.4%	-10.6%	-31.9%	-28.2%	-32.5%				
	2003	13.5%	7.3%	-3.7%	-20.0%	-12.6%	-6.5%	29.5%			
	2004	14.6%	9.5%	0.3%	-12.8%	-4.8%	2.4%	26.2%	23.1%		
	2005	16.4%	12.0%	4.3%	-6.6%	1.6%	9.0%	28.0%	27.2%	31.5%	
	2006	16.8%	12.9%	6.1%	-3.2%	4.4%	11.1%	25.9%	24.7%	25.6%	19.9%

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

FIGURE 2

Monthly Volatility of the ATHEX General Index, 2006

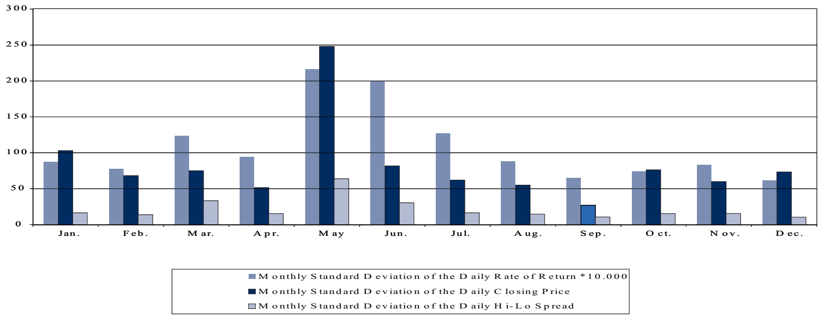
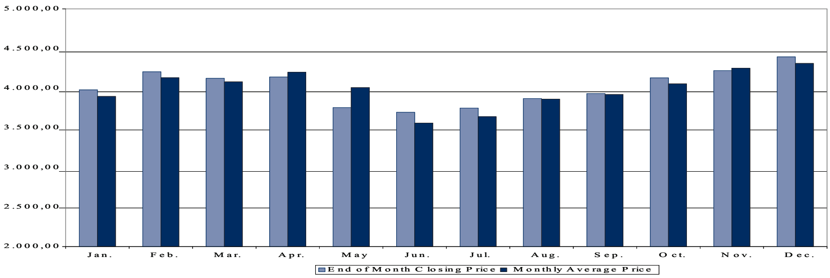


FIGURE 3

Monthly Closing Price of the ATHEX General Index, 2006



Stock Exchange Indices

In 2006, all the indices of the Athens Exchange realized gains (Tables 4 and 5), the only exception being those of the Oil and Gas (-7.96%) and Technology (-1.07%) sectors. In terms of market capitalization, the largest annual increase was registered by the FTSE/ATHEC Mid40 index of middle capitalization companies (54.41%). It was followed by the FTSE/ATHEX Small Cap 80 index of small capitalization companies, which increased by 40.52% year-on-year. The annual gains of the FTSE/ATHEX 20 index of large capitalization companies were more moderate (17.73%) and in any case less than those of the General Index. Among sectoral indices, the largest gains were realized by the indices of the Health Care (151.9%), Chemicals (99.6%), Financial Services (76.1%) and Industrial Goods & Services (32.4%) sectors. Out of 17 sectoral indices in the ATHEX, 12 outperformed the General index.

In 2006, both the share prices and market capitalizations of large cap companies increased and only 4 decreased. The largest gains were realized by the shares of the Bank of Cyprus (125.2%), Marfin Financial Group (114.3%), Intralot (79.2%) and Piraeus Bank (68.6%). Both the share prices and market capitalizations of middle and small cap companies increased and only 14 decreased. The greatest gains were realized by the shares of Lavipharm (509.3%), Veterin (489.1%) and Hellenic Cables (272.7%).

TABLE 4

Sectoral Share-price Indices in the ATHEX, 2006

ATHEX Indices	Closing price. 29.12.2006	Lowest price for the year	Highest price for the year	Annual Change (%)
General Index	4,394.13	3,362.24	4,404.44	19.93
FTSE/ATHEX 20	2,377.11	1,831.75	2,403.65	17.73
FTSE/ATHEX MID40	5,245.31	3,395.02	5,245.31	54.41
FTSE/ATHEX Small Cap 80	880.58	621.85	880.58	40.52
FTSE/ATHEX 140	5,343.12	4,033.55	5,355.00	23.68
Banks	6,194.47	4,597.65	6,425.36	23.89
Insurance	6,127.97	4,856.25	7,421.36	22.56
Financial Services	8,805.55	5,001.77	8,805.55	76.11
Industrial Goods	6,617.56	4,443.12	6,971.07	32.35
Retail	6,563.94	5,000.52	6,563.94	31.28
Personal & Household Products	6,295.76	4,381.81	6,295.76	25.92
Food & Beverages	6,275.57	4,521.78	6,486.87	25.51
Basic Resources	7,653.45	4,408.89	7,653.45	53.07
Construction & materials	6,688.11	4,988.09	7,133.01	33.76
Oil & Gas	4,602.04	4,2006 1.53	5,760.55	-7.96
Chemicals	9,978.52	5,000.00	10,038.52	99.57
Media	5,289.49	4,180.79	7,090.75	5.79
Travel & Leisure	5,585.53	4,492.83	5,855.20	11.71
Technology	4,946.66	3,862.14	6,587.40	-1.07
Telecommunications	6,204.84	4,314.70	6,451.96	24.10
Utilities	5,262.74	4673.19	5,900.27	5.25
Health Care	12,596.69	4,924.83	12,596.69	151.93
Total shares index	1,464.04	1,133.44	1,464.04	20.64

Source: ATHEX

TABLE 5

Sectoral Share-price Indices in the ATHEX per month, 2006

Month	Gen. Index	Banks	Insurance	Financial Services	Indus-trial Goods	Retail	Construction & materials	FTSE/ ATHEX 20	FTSE/ ATHEX Mid 40	FTSE/ ATHEX sm 80	FTSE/ ATHEX 20
Jan.	3,977.84	5,436.54	5,883.51	5,843.34	6,254.45	5,802.43	5,485.29	2,175.07	3,915.41	717.47	4,708.89
Feb.	4,202.85	6,194.04	7,118.62	6,608.72	6,222.39	5,851.80	6,138.20	2,334.44	4,258.32	789.58	5,066.17
Mar.	4,122.34	5,821.52	6,768.75	6,833.99	5,891.72	5,866.88	6,001.68	2,252.41	4,293.92	745.63	4,919.34
Apr.	4,139.96	5,806.83	6,683.27	7,426.81	5,883.65	5,788.58	6,507.03	2,232.66	4,536.71	791.91	4,940.26
May	3,753.21	5,102.31	6,122.62	7,143.23	5,507.57	5,756.30	6,251.52	2,018.48	4,138.03	755.32	4,484.73
Jun.	3,693.75	5,144.01	5,710.29	6,847.19	5,009.66	5,769.08	5,921.90	2,018.15	4,081.26	721.21	4,461.15
Jul.	3,747.98	5,147.16	5,531.28	6,750.15	5,046.75	5,898.21	6,053.46	2,043.70	4,037.34	722.64	4,493.85
Aug.	3,868.62	5,372.26	5,728.62	6,983.71	5,692.03	5,936.68	6,249.14	2,103.14	4,186.99	785.20	4,641.50
Sep.	3,931.05	5,564.94	5,442.23	7,089.26	5,691.34	6,117.02	6,004.63	2,143.57	4,356.75	784.10	4,750.18
Oct.	4,128.60	6,002.41	5,861.44	7,671.06	6,308.58	6,152.41	6,455.87	2,269.20	4,731.83	823.27	5,049.30
Nov.	4,220.50	6,112.12	5,527.99	7,847.37	6,240.50	6,197.27	6,523.61	2,319.24	4,909.56	839.45	5,174.31
Dec.	4,394.13	6,194.47	6,127.97	8,805.55	6,617.56	6,563.94	6,688.11	2,377.11	5,245.31	880.58	5,343.12
Max '06	4,395.43	6,403.93	7,389.70	8,805.55	6,866.27	6,563.94	7,132.52	2,395.63	5,245.31	880.58	5,343.12
Min '06	3,379.28	4,692.69	5,007.30	5,040.99	4,517.83	5,188.11	5,050.20	1,850.56	3,423.25	629.65	4,066.59

Source: ATHEX. Closing prices.

Transaction Value

In 2006, the total annual value of transactions in the stock market of the ATHEX reached 85,339.7 million euros, increased by 62.2% year-on-year. In the same year, the average daily value of transactions in the ATHEX amounted to 342.7 million euros, registering an annual increase of 62.8%. The highest average daily value of transactions was observed in May (453.1 million euros), while the lowest average daily value of transactions was observed in July (216.5 million euros).

In 2006, the annual value of transactions on large capitalization stocks in the ATHEX reached 77,423 million euros, accounting for 91% of the total annual value of transactions, while in December 2005 it accounted for 90% of the total monthly value of transactions. The annual value of transactions on middle and small capitalization stocks amounted to 6,873 million euros, accounting for 8% of the total value of transactions performed in 2006. The annual value of transactions on shares of the special financial characteristics category and shares under probation, accounted for a mere 1% of the total annual value of transactions for 2006 (Table 6).

TABLE 6

The Value of Transactions in the stock market of the ATHEX, 2006 (mn euros)

Month	Large Capitalization	Sales of Existing Shares	Middle and Small Capitalization	Special Financial Characteristics	Under Probation	ATHEX Total1
Jan.	7,430.23	-	826.14	8.11	8.00	8,273.30
Feb.	6,716.45	-	956.47	7.94	13.14	7,695.80
Mar.	8,155.60	-	717.66	2.84	7.09	8,883.19
Apr.	5,121.80	27.77	441.96	3.58	16.90	5,612.07
May	9,186.89	-	642.39	115.83	23.48	9,968.70
Jun.	6,732.46	611.59	362.82	3.55	24.81	7,735.26
Jul.	4,266.22	-	269.67	3.42	7.79	4,547.20
Aug.	4,705.52	-	497.34	1.37	10.60	5,214.98
Sep.	4942.49	-	504.40	1.70	27.97	5,477.35
Oct.	6572.15	-	523.37	17.61	29.45	7,142.60
Nov.	7,431.67	-	663.25	8.23	19.35	8,123.10
Dec.	6,161.53	-	467.55	13.74	22.14	6,666,15

Source: ATHEX
Note. 1: Includes margin account transactions in the Main and Parallel markets

Market Capitalization of Listed Companies

By the end of the year, the total market capitalization of ATHEX listed companies amounted to 157,928 million euros, registering a total annual increase of 28.5%. This increase was mainly the outcome of the rise in share prices, given that the activity in the primary securities market was rather limited.

In December 2006, the market capitalization of large cap companies reached 143,782.7 million euros, increased by 27.7% year-on-year (Table 7). By the end of 2006, the market capitalization of large cap companies accounted for 91% of the total market capitalization in the ATHEX, as compared to 91.5% in 2005. The market capitalization of medium and small cap companies reached 10,703.2 million euros, registering an annual increase of 13.7% and accounting for 6.8% of the total market capitalization in the ATHEX. Finally, the market capitalization of shares falling under the special financial characteristics category amounted to 2,525.8 million euros by the end of 2006 and accounted for 1.6% of total market capitalization, while the market capitalization of shares under probation and/or suspension amounted to 916.0 million euros and accounted for 0.6% of the total market capitalization in the ATHEX.

In 2006, the financial sector (banks, insurance companies, leasing companies, portfolio investment companies) showed the largest increase in market capitalization (46.3%), which by the end of the year accounted for 41.8% of total market capitalization in the ATHEX. In the same year, the market capitalization of companies from the industrial-manufacturing sector of the large capitalization category accounted for 3.9% of the total market capitalization in the ATHEX, while the market capitalization of other large cap sectors and companies (non-financial services, retail, construction and shipping) accounted for 45.4% of the total market capitalization in the ATHEX.

By the end of the year, Banks represented 32.8% of total market capitalization in the ATHEX, as compared to 37.4% in 2005 and 34.5% in 2004. It was followed by Telecommunications with 7.2% of total market capitalization, as compared to 12.5% in 2005; Travel & Leisure with 6.3%; Construction & Materials with 3.7%; Food & Beverages with 2.6%; and Personal & Household Goods with 1.7% of the total market capitalization in the ATHEX.

TABLE 7

Market Capitalization of ATHEX-listed Companies, 2006 (mn euros)

Month	Large Capitalization				Middle & Small Capitalization	Special fin. characteristics	Under Probation	Amount
	Financial Sector	Industry - Trade	Other Sectors 3	Amount				
Jan.	51,478.6	6,932.7	64,505.3	122,916.6	10,527.0	734.8	405.5	134,583.8
Feb.	58,548.1	6,982.3	65,356.0	130,886.3	11,438.3	709.1	411.5	143,445.1
Mar.	55,560.5	6,510.4	65,901.6	127,972.5	11,258.2	680.3	416.9	140,327.9
Apr.	56,736.0	6,017.7	66,918.0	129,671.7	9,709.1	1,200.1	802.4	141,383.2
May	50,056.5	5,708.3	62,263.9	118,028.8	9,284.0	1,214.0	870.2	129,397.0
Jun.	55,600.0	5,412.8	61,099.2	122,112.0	8,938.8	1,219.9	832.2	133,102.8
Jul.	55,644.8	5,509.0	62,239.0	123,392.8	9,017.5	1,193.6	859.4	134,463.3
Aug.	57,764.3	5,949.1	62,996.9	126,710.3	9,564.3	1,166.6	968.1	138,409.3
Sep.	59,343.9	6,045.3	63,565.1	128,954.3	9,615.3	1,165.0	889.1	140,623.7
Oct.	63,499.8	5,775.3	65,901.7	135,176.8	9,967.8	2,572.7	988.1	148,705.3
Nov.	64,764.4	5,750.8	68,129.7	138,644.8	10,107.3	2,602.4	1,011.4	152,365.9
Dec.	65,966.4	6,084.5	71,731.8	143,782.7	10,703.2	2,525.8	916.0	157,927.7

Source: ATHEX.

By the end of 2006, corporate participation to total market capitalization in the ATHEX was the following: National Bank accounted for 10.5% of total market capitalization in the ATHEX, followed by the Hellenic Telecom Org. (OTE) (7.1%), Eurobank-Ergasias (7.1%), Alpha Bank (5.9%) and the Hellenic Organization of Football Prognostics (OPAP) (5.9%). The capitalization of the ten largest listed companies as a percentage of total market capitalization in the ATHEX registered a slight decrease and fell to 55.9% by the end of 2006, as compared to 57.6% by the end of 2005.

In 2006, average annual market liquidity remained unchanged at the 0.20% level of 2005, albeit after soaring during the second half of the year (Table 8). In December 2006, the average monthly liquidity index of the Athens Exchange amounted to 0.26%, as compared to 0.18% in December 2005. As far as other categories of stock are concerned, average annual liquidity increased by 0.25% in the middle and small capitalization category and by 0.20% in the large capitalization category.

TABLE 8

Monthly Liquidity Index in the ATHEX, 2006

Month	Large Capitalization Category	Middle & Small Capitalization Category	Special Characteristics Category	Total markets
Dec.	0.17%	0.22%	0.019%	0.17%
Nov.	0.19%	0.26%	0.014%	0.17%
Oct.	0.17%	0.21%	0.014%	0.17%
Sep.	0.15%	0.23%	0.007%	0.15%
Aug.	0.13%	0.22%	0.005%	0.14%
Jul.	0.14%	0.14%	0.006%	0.14%
Jun.	0.24%	0.18%	0.013%	0.23%
May	0.26%	0.29%	0.017%	0.26%
Apr.	0.19%	0.23%	0.020%	0.19%
Mar.	0.22%	0.25%	0.019%	0.22%
Feb.	0.23%	0.39%	0.039%	0.24%
Jan.	0.25%	0.34%	0.051%	0.26%

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

By the end of 2006, the total market capitalization of ATHEX-listed companies was equivalent to 64.6% of Greek GDP, as compared to 53.9% in 2005. Moreover, it accounted for 91.3% of Greece's contribution to money supply (M3) in the Euro zone, as compared to 75.3% in 2005 and to 94.1% of the total value of commercial deposits and repos.

TABLE 9

Market Capitalization in the ATHEX and Macroeconomic Indicators, 2006

End of year	Market Capitalization (% of GDP[1])	Market Capitalization (% of M3)	Market Capitalization (% of commercial deposits & repos)
2006	64,6	91,3	94,1
2005	53,9	75.3	77.1
2004	43,3	60.5	67.0
2003	43,0	61.5	68.7
2002	36,3	61.6	66.3
2001	57,7	67.4	77.0
2000	113,7	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

Source: ATHEX, Bank of Greece, National Statistical Service.
Note. 1. GDP figures after 2000 have been revised in accordance with regulation 2223/96 (ESA 95).

Net profits and Dividends of ATHEX-Listed Companies

According to the published financial results of ATHEX-listed companies for the period 2005-2006, most companies improved their profitability (Table 10). Total consolidated net profits post tax and after board member compensation of listed companies, based on their 2005 annual financial statements, amounted to 5.9 billion euros, increased by 9.5% year-on-year. The dividends distributed out of 2005 profits increased by 8.9% year-on-year, leading to a dividend payout ratio of 55.5% for 2005, as compared to 55.9% for 2004.

The profitability of listed companies for 2006 is expected to improve significantly. According to the listed companies published financial results for the nine-months of 2006, profits after taxes and minority interests reached 6.8 billion euros, increased by 52.8% in the first three quarters and equivalent to 5.9% of GDP. Barring construction companies, the growth of profits after taxes and minority interests amounted to 58.1%. The listed companies' consolidated turnover increased by 18.8%, as compared to the same period of 2005.

Based on the data for the first nine-months of 2006, 76% of listed companies showed profits. Of those, 42% increased their profits in comparison to the same period of 2005, 27% saw a decrease in profits and 8% of listed companies managed to turnaround. On the contrary, 24% of listed companies sustained losses. Of those, 9% augmented their losses, 9% reduced their losses and 5% went into the red.

By the end of 2006, the weighted price to after tax earnings ratio (P/E) for the entire capital market was estimated to 30.5, as compared to 29.4 in 2005 and 28.0 in 2004. In the banking sector, the weighted price to after tax earnings ratio (P/E) fell to 25.2 in 2006, from 34.5 in 2005.

TABLE 10

Net Profits and Distributed Dividends of ATHEX-listed Companies, 2005

Year	Net profits after taxes		Distributed Dividends		Dividend Ratio
	Value (mn €)	Annual change (%)	Value (mn €)	Annual change (%)	
2005	5,885.79	9.5	3,268.65	8.9	55.5
2004	5,372.74	12.0	3,004.59	159.7	55.9
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	-	568.24	-	53.0

Source: ATHEX.

The Fixed-income securities market.

In 2006, trading activity on fixed income securities in the Athens Exchange and the Electronic Secondary Treasury Bonds Market (IDAT) was significantly reduced. The total value of transactions on corporate bonds in the ATHEX fell to 5.7 million euros in 2006, from 41.1 million euros in 2005. Trading activity was increased only in February and December. In the same year, the total annual value of transactions on Greek treasury securities in the IDAT amounted to 632 billion euros, decreased by 13% year-on-year. Trading activity improved only in February (64.91 bn euros), March (64.4 bn euros) and November (64.5 bn euros). Investor interest was mainly focused on government bonds with residual maturities of 7 to 15 years and especially on the 10-year reference bond.

In 2006, Greek government securities showed the largest issuing and trading activity in the Greek fixed income securities market. In the primary market there were regular bond auctions, along with various syndicated and special, issues. On 09/30/2006 total bond issues accounted for almost 82% of the euro-denominated general government debt, while Treasury bills accounted for approximately 0.6%.

The interest rate increases of the ECB and the expectations for further increases had an adverse effect on the European bond market during the second half of 2006. Despite the positive forecasts concerning the growth of the European economy, the yield curve of the Euro zone became even flatter and the yield spread between the 2-year and 10-year bonds shrank to 11 basis points by late 2006, from 52 basis points in December 2005.

The market for Greek government securities followed the trends that prevailed in the European bond market. After the initial bond yield increase of the first half of 2006, in September the yield curve shifted downwards. By the end of the year yields recovered, albeit the slope of the yield curve decreased, especially in the short-term to medium-term (up to 10 years) segment (Figure 4). In December 2006, the yield spread between the 3-year and 10-year bond fell to 46 basis points from 98 basis points in January. By the end of the year, the yield of the 7-year bond stood at 3.31% and the yield of the 10-year bond stood at 3.57%. The average daily spread between the Greek 10-year bond and the German reference 10-year bond increased to 26 basis points in December 2006, from 20 basis points in December 2005 and 12 basis points in December 2004.

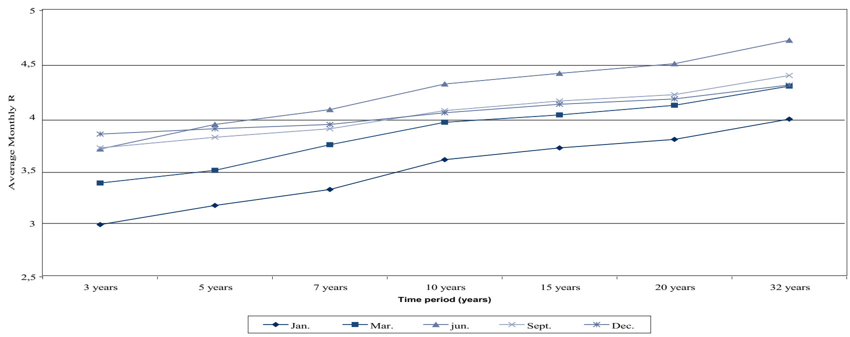
In order to refinance the matured bonds and to cover its liquidity requirements, in 2006 the Greek state issued new Treasury reference bonds with maturities of 3, 5 and 10 years, as well as Treasury bills with maturities of 12, 26 and 52 weeks. The Greek State employed the syndication method for the primary distribution of those securities (initial issues of 5 and 10 years) and the auction method for the 3-year bonds and the Treasury bills. Moreover, the 30-year reference bond maturing on 09/20/2037 and the euro-denominated indexed bond maturing on 07/25/2025 were reissued with the use of the syndication method. There were also a small number of issues with private placement.

It is worth noting that in 2006 the average weighted over-subscription ratio of Greek government securities was high and amounted to 4.89, whereas in most Euro zone countries it stood at 1.20-1.50.

In the past few years, the average remaining physical duration of central government debt has been increasing because of the issuance of medium- and long-term bonds. On October 31st, 2006, the composition of the general government debt comprised short-term lending (durations of up to one year) by 11.1%, medium-term lending (durations from 1 to 5 years) by 40.5% and long-term lending (durations of more than 5 years) by 48.4%. On the same date, the central government's debt comprised Treasury bills (0.5%, as compared to 0.7% by the end of 2005), government bonds (82.1%, as compared to 78.7% by the end of 2005), loans granted by the Bank of Greece (3.6%) and syndicated etc. loans (13.8%).

FIGURE 4

The yield curve for Greek Treasury bonds, 2006.



The Derivatives Market

In 2006, the financial derivative products market of the Athens Stock Exchange was marked by a significant increase in trading activity, the expansion of client transactions in comparison to market maker transactions, stagnation in the number of traded products and institutional amendments.

In 2006, the volume of transactions in the derivatives market was significantly increased, following the growth of the value of transactions in the transferable securities' market of the ATHEX. The average daily volume of transactions on all traded stock futures and options rose to 23,287 contracts in 2006, from 18,792 contracts in 2005 and 19,581 contracts in 2004. The highest activity was observed in June, when the average daily volume of transactions reached 34,544 contracts. The largest increase in the average daily volume of transactions concerned the future of Elliniki Tehnodomiki SA (1,922.6%), while the largest decrease in the average daily volume of transactions concerned the futures on the euro:dollar exchange rate, since no trades on this product were performed during the year.

In 2006, the average daily volume of transactions on FTSE/ATHEX 20 futures increased by 3.29%, while the average daily volume of transactions on FTSE/ATHEX 20 options decreased by 4.44%. The average daily volume of transactions on two derivative products whose underlying instrument is the FTSE/ATHEX 20 index accounted for 53.05% of the total average daily volume of transactions for the year 2006, as compared to 64.69% in 2005 and 75.38% in 2004 (Figure 5). In the same year, the average daily volume of transactions on futures and options whose underlying instrument is the FTSE/ATHEX Mid40 index increased by 35.28% and 6.13% respectively.

The average daily volume of transactions on all stock futures rose from 5,726 contracts in 2005 to 9,946 contracts in 2006, increased by 73.7% year-on-year. Similarly, the average daily volume of transactions on stock options fell to 69 contracts in 2006, from 87 contracts in 2005. The increase in the volume of transactions on futures, improved the share of this type of derivatives in the total average daily volume of transactions in the derivatives market, which stood at 42.71% in 2006, as compared to 30.47% in 2005 and 18.56% in 2004.

The total volume of transactions on Stock Repos rose to 517,538 contracts in 2006, from 266,024 contracts in 2005, while the volume of transactions on Stock Reverse Repos rose to 796,375 contracts in 2006, from 370,809 contracts in 2005. Finally, the total volume of transactions on Special Type Repurchase Agreements fell to 43,885 contracts in 2006, from 57,024 contracts in 2005.

In 2006, there was an increase in the number of investors activated in the derivatives market. The number of end investor-client accounts rose to 31,355 from 27,399 accounts in 2005, registering an annual increase of 13.24%. The average monthly number of active accounts stood at 3,358 in 2006, as compared to 2,764 accounts in 2005 and represented 11.26% of the total number of accounts in 2006, as compared to 10.47% in 2005. The ratio of market maker to client transactions for all the products traded in the derivatives market was 38:62 in 2006, as compared to 46:54 in 2005 and 53:47 in 2004 (Table 12). Excluding stock options, for which the first market maker was appointed in August 2005, this ratio was 46:54 in 2006, as compared to 54:46 in 2005 and 61:39 in 2004. Excluding futures on the euro:dollar exchange rate, where there were no trades whatsoever and stock options, where the ratio remained unchanged, in the case of all remaining derivative products the ratio decreased.

The comparison of the value of transactions in the transferable securities market to the value of transactions in the derivatives market of the ATHEX in 2006 indicates that the average ratio of the value of transactions on futures and options to the total value of transactions in the underlying market fell to 0.58 in 2006, from 0.62 in 2005 and 0.77 in 2004 (Table 13). A decrease was also observed in 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/ATHEX Mid40, which fell to 0.45 in 2006, from 0.64 in 2005 and 0.91 in 2004.

TABLE 11

Intermediation Agencies in the derivatives market, 2006

	Dec. 2006	Dec. 2005	Dec. 2004	Dec. 2003	Dec. 2002
Trading Members	54	55	60	67	70
New members per year	3	2	2	1	8
Member mergers and deletions	4	-7	-9	-4	-3
Clearing Members (ADECH)	37	36	41	47	47
New members per year	3	0	2	2	5
Member mergers and deletions	-2	-5	-8	-2	0
- Direct Clearing Members	24	24	29	35	35
- General Clearing Members	13	12	12	12	12
Terminals	303	310	405	429	419
API use agreements	32	30	33	35	34
Client Accounts	31,355	27,399	24,373	21,256	15,482
Products	11	11	11	10	8

Source: ATHEX.

TABLE 12

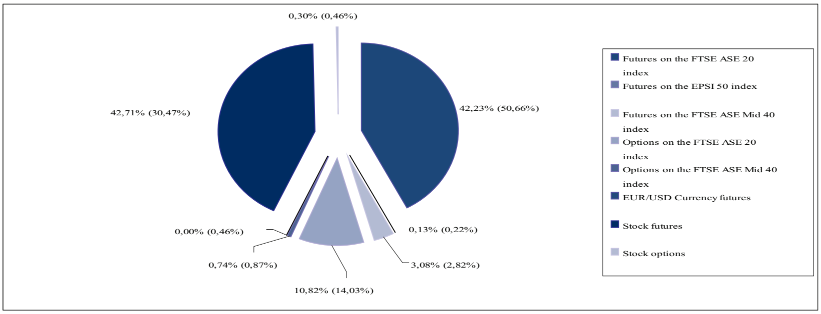
Distribution of Contracts in the Derivatives market, 2004-2006

Derivative financial products of the ATHEX derivatives market	Distribution of Contracts					
	Average 2006		Average 2005		Average 2004	
	MM	Client	MM	Client	MM	Client
FTSE/ATHEX- 20 futures	53%	47%	57%	43%	57%	43%
FTSE/ATHEX Mid 40 futures	29%	71%	40%	60%	49%	51%
FTSE/ATHEX- 20 futures	56%	44%	59%	41%	58%	42%
FTSE/ATHEX- 40 options	52%	48%	56%	44%	65%	35%
Stock futures	38%	62%	43%	57%	54%	46%
Futures on the euro:dollar exchange rate	-	-	68%	32%	85%	15%
Total Products (1)	46%	54%	54%	46%	61%	39%
Stock Options	0%	100%	0%	100%	0%	100%
Total Products (2)	38%	62%	46%	54%	53%	47%

Source: ATHEX

FIGURE 5

Distribution of the Volume of Transactions in the derivatives market per product, 2005 -2006



Source: ATHEX.
Note. The figures for 2005 are shown in brackets.

TABLE 13

Value of transactions in the Underlying and Future Derivative Products Market, 2006.

Month / Year	Value of transactions on FTSE/ASE20 & MID40 stocks to ATHEX Stocks	Value of transactions on futures & options to ATHEX 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/ASE20 stocks.
Dec. 2006	88%	40%	30%	36%	23%
Nov. 2006	84%	48%	38%	52%	21%
Oct. 2006	79%	43%	37%	52%	25%
Sep. 2006	87%	61%	47%	58%	37%
Aug. 2006	85%	64%	49%	62%	33%
Jul. 2006	89%	67%	55%	66%	34%
Jun. 2006	90%	70%	50%	58%	42%
May 2006	83%	62%	53%	67%	49%
Apr. 2006	86%	59%	47%	58%	41%
Mar. 2006	83%	67%	47%	62%	39%
Feb. 2006	84%	62%	43%	60%	27%
Jan. 2006	85%	53%	38%	49%	27%
Average 2006	85%	58%	45%	57%	33%
Average 2005	89%	62%	64%	68%	33%

Source: ATHEX.

Finally, in 2006 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 1.44 in 2006, as compared to

1.49 in 2005 and 1.57 in 2004, while the average monthly value of the ratio was 1.47 in 2006, as compared to 1.57 in 2005 and 1.51 in 2004. The value of the ratio for the FTSE/ASE20 index was less than the value of the ratio for the FTSE/ATHEX Mid40 index (1.43 as compared to 1.58).

In 2006, there were certain changes in the derivatives market, which concerned both the institutional framework and the traded products. These changes included the abolition of HCMC Rule 4/243/30.4.2006 and the amendment of the ATHEX Rulebook, which was approved by means of HCMC Rule 33/405/30.11.2006. The aforementioned amendments establish the bilateral repurchase agreement facility (without the participation of the Athens Derivatives Transactions Clearing House -ADECH) for all types of investors and determine the permitted uses of such agreements and the shares that may be used as the underlying securities for such agreements, according to their use. Moreover, HCMC Rule 9/370/26.1.2006 defined the terms and conditions for the licensing of investment firms concerning the receipt and transmission of orders on commodity derivatives.

NEW CORPORATE SECURITY ISSUES

In 2006, there was a further reduction in the issuing activity of listed and new companies in the market, which sustained the downwards trend of the past four years, despite the substantial growth of issuing activity worldwide. More specifically, the number of companies that proceeded to initial public offerings of negotiable stock in the Athens Stock Exchange was reduced to 2. Conversely, the value of total funds raised by means of initial public offerings and share capital increases registered a significant annual increase and amounted to 4.16 billion euros, mainly due to the large share capital increases undertaken by listed companies (approximately 3.44 billion euros). It is noted that the corresponding total value of funds raised amounted to 2.76 billion euros in 2005, 414.1 million euros in 2004, 462.1 million euros in 2003, 435.5 million euros in 2002 and 1.49 billion euros in 2001.

The participation of new issues to total market capitalization in the ATHEX increased in 2006, as compared to the previous two-years. More specifically, the value of funds raised by newly-listed companies in the ATHEX accounted for 0.46% of total market capitalization in the ATHEX by the end of 2006, as compared to approximately 0.07% in 2005, 0.10% in 2004, 0.55% in 2003, 0.66% in 2002, 1.5% in 2001 and 9.8% in 2000.

Share issues through public offerings

In 2006, there were 2 initial public offerings altogether in the ATHEX, as compared to 8 in 2005, 10 in 2004 and 16 in 2003 (Table 14). The shares of these two companies were listed in the Large Capitalization Market of the ATHEX. One of the IPOs concerned the placement of existing shares with investors by the Postal Savings Bank, in the context of its privatization program. The number of initial public offerings is the lowest of the past eight-years (Table 15) and reflects the limited attractiveness of the stock market as a source of business finance, in an environment of low interest rates.

In 2006, the non-listed bank Probank proceeded to a public offering of shares, without listing in the ATHEX, under the following terms: payment in cash with pre-emptive rights in favor of existing shareholders at a ratio of 2 new shares for every 10 existing shares and payment in cash with placement to the qualified investors of article 3, Law 3401/2005. In this manner, the bank raised a total of 80.4 million euros.

TABLE 14

Share issues through public offerings 2006

Market	2006	
	Number of IPOs	Capital Raised (mn €)
Large Capitalization	2	725.25
Middle & Small Cap1	0	0
Total	2	725.25

The total amount of funds raised through public offerings of stock and private placements fell to 725.25 million euros in 2006, from 1,348 million euros in 2005, decreased by 46.2% year-on-year. It should be note, though, that out of the 2005 amount only 81.9 million euros had been raised by means of initial public offerings. Also, 611.5 million euros (84.32%) of the 725.25 million euros raised during 2006 concerned the Postal Savings Bank. It is evident that the public offering of listed and state-controlled companies continues to be the main pillar of activity in the Greek public offerings market.

TABLE 15

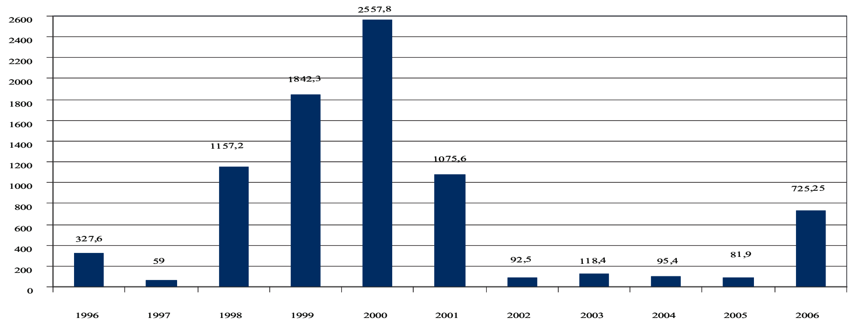
Share issues through public offerings 2000-2006

Year	Total Offerings	Initial Public Offerings			Public offerings by Listed Companies		
		No	Amount (mn €)	% total	No	Amount (mn €)	% total
2006	2	2	725.25	100	0	0	0
2005	8	7	81.9	6	1	1,266.00	94
2004	10	10	95.4	100	0	0	0
2003	16	14	118.4	8.1	2	1,349.50	92.9
2002	20	18	92.5	9.6	2	873.5	90.4
2001	24	24	1,075.60	100	0	0	0
2000	49	48	2,557.80	87.8	1	356	12.2

Source: HCMC

FIGURE 6

Capital raised from initial public offerings, 2006



Source: HCMC

The average amount of funds raised per public offering was 362.6 million euros in total — 113.7 million euros if the Postal Savings Bank is not taken into account — as compared to 168.5 million euros in 2005, 9.5 million euros in 2004, 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.

From the total amount of funds raised in 2006, 88% (639,290,844 euros) was raised from the sale of existing shares and 12% (85,957,030 million euros) was raised from new share issues. The impact of the Postal Savings Bank offering was decisive, since if it is not taken into account, the situation is reversed: from the total amount of funds raised, 75.6% (85,957,030 euros) came from the issuance of new shares and 24.4% (27,768,000 euros) came from the sale of shares by existing shareholders.

This development does not bring about any material change from the previous year's activity. Indeed, from the total amount of funds raised in 2005, 95.53% (1,287,406,500 euros) had been raised from the sale of shares by existing shareholders and 4.47% (60,235,152 million euros) had been raised from new share issues. And in that instance, the impact of the issuance of a state-controlled enterprise (OPAP) had been decisive, given that, had it not been taken into account, the situation would be reversed since 73.6% of the total funds raised (60,235,152 euros) came from the issuance of new shares and 26.4% (21,625,000 euros) from the sale of existing shares. Overall, five of the companies that had proceeded to public offerings during 2005, had offered the shares of existing shareholders.

The allocation of funds raised between new and existing shares in previous years was, respectively, 83.2% and 16.8% in 2004, 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. The ratio of the average weighted (on the basis of the funds raised) over-subscription of public offerings in the ATHEX was 5.88 (or 8.33 excluding the Postal Savings Bank) in 2006, as compared to 3.75 in 2005, 3.42 in 2004, 5.4 in 2003, 4.4 in 2002, 2.2 in 2001 and 29.5 in 2000 (Table 16).

Figure 7 illustrates the allocation of funds raised by sector of activity in the ATHEX during the year 2006. The Banking sector absorbed the largest portion of the funds raised (84.3%), followed by the Financial Services – Real Estate Investment sector (15.7%).

TABLE 16

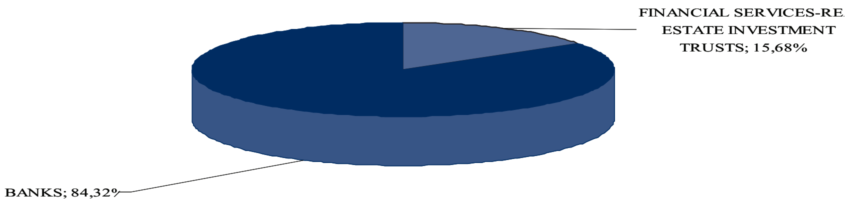
Quarterly distribution of share issues through public offerings 2006

Quarter 2005	Number of issues		Total Funds Raised	(% of total)	Average weighted over-subscription
1st	1	Average	113,725,029		
		Total	113,725,029	15.68	8.33
2nd	1	Average	611,522,843		
		Total	611,522,843	84.32	5.43
3rd	0	Average	0		
		Total	0	0	0
4th	0	Average	0		
		Total	0	0	0
Total	2	Average	0		
		Total	725,247,872	100.0	5.88

Source: HCMC

FIGURE 7

Funds Raised through public offerings per sector of activity in the ATHEX, 2006



Source: HCMC

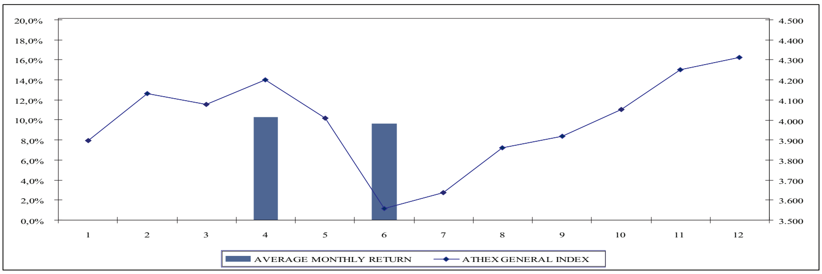
In 2006, the average return realized during the first three days of IPO trading in the ATHEX was positive and amounted to 9.93%, as compared to 2.9% in 2005, a negative return of -2.8% in 2004, 2.9% in 2003, 11.0% in 2002, 36.2% in 2001 and 58.4% in 2000. The average return realized in the first day of IPO trading was slightly higher and approached 10.41%, as compared to 2.22% in the previous year, a negative return of -3.56% in 2004 and 6.1% in 2003. During the first three trading days there are no price fluctuation limits for the shares of all newly-listed companies and this period is considered adequate for attaining market price equilibrium.

After weighing average return by each company's capitalization upon listing — i.e. 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 smaller and larger capitalization companies cased by differences in the volume of shares offered to investors, the dispersion of shares and, therefore, issue over-subscription, it turns out that the average weighted return of share prices after the three-days of free trading was positive and amounted to 10% , as compared to negative returns of -2.41% in 2005 and -5.14% in 2004 and a positive return of approximately 16.8% in 2003. The greatest return during these first three-days was realized by the share of Eurobank Properties, whose price increased by 10.26% as compared to its listing price, while the share of the Postal Savings Bank gained 9.6%.

Figure 8 illustrates the monthly return of newly listed shares during the first three trading days and the average monthly value of the ATHEX General Index during 2006. The monthly returns of newly listed company shares were positive, while in 10 out of 12 months of the year 2006 there were no new company listings in the stock market. More specifically, one new company was listed in April and one in June. By the end of the year, the share prices of the two companies that were listed by means of initial public offering in 2006 registered gains as compared to their initial listing prices (Eurobank Properties 9.1%; Postal Savings Bank 42.9%). Moreover, by the end of the year the average return of the shares of companies that performed public offerings during 2006 was positive and stood at approximately 26%, while the capitalization-weighted average return was also positive and stood at 38%.

FIGURE 8

Average monthly return of newly-listed shares after the first three trading days, 2006



Source: HCMC
Share capital Increases by ATHEX-Listed Companies

In 2006, ATHEX-listed companies showed considerable issuing activity: 14 listed companies proceeded to share capital increases in 2006, as compared to 19 in 2005, 11 companies in 2004, 12 companies in 2003 and 5 companies in 2002 (Table 17). The total amount of funds raised reached 3,438.4 million euros in 2006, as compared to 2,675.8 million euros in 2005, increased by 28.5% year-on-year. Out of these funds, the amount raised by the National Bank of Greece accounts for almost 87.3% of the total funds raised by ATHEX-listed companies by means of share capital increases. Despite the reduction in the number of companies that performed share capital increases, the total value of funds raised reflects an ongoing corporate restructuring effort, amidst increased international competitive pressures, the improvement of the companies' investment programs, as well as increased investor interest for placements in capital market securities.

TABLE 17

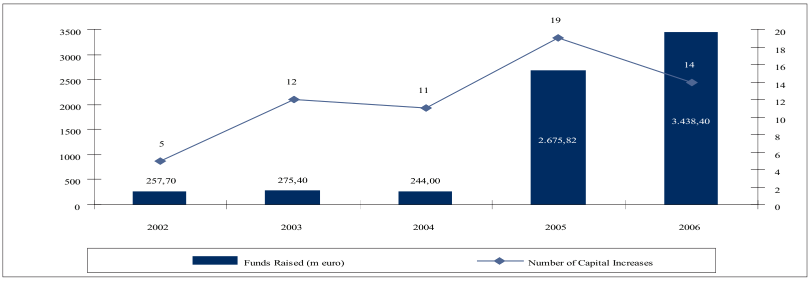
Share capital increases by ATHEX-listed companies, 2000-2006.

2006		2005		2004		2003		2002	
No	Total Funds Raised (mn €)	No	Total Funds Raised (mn €)	No	Total Funds Raised (mn €)	No	Total Funds Raised (mn €)	No	Total Funds Raised (mn €)
14	3,438.4	19	2,675.8	11	244	12	275.4	5	257.7

Source: HCMC

FIGURE 9

Funds raised through share capital increases in the ATHEX, 2002-2006



The quarterly distribution of share capital increases in 2006 (Table 18) is the following: in the first quarter there were four share capital increases, with a total value of 45.71 million euros that absorbed 1.33% of the total funds raised throughout the year; in the second quarter there were 2 increases, with a total value of 173.16 million euros that absorbed 5.04% of the total funds raised; in the third quarter there were four increases, with a total value of 3,050.88 million euros that absorbed 88.73% of the total funds raised; and in the fourth quarter there were four increases (of which one was cancelled and the funds were returned), with a total value of 168.65 million euros (excluding the cancelled one) that absorbed the remaining 4.91% of the total funds raised.

TABLE 18

Quarterly distribution of share capital Increases by ATHEX Listed Companies 2006

Quarter	Number of Share Capital Increases	Capital Raised (mn €)	(% of total)
1st	4	45.71	1.33%
2nd	2	173.16	5.04%
3rd	4	3,050.88	88.73%
4th	4	168.65	4.91%
Total	14	3,438.42	100.0%

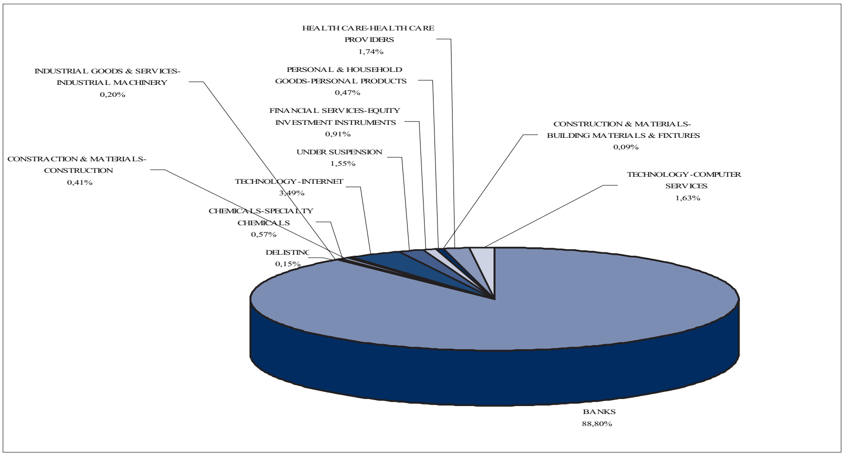
Source: HCMC

In 10 cases the share capital increase was initially subscribed through the exercise of preemptive rights, at rates that ranged from 13.11% to 98.44%, with an average subscription rate of 67.2%. Moreover, in one case (Active Investments SA) the Commission revoked the license for the share capital increase, because the issue was undersubscribed. The remaining share capital increases were performed either through private placement, or through a strategic investor, with abolition of the preemptive rights in favor of existing shareholders. The respective subscription rates for 2005 were 29.61% and 99.21%, with an average subscription of 76.58%; in 2004 they were 7.7% and 85.7% respectively, with an average subscription of 37.11%.

Figure 10 shows the distribution of funds raised from share capital increases per sector of activity in 2006. There were two share capital increases in the Banking sector, which raised almost 3,053 million euros, or 88.8% of the total. Each of the remaining sectors featured one share capital increase, with shares in total funds raised that ranged from 3.49% (FORTHnet SA – Technology-Internet) to 0.20% (Zenon SA – Industrial Goods & Services). Share capital increases were performed by 5 Small and Middle Capitalization and 4 Large Capitalization companies. One of the companies that undertook share capital increases while being under suspension of trading was finally de-listed (Seafarm Ionian — 0.15% of the total funds raised), one remains under suspension of trading (Ideal Group) and three remain under probation (Plias, Biossol, Singular Logic).

FIGURE 10

Funds raised through share capital increases per sector, 2006



Source: HCMC

The Fixed-income securities market.

In 2006, the number of fixed income security issues by ATHEX-listed companies was slightly increased. Two companies, Dionic SA from the Industrial Goods & Services-Industrial Suppliers sector and Jumbo SA from the Personal & Household Goods-Toys sector, undertook corporate bond issues during the year, as compared to only one issue in 2005, 5 issues in 2004 and 4 issues in 2003. The total value of funds raised reached 53.43 million euros in 2006, as compared to 13.04 million euros in 2005, 74.7 million euros in 2004 and 68.4 million euros in 2003.

Mergers and acquisitions in the capital market

Although there was relatively limited restructuring among listed companies in the Greek market in 2006, there was extensive M&A activity among listed and non-listed companies (Table 19). In 2006, 9 companies were merged by absorption, as compared to 7 in 2005 and 4 in 2004. Of the 9 listed companies that completed their mergers in 2006 one came from the Construction sector, two from the Investment sector, one from the Restaurant & Bars sector, one from the Nonferrous Metals sector, one from the Clothing & Accessories sector and one from the Industrial Suppliers sector.

In 2006, merger activity among listed and non-listed companies remained at high levels. In this year, 23 listed companies absorbed 32 non-listed companies through mergers, while in the previous year 26 listed companies had absorbed 38 non-listed companies. Of the acquirer listed companies, one came from the Construction sector, one from the Banks sector, one from the Investment sector, one from the Nonferrous Metals sector, one from the Food Products sector, one from the Real Estate Holding & Development sector and one from the Clothing & Accessories sector.

In 2006, there were 3 spin-offs and transfers of branches from listed companies to 3 non-listed companies. These concerned one listed company from the Restaurants & Bars sector, one company from the Specialty Retailers sector and one company from the Nonferrous Metals sector.

TABLE 19

Mergers & acquisitions, spin-offs and branch transfers, 2006 (parts A, B and C)

A. Mergers among ATHEX listed Companies, 2006

no	LISTED COMPANY - ACQUIRER	SECTOR	TARGET COMPANY	SECTOR
1	AEGEK	Construction	EUKLEIDES SA	Construction
2	NATIONAL BANK OF GREECE	Banks	NATIONAL REAL ESTATE SA	Business Support Services
3	INTERINVEST SA	Equity Investment Instruments	Nexus SA	Equity Investment Instruments
4	HALKOR SA	Nonferrous Metals	FITCO SA	Nonferrous Metals
5	DELTA HOLDING SA	Food Products	CHIPITA INTERNATIONAL	Food Products
			GOODY'S	Restaurants & Bars
			UNCLE STATHIS SA	Food Products
6	SCIENCS INTERNATIONAL INVESTMENTS & HOLDINGS	Real Estate Holding & Dev/ment	DIOLKOS SA	Investment
7	NAOUSSA SPINNING MILLS SA	Clothing & Accessories	FANCO SA	Clothing & Accessories

B. Mergers among listed and non-listed companies, 2006

no	LISTED COMPANY - ACQUIRER	SECTOR	TARGET COMPANY	SECTOR
1	GERMANOS IND. & COM Co	Specialty Retailers	P. GERMANOS SA	Non-listed
2	EUROLINE INVESTMENT SA	Equity Investment Instruments	MARFIN GLOBAL INVESTMENTS	Non-listed

3	BALLIS CHEMICALS SA	Commodity Chemicals	LAMDA DETERGENT SA	Non-listed
4	AEGEK	Construction	METON SA	Non-listed
5	EFG EUROBANK ERGASIAS	Banks	INTERTRUST MFMF	Non-listed
6	FORTHNET SA	Internet	MEDITERRANEAN BROADBAND SERVICES	Non-listed
7	DELTA HOLDING SA	Food Products	DELTA DAIRY SA	Non-listed
8	EDRASIS – C. PSAL-LIDAS SA	Construction	EDRATEC SA	Non-listed
9	PROTON INVEST-MENT BANK SA	Banks	OMEGA BANK	Non-listed
			PROTON INVEST-MENT	Non-listed
10	HELLENIC EX-CHANGES SA	Investment Services	CENTRAL SECURI-TIES DEPOSITORY	Non-listed
			ATHENS DERIVA-TIVES TRANSAC-TIONS CLEARING HOUSE	Non-listed
11	AUDIO VISUAL ENTERPRISES SA	Broadcasting & Entertainment	PROOPTIKI SA	Non-listed
12	THRACE PLASTICS Co	Specialty Chemicals	THRAPLAST-MEGA-SAKI SA	Non-listed
13	VARDAS SA	Apparel Retailers	DIVARI BROS	Non-listed
14	NAOUSSA SPINNING MILLS SA	Clothing & Accessories	RODOPI SPINNING MILLS SA	Non-listed
			GALLOP SA	Non-listed
15	NIREFS SA	Farming & Fishing	FOKIS SEA FARM	Non-listed
			MYLOKOPI SEA FARM	Non-listed
			EUROCATERERS SA	Non-listed
			INTERPESCA SA	Non-listed
16	COCA COLA HBC	Soft Drinks	TELEREX SA	Non-listed
17	DIAS AQUA CUL-TURE SA	Farming & Fishing	MALLIAKOS SEA FARM	Non-listed
18	KORDELLOS CH. BROS SA	Steel	N. ROUSSOS SA	Non-listed
19	SINGULAR LOGIC SA	Computer Services	SINGULAR SOFT-WARE SA	Non-listed

20	SFAKIANAKIS SA	Specialty Retailers	AUTOTEAM SA	Non-listed
			AUTOLINK SA	Non-listed
			AUTOFORUM SA	Non-listed
			CADILLAC HEL-LAS SA	Non-listed
21	LAN-NET SA	Fixed Line Telecom-munications	TELEPASSPORT HELLAS SA	Non-listed
22	P.G. NIKAS SA	Food Products	NIKAS CRETE SA	Non-listed
23	INTERFISH SA	Farming & Fishing	TRIENA SEA FARM	Non-listed

C. Spin-offs and branch transfers of ATHEX listed companies, 2006

no	LISTED COMPANY	SECTOR	COMPANY TO WHICH THE BRANCH IS TRANS-FERRED	SECTOR
1	GOODY'S	Restaurants & Bars	ENDEKA SA- RES-TAURANT	Non-listed
			TEMPI RESTAU-RANTS-CONFEC-TIONERIES	Non-listed
2	GERMANOS IND. & COM Co	Specialty Retailers	SUNLIGHT SYSTEMS SA (ex ARION SA)	Non-listed
3	MYTILINEOS SA	Nonferrous Metals	THORIKI SA (ex GENERAL IRON TRADING SA)	Non-listed

Source: HCMC

PART THREE

CAPITAL MARKET INTERMEDIARIES
INVESTMENT FIRMS

General Overview

In 2006, sixty six (66) investment firms ATHEX-members, six (6) credit institutions ATHEX-members and twenty two (22) investment firms non-ATHEX members were active in the Greek capital market. More specifically, in 2006 one (1) investment firm non-ATHEX-member and eighteen (18) investment firms ATHEX-members were involved in the receipt and transmission of orders on commodity derivatives. The Commission revoked the licenses of four (4) investment firms-ATHEX members and revoked in part the license of one (1) investment firm ATHEX-member. It also approved of share capital increases of five (5) investment firms-ATHEX members and two (2) investment firms-non ATHEX members, as well as share capital decreases for one (1) investment firm ATHEX-member and three (3) investment firms-non ATHEX members. Moreover, the HCMC granted licenses for the establishment of new branches and representative offices to six (6) investment firm-ATHEX members. In 2006, one (1) investment firm-ATHEX member was absorbed by one (1) credit institution, one (1) investment firm-ATHEX member was absorbed by another investment firm-ATHEX member and one (1) investment firm-non ATHEX member was absorbed by a Mutual Fund Management Firm.

In 2006, the Commission proceeded to the implementation of measures aimed at upgrading the quality and range of the services offered in the market. More specifically, the issues that were clarified included the settlement of margin account trading deals, issues concerning the terms and conditions for the granting of licenses for the receipt and transmission of orders on commodity derivatives and issues pertaining to the terms and conditions for the execution of short sales on shares listed in organized markets.

The use of the facility concerning the provision of credit by ATHEX members to their clients for the purchase of securities (margin account) was satisfactory. By the end of 2006, the number of active margin account contracts was 14,309 and the total value of security portfolios for margin account trading amounted to 1.467 billion euros. In December 2006, the number of short term credit contracts amounted to 19,786. The short term credit facility was established by the Commission by means of HCMC Rule 8/370/26.01.2006 and became effective in April 2006. Finally, Basket Order trading in the OASIS stock trading system was enhanced, contributing to the increase of flexibility and the decrease of the management cost of investment firm client portfolios.

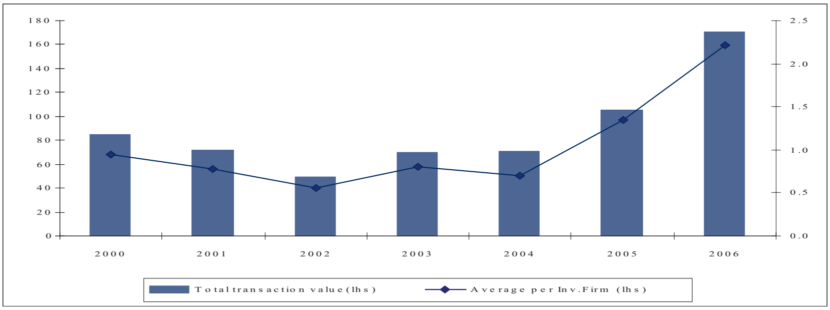
In 2006, the Common Guarantee Fund was set to approximately 170 million euro and the minimum contribution was set to 704,328.7 euros for investment firms-ATHEX members, 704,328.7 euros for investment firms-non ATHEX members and 2,465,150.4 euros for each investment firm that becomes a new member of both the Fund and the Athens Stock Exchange.

Trading activity

The improvement of investor sentiment during 2006 boosted trading activity in the ATHEX. The total value of transactions executed by investment firms-ATHEX members was 170.7 billion euros in 2006, registering an annualized increase of 62%. Since the percentage growth of the value of transactions was greater than the estimated increase of the economic growth rate, the ratio of the total value of transactions to estimated GDP rose to 69.8% in 2006, from 58.3% in 2005. The average value of transactions per investment firm-ATHEX member was 2.216 billion euros in 2006, as compared to 1.347 billion euros in 2005. Only ten investment firms-ATHEX members, accounting for 13% of the total, outperformed this average (the corresponding figures for 2005 were twelve firms, accounting for 15% of the total). The value of transactions performed through the Thessalonica Stock Exchange Centre reached 3.89 billion euros in 2006, as compared to 2.56 billion euros in 2005. The ratio of transactions in the Thessalonica Exchange Centre to the total value of transactions in the ATHEX fell to 2.28% in 2006 from 4.99% in 2005.

FIGURE 11

Value of transactions by investment firms-ATHEX members and average value per member, 2000-2006 (bn €).



Restructuring activity in the investment services sector contributed to the increase in the concentration of transactions executed by investment firms-ATHEX members. The share of the four investment firms-ATHEX members with the largest value of transactions, as a percentage of the total value of transactions, was marginally reduced to 51% in 2006, from 52% in 2005, while the top ten investment firms-ATHEX members executed 80.3% of the total value of transactions. Investment firms-ATHEX members that are subsidiaries of credit institutions executed 55% of total transactions in 2006, as compared to 65% in 2005. Eleven investment firms-ATHEX members were subsidiaries of credit institutions, including 2 members of the Cyprus Stock Exchange that operated as remote members of the ATHEX for the first time during 2006. Credit institution subsidiaries that were only ATHEX members and are activated in the

ATHEX, represented 13% of all investment firms-ATHEX members, as compared to 12% in 2005. Ongoing restructuring in the sector is expected to bring about the further concentration of trading activity, clientele and income for the sector's companies. 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.

TABLE 20

Analysis of the value of transactions by investment firms-ATHEX members, 2003-2006 (,000 €).

Transaction analysis	2003	2004	2005	2006	% change 06/05
Total Transaction Value	69,774,318	71,284,505	105,131,605	170,679,388	62.34%
Share of the first 4 brokerage firms	43.00%	46.59%	52.45%	50.75%	-1,7%
Average value per brokerage firm	802,003	838,641	1,347,841	2,216,615	64.45%
Maximum transaction value per brokerage firm	11,537,250	10,919,536	18,495,383	29,143,882	57.57%
Minimum transaction value per brokerage firm*	1,534	1,650	338,303	13,361	-60.47%
Share of transaction value by bank subsidiaries	58.00%	51.38%	65.05%	55.34%	-9.71%

Source: HCMC

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

TABLE 21

Market Share Concentration of Investment Firms-ATHEX members, 2003-2006

Classification of firms according to market share	2006	% change 06/05	2005	2004	2003
1-10	80.3	1.9	78.8	70.9	62.9
11-25	11.7	-4.1	12.2	14.6	17.5
26-45	5.5	-4.7	5.8	8.4	11.8
46-78	2.5	-21.6	3.2	6.1	7.8

Source: Hellenic Capital Market Commission.

Margin Account

In 2006, there was an increase in the provision of credit by investment firms-ATHEX members to their clients for the purchase of securities (margin account). Such credit may be provided by investment firms-ATHEX members, which possess the appropriate operational and organizational capacity and have submitted the relevant notification to the Commission. A prerequisite for the provision of credit is the conclusion of an agreement between the investment firm-ATHEX member and the client and the pledging of the client's security portfolio with the investment firm-ATHEX 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 set to one million euros per client. During the term of the agreement, the security portfolio of each margin account is marked to market, 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 2006, the Commission (HCMC Rule 8/370/26.01.2006) established the short term credit facility and determined that the settlement of securities purchases against the product of the sale of the securities purchased, or other securities in general, does not constitute timely payment, if the settlement of the sale takes places on a date that follows the purchase settlement date. Moreover, the HCMC amended the differentiation obligation, requiring, with certain exceptions, client security portfolios to include securities of at least three different issuers, with the value of each item not exceeding 40% of the current value of the margin account Security Portfolio. The obligation to differentiate margin account security portfolios does not apply in the case of short term credit provision. Finally, Circular 29/17.3.2006 replaced Circular 24/16.9.2004, providing further details about the cash settlement by clients of trades executed by ATHEX-members and the maintenance of short term credit accounts by ATHEX-members.

Table 21 presents the development of margin account trading for the year 2006, according to data submitted by investment firms-ATHEX members to the Commission on the last trading day of each month. Out of the investment firms-ATHEX members that submitted the relevant notification to the Commission, an average of 54 firms became active in this field. The average number of active open-end contracts increased from 11,948 in 2005 to 13,649 in 2006. Total average debit balances in margin accounts increased from 146.2 million euros in 2005 to 256 million euros in 2006 and reached its highest level in November 2006 (303 million euros). The average value of security portfolios doubled in 2006, rising from 563.9 million euros in 2005 to 1.125 billion euros in 2006. This increase was largely due to the use of the short term credit facility by investment firm clients. These developments show that margin account remains a financial key instrument for increasing liquidity in the market.

TABLE 21

Market Share Concentration of Investment Firms-ATHEX members, 2003-2006[1]

Month	Notifications by ATHEX members for the provision of credit	Members actually providing credit	Number of active open-end credit agreements	Number of active short term credit agreements[2]	Debit Balances	Security Portfolio Valuation
Dec.	64	58	14,309	19,786	299,303,868	1,466,479,722
Nov.	64	58	14,047	19,084	303,048,833	1,428,198,832
Oct.	64	58	13,760	18,2006 2	266,101,027	1,339,370,763
Sep.	64	59	14,405	17,305	270,359,072	1,299,786,512
Aug.	65	59	13,939	16,549	268,525,676	1,283,479,563
Jul.	66	60	13,692	15,752	248,082,140	1,210,222,571
Jun.	66	60	13,463	14,637	266,010,025	1,162,146,931
May	66	60	13,552	11,819	291,195,014	1,248,254,441
Apr.	66	45	15,218	-	242,975,954	862,447,067
Mar.	66	44	12,723	-	215,281,464	745,021,327
Feb.	66	44	12,491	-	209,826,678	759,273,281
Jan.	66	44	12,192	-	188,050,813	692,784,955
Averaga	65	54	13,649	16,624	255,980,047	1,124,788,830

Source: HCMC
Note. 1. Does not include data about credit institutions-ATHEX members.
2. This column concerns short term credit, in accordance with HCMC Rule 8/370/26.01.2006, which became effective in April 2006.

COLLECTIVE INVESTMENT MANAGEMENT FIRMS

Developments in the Greek mutual fund market

The main features of the Greek mutual funds market during 2006 were the major reduction of total mutual fund assets, the changes in the market shares of different MF types and the upgrading of its institutional framework. The total number of mutual fund management firms rose to 26 in 2006, as compared to 25 firms in 2005 and 26 in 2004. The total number of mutual funds under management rose to 269 in 2006, as compared to 258 in 2005 and 262 in 2004. The distribution of mutual funds by investment at the end of 2006 was the following: 30 money market funds, 66 bond funds, 105 equity funds, 46 mixed (or balanced) funds and 22 “funds of funds”.

In 2006, the institutional framework of the mutual fund market was reinforced through the issuance of various HCMC Rules (10/372/15.2.2006 and 13/379/18.4/06, 3/378/14.4.2006, 4/378/14.4.2006), which: determine the stock exchanges and third country, non-EU, markets in which mutual funds and PICs can invest; modernize the framework for the use of derivative financial instruments and selected securities by mutual funds and PICs and for risk management; and, finally, amend mutual fund classifications, by setting limits on investments in shares and derivatives for mutual funds that reproduce stock exchange indices.

TABLE 23

Net assets and Number of Mutual Funds, 2003-2006

MF Classification	31.12.2006 Value (mn €)	No. of M/F	31.12.2005 Value (mn €)	No. of M/F	31.12.2004 Value (mn €)	No. of M/F	31.12.2003 Value (mn €)	No of M/F
Money Market	5,894.31	30	4,938.86	32	15,429.90	39	15,787.39	40
Bond	6,222.15	66	13,578.09	66	7,621.92	62	6,540.32	65
Equity	6,351.56	105	5,994.18	105	5,168.35	116	4,852.77	119
Mixed	2,492.43	46	2,623.45	44	3,427.14	45	3,218.33	41
Funds of Funds	2,950.00	22	809.40	11	-	-	-	-
Total	23,910.45	269	27,943.98	258	31,647.31	262	30,398.81	265

Source: Union of Greek Institutional Investors, HCMC.

TABLE 24

Net Mutual Funds Assets and macroeconomic aggregates, 2003-2006

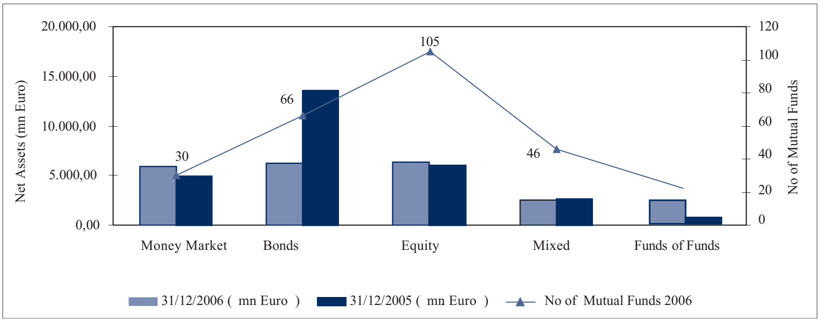
Date	Commercial Bank Deposits (mn €)	ATHEX Capitalization (€ million)	Net Mutual Funds Assets (mn €)
Dec. 2006	-	349.477,5	23.910,5
Oct. 2006	204,893.9	335,769.4	24,007.3
Dec. 2005	187,585.5	301,958.6	27,944.0
Dec. 2004	159,854.5	250,045.2	31,647.3
Dec. 2003	140,029.7	219,766.6	30,398.8
Dec. 2002	133,848.7	180,329,5	25,385.1
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 20001	117,825.9	194,898.0	30,887.7
Dec. 1999	67,172.4	274,397.4	35,021.3
Dec. 1998	58,910.9	133,938.4	26,405.6
Dec. 1997	57,974.8	69,099.9	21,497.6
Dec. 1996	52,816.1	68,905.6	11,367.3
Dec. 1995	46,268.8	61,946.0	7,202.1
Dec. 1994	40,344.8	45,250.5	3,943.4
Dec. 1993	32,530.0	35,817.5	2,543.8
Dec. 1992	29,784.3	27,049.2	655.6
Dec. 1991	27,097.6	22,555.8	503.3

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

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 13

Net assets and Number of Mutual Funds per MF classification 2006



By the end of 2006, the total assets of mutual funds amounted to 23.91 billion euros, registering a total annualized decrease of 14.43 %. This decrease is mainly due to the reduction in the net assets of money market funds by 7.36 billion euros.

The net assets of bond funds plummeted by 54.18% year-on-year, because of the large outflows from both domestic bond M/Fs (2.59 billion euros) and foreign bond M/Fs (4.80 billion euros). The net assets of bond funds continued to fall throughout the year and the largest drops were observed in July (11.49%) and May (10.45%).

The net assets of equity funds registered an annual increase of 5.96%, which was due to share evaluation increases, despite the fact that this category suffered net outflows of 840.9 million euros. The largest increase in net assets was registered by foreign equity funds (18.11%), which enjoyed net inflows of 78.4 million euros, while the net assets of domestic equity mutual funds increased by 3.49%. The average annual return of domestic equity M/Fs was 26.40% in 2006, while during the same year the General Index of the ATHEX increased by 19.93%, the FTSE/ASE20 increased by 17.73% and the FTSE/ATHEX Mid40 and FTSE/ASE80 indices increased by 54.41% and 40.52% respectively.

In 2006, the net assets of mixed mutual funds decreased by 22.25%. This reduction was mainly due to outflows that reached 311 million euros for the entire year. In the case of foreign mixed funds the largest net asset decrease occurred in July (23.99%). The net assets of domestic mixed M/Fs increased by 12.85% in 2006, with annual inflows of 1.5 million euros. The average annual returns of domestic and foreign mixed M/Fs were 11.19% and 4.59% respectively.

In 2006, the net assets of money market mutual funds increased by 19.35%. The net assets of domestic money market M/Fs decreased by 47.16%, while the net assets of foreign money market M/Fs increased by 97.26%. The decrease in the net assets of domestic money market MFs was continuous, the largest fall occurring in January

(7.5%). Domestic money market M/Fs suffered net outflows of 1,298.6 million euros, while foreign money market M/Fs received net inflows of 2,139.9 million euros.

The net assets of "Funds of funds" increased by a spectacular 264.47% in 2006, reaching 2.95 billion euros. This type of mutual funds enjoyed substantial inflows during 2006, the largest being that of mixed "Funds of funds", which reached 1,348.2 million euros. It should be noted that the average annual returns of equity M/Fs and "funds of funds" in 2006 were 10.21% and 5.40% respectively.

In the first three quarters of 2006, the total net assets of Greek mutual funds decreased by 14.55%, as compared to a 10.5% increase in the total net assets of European UCITS mutual funds. More specifically, the net assets of Greek equity mutual funds shared a similar, albeit limited, growth pattern with the net assets of European equity mutual funds (increase of 2.4%, as compared to 12.9%). The net assets of Greek money market mutual funds and "funds of funds" followed a similar, albeit much more spectacular, growth pattern with the net assets of the corresponding mutual funds of Europe (increases of 13% and 3.3% and increases of 268% and 20.5% respectively). During the same period, the net assets of Greek bond MFs suffered a steep decrease of 49.4%, as compared to a 2.2% increase for European bond MFs. Finally, Greek mixed M/Fs also followed the opposite trend of European ones, since the net assets of the former shrank by 32%, while the net assets of the latter grew by 19.8%.

In 2006, the mutual funds of the Greek market received a total net inflow of 5,644.6 million euros. "Funds of funds" and money market mutual funds enjoyed net inflows (2,054 million euros and 841.3 million euros respectively), while all other categories suffered net outflows: 7,389.5 million euros for bond M/Fs, 840.9 million euros for equity M/Fs and 309.5 million euros for mixed M/Fs. The largest net inflow of capital was achieved by foreign money market M/Fs and amounted to 2,139.9 million euros, while the largest net outflow was sustained by foreign bond M/Fs and amounted to 4,797.6 million euros.

By the end of 2006, the structure of the mutual fund market had undergone major changes in comparison to 2005 (see Table III of the Appendix). The share of bond mutual funds fell to 26.02%, from 48.59% in 2005. The market shares of individual bond fund categories remained at the same levels (with domestic/foreign ratios of 38.38%:61.62% in 2006, as compared to 36.72%:63.28% in 2005). By the end of 2006, there were 66 bond mutual funds, of which 31 were domestic and 35 were foreign. The market share of "funds of funds" increased significantly and reached 12.34%, as compared to 2.90% in 2005. By the end of 2006 there were 22 "funds of funds" of which 10 were equity, 9 were mixed and 3 were bond MFs. In the same year, the market share of equity MFs rose to 26.56%, from 21.45% in 2005. By the end of the year, there were 105 equity mutual funds, of which 63 were domestic and 42 were foreign. The share of mixed mutual funds was 10.42% by the end 2006, as compared to 9.39% in 2005. Domestic mixed MFs held a market share of 58.39%, as compared to 49.16% in 2005. In the end of the year, there were 46 equity mutual funds, of which 27 were domestic and 19 were foreign. Finally, by the end of 2006 money market mutual funds controlled a market share of 24.65%, as compared to 17.67% in 2005. In the end of the year, there were 30 money market mutual funds, of which 25 were domestic and 5 were foreign.

Figure 15 correlates the quarterly change in total mutual fund assets with the corresponding ratio of equity funds to total assets. During the first semester of 2006, total net mutual fund assets increased by 12.92%, while the General Index of the ATHEX rose by 0.81% and during the second semester of 2006, the total net assets of mutual funds increased by 1.74%, while the General Index of the ATHEX rose by 18.96%. The decrease in the total net assets of mutual funds is attributed to the outflows observed in bond funds, domestic money market funds and domestic equity mutual funds, which counterbalanced the effects on the net assets of equity and mixed mutual funds from the recovery of share prices.

The concentration of mutual fund assets increased in 2006. By the end of the year, the three largest mutual fund management firms had funds under management of 18.05 bn euros, which accounted for 75.50% of total mutual fund assets, as compared to assets of 20.62 bn euros and a corresponding portion of 73.81% in 2005. The five largest mutual fund management firms had funds under management of 85.45% of total mutual fund assets in 2005, as compared to 85.08% in 2006 (see Table II of the Appendix).

In 2006, the Commission approved the formation and operation of one new MFMF, the cessation of operations of one existing MFMF, the formation and operation of twenty (20) new mutual funds, the amendment of the internal regulations of forty-five (45) mutual funds, the merger of eleven (11) mutual funds and the splitting of four (4) mutual funds. Moreover, six (6) foreign 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. Finally, in 2006 the Commission approved the sale of shares from three hundred and twenty eight (328) new mutual funds of foreign UCITS.

TABLE 25

Net Assets and Units of Mutual Funds, 2006

MF Classification	Type of M/F	Net Assets 31/12/2006 (€)	Annual Change (%)	No. of shares 31.12.2006	Annual Change (%)
	Domestic	1,407,915,313		373,275,706	
Money market	Foreign	4,486,395,638		416,846,987	
	Total	5,894,310,951	19.35	790,122,693	-25.01
	Domestic	2,387,807,458		378,541,753	
Bond	Foreign	3,834,343,783		769,477,854	
	Total	6,222,151,240	-54.18	1,148,019,607	-50.35
	Domestic	5,155,355,201		470,753,491	
Equity	Foreign	1,196,200,267		205,215,160	
	Total	6,351,555,468	5.96	675,968,650	-9.92
	Domestic	1,455,414,331		212,190,679	
Mixed	Foreign	1,037,018,636		141,747,074	
	Total	2,492,432,967	-4.99	353,937,754	-11.05
Funds of Funds	Total	2,950,000,878	264.47	772,824,025	223.56
TOTAL		23,910,451,503	-14.43	3,740,872,729	-21.29

Source: Union of Greek Institutional Investors, HCMC.

FIGURE 14

Mutual Fund Assets, ATHEX Capitalization and the ATHEX General Index, 2006

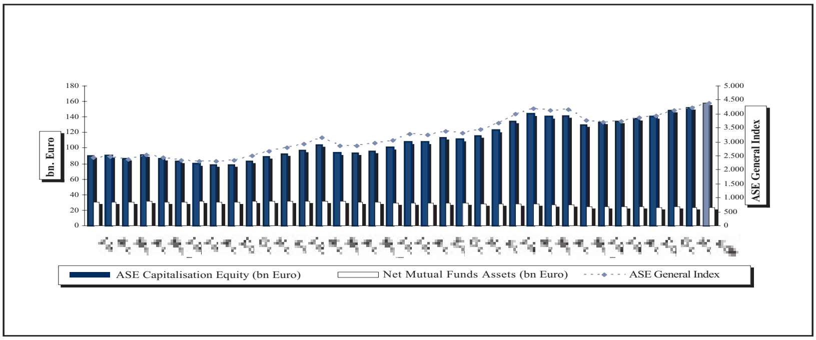


FIGURE 15

Net Assets and Structure of the Mutual Fund Market, 2001-2006

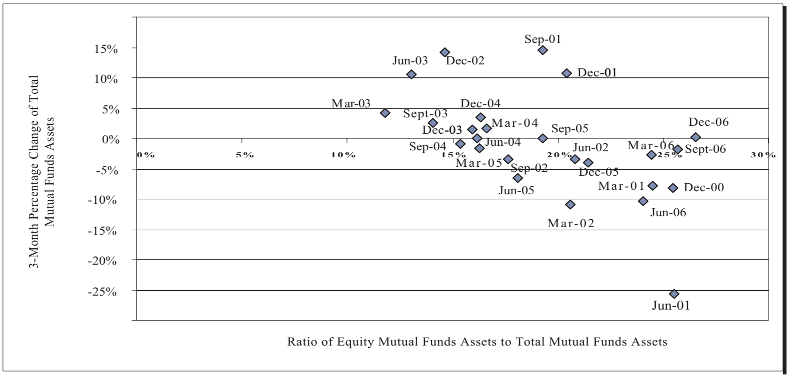


TABLE 26

New Foreign UCITS in the Greek market, 2006

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
2006	6	328	0	0
2005	5	159	0	0
2004	12	92	0	0
2003	4	115	2	2
2002	6	246	0	0
2001	18	316	3	11

Source: HCMC

Developments in the European mutual fund market

According to statistics of the European Fund & Asset Management Association (EFAMA), in the first nine-months of 2006 the total net assets of mutual funds in European markets increased by 10.3%. During the same period, the total net assets of UCITS mutual funds increased by 10.5%, mainly because of the increase in the total assets of "funds of funds" by 20.5% and in the total assets of mixed mutual funds by 19.8%. There was also a 12.9% increase in the net assets of equity funds and a 3.3% increase in the net assets of money market funds. During the first three quarters of 2005, net sales reached 328 billion euros and were positive for all mutual fund categories, excluding bond funds. The largest sales were achieved by equity mutual funds (105 billion euros) and mixed mutual funds (87 billion euros). In terms of net sales, the best quarter for all UCITS mutual funds was the first (186 billion euros).

The changes in net assets during the first three quarters of 2006 caused a slight reshuffle in the market shares of European UCITS mutual funds, which were the following: equity and mixed funds improved their market shares to 40% and 15%, respectively, as compared to 37% and 13% in 2005, while bond funds and money market funds saw their market shares fall to 24% and 17% respectively, from 27% and 19% in 2005. The above figures do not include Irish mutual funds, for which no classification exists.

France and Luxembourg dominate the European UCITS mutual fund market, with a combined market share of 50.3% in the first nine-months of 2006, followed by the United Kingdom, Ireland and Italy with market shares of 10.3%, 9.6% and 6.1% respectively. The largest net asset increases were achieved by the UCITS mutual funds of Poland (22.6%), followed by those of Finland (21.0%). The non-UCITS markets are dominated by four product types: German Special Mutual Funds, which are addressed exclusively to institutional investors; real estate funds; British investment trusts; and French employee savings funds. During the first three quarters of 2006, the total net assets of non-UCITS mutual funds increased by 9.5%; Luxemburg's non-UCITS mutual funds and French employee insurance funds registered the largest net asset increases with 24.8% and 20.1% respectively.

TABLE 27

Net assets of UCITS mutual funds, 2005-2006

M/F Classification	30.9.2006			30.6.2006	31.3.2006	31.12.2005
	Total net assets (bn €)	% of Total	% Change Sep. 06-Dec. 05	Total net assets (bn €)	Total net assets (bn €)	Total net assets (bn €)
Equity	2,058	39.7%	12.89%	1,958	2,057	1,823
Mixed	762	14.7%	19.81%	722	705	636
Funds of Funds	94	1.8%	20.51%	87	85	78
Bond	1,226	23.7%	2.17%	1,202	1,226	1,200
Money Market	870	16.8%	3.33%	851	837	842
Other	169	3.3%	21.58%	161	157	139
Total1	5,180	100.0%	9.75%	4,982	5,067	4,720
Incl. Ireland	5,727		10.50%	5,485	5,559	5,183

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

TABLE 28

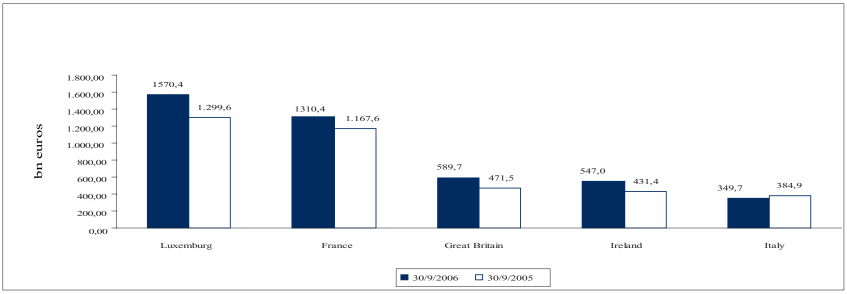
Net mutual fund assets of UCITS from the top five (5) EU member-states, 09/30/2006

Country	30.9.2006			31.12.2005	
	Total net assets (bn €)	% of the total in the EU market	% Change Sep. 2006-Dec. 2005	Total net assets (bn €)	% of the total in the EU market
Luxembourg	1,570,431	27.42%	13.26%	1,386,611	26.75%
France	1,310,400	22.88%	13.44%	1,155,100	22.29%
Un. Kingdom	589,659	10.30%	15.00%	512,734	9.89%
Ireland	547,010	9.55%	18.16%	462,955	8.93%
Italy	349,689	6.11%	-8.43%	381,889	7.37%
Total	4,367,189	76.26%	12.00%	3,899,289	75.24%
Total Europe	5,726,511		10.49%	5,182,694	

Source: EFAMA

FIGURE 16

Net mutual fund assets of UCITS from the top five (5) EU member-states, 2006



Portfolio Investment Companies

By the end of 2006, the shares of eight (8) Portfolio Investment Companies (PICs) were traded in the Athens Stock Exchange, with a total market capitalization of 320.9 million euros, as compared to 569.9 million euros for fourteen (14) listed companies by the end of 2005 and 1.23 billion euros for twenty (20) companies listed by the end of 2004.

In the end of the year, the total net asset value of these eight PICs amounted to 384.77 million euros, as compared to 354.68 million euros in 2005 and 1.34 billion euros in 2004. PIC shares traded at an average weighted discount of 16.87% in 2006, as compared to a discount of 13.19% by the end of 2005 and 5.73% at the end of 2004. In 2006, the average annual weighted return of portfolio investment companies was 16.63% and the average return was 14.534%.

In 2006, the institutional framework that governs PIC operations was reinforced by means of HCMC Rule 7/397/13.09.2006 on the "Conclusion of Lending Agreements by portfolio investment companies of Law 3371/2005." Among other things, the Rule defined the conditions for the conclusion of lending agreements, the relevant disclosure obligations, the obligations regarding effective risk monitoring and management and the obligation to take the necessary steps for maintenance of limits and their correction in case of deviation.

In 2006 the HCMC revoked the license of one company and approved the mergers of three companies by absorption. More specifically, the HCMC revoked the operating license of Active Investments SA; Marfin Global Investments, which was under liquidation, was absorbed by Euroline Investment SA, Nexus SA was absorbed by Interinvest International Investments and Diolkos SA was absorbed by Sciens Int'l Investment & Holdings S.A. Finally, in 2006 the Commission approved share capital changes for five PICs.

CLEARING AND SETTLEMENT OF TRANSACTIONS

In 2006, the Central Depository of Securities (CSD) and the Athens Derivatives Transactions Clearing House (ADECH) were merged by absorption with "Hellenic Exchanges SA Holding" (Hellenic Exchanges). Hellenic Exchanges is the agency responsible for the clearing and settlement of stock exchange transactions and is now operating the dematerialized securities system (DSS), which records ownership information about dematerialized securities and monitors the transfers of their ownership by means of the investors' trading and securities accounts kept with it.

In 2006, there were three amendments of the Regulation for the Dematerialized Securities System (DSS), designed to increase its efficiency and functionality. HCMC Rule 2/380/04.05.2006 excluded remote members, interconnected to the DSS, from the obligation to appoint custodians. HCMC Rule 32/400/05.10.2006 defined the procedure for recording the financial collaterals provided for by Law 3301/2004 into the DSS and settled the issue concerning the registration into the DSS of new companies placed under suspension of trading. Finally, HCMC Rule 3/403/08.11.2006 allows for the creation of Join Investment Accounts in the DSS, which will be functioning on the basis of the joint bank account model.

In 2006, 56,667 new accounts were opened, as compared to 30,812 accounts opened in 2005, representing a 83.9% year-on-year increase. By the end of the year, the total number of trading accounts in the DSS amounted to 2,038,319, reduced by 10% year-on-year (Table 29). The number of accounts with balances decreased by 8.1% in the end of 2006 and fell to 1,137,056, from 1,237,407 in December 2005.

In 2006, the year-end participation of foreign investors to the market capitalization of the ATHEX amounted to 46.6%, as compared to 59.4% in 2005. This increase resulted from the increased participation of foreign institutional investors, which accounted for 35.1% of total market capitalization in the ATHEX for 2006, as compared to 28% for 2005. The positions of domestic investors accounted for 53.1% of the total market capitalization of ATHEX-listed companies, as compared to 59.4% in 2005 and 63.6% in the end of 2004, while the positions of private domestic investors accounted for 22.6% of the total market capitalization of ATHEX-listed companies, as compared to 22.6% in 24.5% and 25.7% in the end of 2004.

TABLE 29

Number of new Stock Trading Accounts in the DSS, 2000-2006

Month / Year	2006	2005	2004	2003	2002	2001	2000
January	3,223	3,661	4,427	1,663	2,156	3,330	56,803
February	2,564	1,459	18,352	36,441	2,243	4,604	64,840
March	3,229	1,526	1,861	2,503	2,776	4,245	78,891
April	3,260	3,836	2,372	2,390	1,942	2,954	142,986
May	9,892	1,108	1,961	16,728	1,408	4,129	98,502
June	14,662	1,873	1,322	3,659	1,489	2,829	132,234
July	5,027	7,146	1,784	4,744	1,826	3,146	8,118
August	2208	2,362	1,066	2,573	1,131	2,116	5,070
September	2869	1,511	1,611	15,330	1,342	2,898	10,949
October	4709	2,623	5,230	3,446	1,604	2,151	7,670
November	2982	1,600	1,473	10,207	1,739	6,758	10,402
December	2042	2,107	1,409	1,399	2,476	3,620	34,006
Total new accounts	56,667	30,812	42,868	101,083	22,132	42,780	650,471
Account deactivations	340,209	6,626	3,743	3,142	4,495	6,467	15,312
Total accounts	2,038,008	2,321,550	2,297,364	2,258,239	2,160,298	2,142,661	2,106,348

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2006.

TABLE 30

Distribution of new Stock Trading Accounts in the DSS, 2006

Investors	Accounts with balances		Capitalization	
	No	Percentage (%)	Value	Percentage (%)
I. Domestic Investors	1,075,165	94,56	83,852,48	53,07
- Private domestic	1,071,262	94,21	35,766,16	22,64
-Private financial1	592	0,05	12,010,30	7,60
- Private non-financial	2,635	0,23	12,932,63	8,18
- Public Sector	666	0,06	23,143,14	14,65
- Other domestic investors	10	0,00	0,26	0,00
II. Foreign Investors	18,625	1,64	73,702,18	46,64
- Private-foreign	11,527	1,01	658,00	0,42
- Legal Entities	1,085	0,10	13,925,81	8,81
Institutional Investors	5,763	0,51	55,419,16	35,07
- Other legal entities	250	0,02	3,699,21	2,34
III. Other Investors	43,266	3,81	454,39	0,29
Total I +II + III	1,137,056	100,0	158,009,05	100,0

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2006.

Note. 1. Insurance companies, pension funds, UCITS, Investment Firms, Brokerage Firms, financial institutions, factoring, leasing, venture capital companies, firms for the reception and transmission of orders etc.
2. Investors with no registered tax residence. From joint ownerships, those whose members include both Greeks and foreigners.

PART FOUR

ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION
RULES AND REGULATIONS

In 2006, the Board of Directors of the Commission issued many rules and regulations. There rules and regulations were directed towards the enhancement of investment service quality and investor protection, the safeguarding of the normal operation of the market, the protection of the trading and clearing system and market transparency. The following rules are regulations were issued:

Improvement of the quality of investment services and investor protection

- HCMC Rule 9/370/26.1.2006 (Gazette B 184/13.12.2006): "Terms and conditions for the licensing of investment firms concerning the receipt and transmission of orders on commodity derivatives". This rule defines the terms and conditions for the licensing of investment firms concerning the receipt and transmission of orders on commodity derivatives.
- HCMC Rule 1/370/26.1.2006 (Gazette B 245/27.2.2006): "Approval of the contents of applications for the licensing of Investment intermediation firms." This rule defines the contents of applications for the provision of Financial Intermediation Firm operating licenses to companies under formation, or existing companies.
- HCMC Rule 7/372/15.2.2006 (Gazette B 247/27.2.2006): Amendment of CMC Rule 5/204/14.11.2000 (Gazette B 1487/06.12.2000) "Code of Conduct for listed companies." The rule amends article 8 of CMC Rule 5/204/14.11.2000 (Gazette B 1487/6.12.2000).
- HCMC Rule 10/372/15.2.2006 (Gazette B 268/3.3.2006): "Stock Exchanges and third country, non-EU, markets, in which mutual funds and portfolio investment companies can invest." This rule specifies the Stock Exchanges and third country (non-EU) markets, in which mutual funds and portfolio investment companies can invest.
- HCMC Rule 16/374/2.3.2006 (Gazette B 355/24.3.2006): "Approval of the training program for the promotion of mutual fund unit." This rule approves the syllabus of the training program for the promoters of mutual fund units, offered by the Union of Institutional Investors.
- HCMC Rule 13/379/18.4.2006 (Gazette B 568/8.5.2006): "Amendment of HCMC Rule 10/372/15.2.2006 (Gazette B 268/3.3.2006) 'Stock Exchanges and third country, non-EU, markets, in which mutual funds and portfolio investment companies can invest'." This rule adds two more markets to the list of markets in which mutual funds and portfolio investment companies can invest.
- HCMC Rule 4/379/18.4.2006 (Gazette B 568/8.5.2006): "Listing of shares by means of public offering and simultaneous placement of shares with a restricted circle of persons." The rule specifies the terms and conditions for the listing of

shares by means of public offering and the simultaneous placement of shares with a restricted circle of persons.

- HCMC Rule 3/378/14.4.2006 (Gazette B 608/16.5.2006): "Use of derivative financial instruments and selected securities and risk management by mutual funds and portfolio investment companies and portfolio risk management." This rule regulates the use of derivative financial instruments and selected securities by mutual funds and portfolio investment companies, as well as the risk management methods they implement.
- HCMC Rule 1/387/19.06.2006 (Gazette B 836/6.7.2006): "Certification of the professional adequacy of investment firm, financial intermediation firm, mutual fund management firm and portfolio investment company employees and executives." This rule sets the prerequisites and the procedure for certifying the professional adequacy of the employees and executives of supervised financial intermediaries.
- HCMC Rule 3/398/22.9.2006 (Gazette B 1566/25.10.2006): "Procedure and supporting documentation required for the approval of Prospectuses." This rule defines the procedure and the supporting documents required for the approval of Prospectuses.
- HCMC Rule 4/403/8.11.2006 (Gazette B 1738/29.11.2006): "Execution of the squeeze-out right after the end of take-over bids." This rule defines the procedures for the payment and the certification of the payment, of the price, as well as the procedures for the transfer of securities in the case the squeeze-out right is exercised in accordance with the provisions of article 27, Law 3461/2006.
- HCMC Rule 1/409/29.12.2006 (Gazette B 18/16.1.2007): "Execution of sell-out rights after the end of take-over bids." This rule defines the procedure for exercising the sell-out right provided for by article 28 Law 3461/2006.

Improvement of market transparency

- HCMC Rule 2/396/31.8.2006 (Gazette B 1470/5.10.2006): "Information contained in the financial statements published in accordance with the provisions of PD 360/1985." This rule defines the data and information contained in the financial statements that must be published by companies whose companies are listed in organized markets.
- HCMC Rule 4/378/14.4.2006 (Gazette B 568/8.5.2006): "Amendment of HCMC Rule 1/317/11.11.2004 (Gazette B 1746/26.11.2004) 'Classification of mutual funds according to Law 3283/2004'." This rule amends article 2 of CMC Rule 1/317/11.11.2004 (Gazette B 1746/26.11.2004).
- HCMC Rule 7/397/13.9.2006 (Gazette B 1440/2.10.2006): "Conclusion of lending agreements by portfolio investment companies of Law 3371/2005." This rule defines the terms and conditions for the conclusion of lending agreements by portfolio investment companies.
- HCMC Rule 2/396/31.8.2006 (Gazette B 1470/5.10.2006): "Information contained in the financial statements published in accordance with the provision of Presidential Decree 360/1985 (Gazette 129/1985)." This rule specifies the data and information contained in the financial statements published in accordance with the

provisions of PD 360/1985 (Gazette 129/1985).

- HCMC Rule 23/404/22.11.2006 (Gazette B 1803/11.12.2006): "Prevention of the use of the financial system for the purpose of money laundering and terrorist financing." This rule sets measures for the prevention of money laundering and terrorist financing.

Safeguarding the smooth and normal operation of markets

- HCMC Rule 8/370/26.1.2006 (Gazette B 184/13.12.2006): "Amendment of HCMC Rule 2/363/30.11.2005 (Gazette B 1755/14.12.2005) on the provision of credit by the ATHEX members and other adjustments to clients (margin account)." This rule amends articles 2, 4, 5 and 11 of HCMC Rule 2/363/30.11.2005 (Gazette B 1755/14.12.2005).
- HCMC Rule 16/372/15.2.2006 (Gazette B 358/27.3.2006): "Amendment of the Rulebook of the Athens Stock Exchange." This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at meeting number 5 (subject No. 13) of the Board of Hellenic Exchanges SA, held on February 9th, 2006.
- HCMC Rule 13/375/17.3.2006 (Gazette B 568/8.5.2006): "Auction of non-distributed fractional balances resulting from a listed company's share capital increase." This rule defines the procedure for auctioning any fractional shares resulting from fractional balances, after the share capital increases of companies listed in the Athens Stock Exchange.
- HCMC Rule 1/380/4.5.2006 (Gazette B 657/25.5.2006): "Auction of tangible registered shares that have not been submitted for dematerialization". This rule defines the procedure for auctioning any tangible registered shares that have not been submitted for dematerialization.
- HCMC Rule 3/380/4.5.2006 (Gazette B 657/25.5.2006): "Amendment of the Rulebook of the Athens Stock Exchange." This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 4/5/2006 and 4/13/2006 meetings of the Board of Directors of the ATHEX.
- HCMC Rule 5/380/4.5.2006 (Gazette B 877/11.7.2006): "Amendment of HCMC Rule 2/216/17.5.2001 (Gazette B 667/31.5.2001) on short selling in the Athens Stock Exchange." The rule amends article 1 of CMC Rule 2/216/17.5.2001 (Gazette B 667/31.5.2001).
- HCMC Rule 3/392/26.7.2006 (Gazette B 1195/31.8.2006): "Amendment of the Rulebook of the Athens Stock Exchange." This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 5/31/2006 and 7/20/2006 meetings of the Board of Directors of the ATHEX.
- HCMC Rule 33/405/30.11.2006 (Gazette B 1880/28.12.2006): "Amendment of the Rulebook of the Athens Stock Exchange." This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 11/9/2006 meeting of the Board of Directors of the ATHEX.
- HCMC Rule 5/403/8.11.2006 (Gazette B 1880/28.12.2006): "Short selling of share listed in organized markets." This rule specifies the terms and conditions for

short-selling on shares listed in organized markets, by abolishing the tick rule and the requirement for the acquisition of shares prior to selling sort.

Improvement of transaction security and market infrastructure efficiency

- HCMC Rule 10/370/26.1.2006 (Gazette B 245/27.2.2006): "Amount of the Common Guarantee Fund for the year 2006." This rule sets the size of the Common Guarantee Fund for the year 2006 to 170,056,573.80 euros, setting the minimum contribution of an investment firm to 704,328.69 euros.
- HCMC Rule 2/380/4.5.2006 (Gazette B 657/25.5.2006): "Amendment of HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) 'Regulation for the Clearing of Transactions on Dematerialized Securities.'" The rule amends article 81 of CMC Rule 3/304/10.6.2004 (Gazette B 901/16.6.2004).
- HCMC Rule 4/380/4.5.2006 (Gazette B 877/11.7.2006): "Amendment of the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 3/23/2006 at meeting No. 265 of the Central Depository of Securities.
- HCMC Rule 1/392/26.7.2006 (Gazette B 1195/31.8.2006): "Operation of the Supplementary Fund for the Clearing at the Athens Stock Exchange and order limits for the Members of the securities market of the Athens Stock Exchange." This rule regulates the operation of the Supplementary Fund for the Clearing at the Athens Stock Exchange and defines the order limits for the Members of the securities market of the Athens Stock Exchange.
- HCMC Rule 2/392/26.7.2006 (Gazette B 1195/31.8.2006): "Appointment of the Central Securities Depository as the administrator and depository of the Supplementary Fund for Clearing at the ATHEX." This rule appoints the Central Securities Depository as the administrator and depository of the Supplementary Fund for Clearing at the ATHEX.
- HCMC Rule 22/396/26.7.2006 (Gazette B 1726/27.11.2006): "Amendment of the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 7/27/2006 at meeting No. 269 of the Central Depository of Securities.
- HCMC Rule 32/400/5.10.2006 (Gazette B 1726/27.11.2006): "Amendment of HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) on the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule adds article 48A and amends articles 36 and 57 of HCMC Rule 3/304/10.6.2004 (Gazette 901 B/16.6.2004)
- HCMC Rule 33/400/5.10.2006 (Gazette B 1726/27.11.2006): "Amendment of the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 10/5/2006 at meeting No. 272 of the Central Depository of Securities.
- HCMC Rule 3/403/8.11.2006 (Gazette B 1883/29.12.2006): "Amendment of

HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) on the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule adds article 6A and amends articles 6, 7, 13, 19, 21, 37, 38, 39, 41, 42, 44, 47, 49, 50, 69, 77, 78, 79, 80 of HCMC Rule 3/304/10.6.2004 (Gazette 901 B/16.6.2004).

LICENSES AND APPROVALS

The work of the Commission in the field of licensing during 2006 includes the following:

Investment firms-members of the Athens Stock Exchange

- Approved the limitation of business purpose of one (1) investment firm-ATHEX member.
- Approved the merger through absorption of one investment firm-ATHEX member by another investment firm-ATHEX member.
- Approved the merger through absorption of one investment firm-ATHEX member by a banking institution.
- Approved the share capital increase of one (1) investment firm-ATHEX member.
- Approved the share capital decrease of one (1) investment firm-ATHEX member.
- Approved the operation of subsidiaries of investment firms-ATHEX members in six (6) cases.
- Approved the appointment of new board members of investment firms-ATHEX members in twelve (12) cases.
- Approved the share ownership of one (1) investment firm-ATHEX member.
- Approved the modification of the charters of investment firms-ATHEX members in four (4) cases.
- Approved the replacement of the head of an investment firm-ATHEX member branch/representative office in one (1) case.
- Approved the participation of an investment firm-ATHEX member in a non-listed company in one (1) case.
- Approved the appointment of stock exchange representatives of investment firms-members of the ATHEX in twenty (20) cases and approved the appointment of stock exchange representatives in two (2) credit institutions.
- Approved the bestowal of "community passports" and the activation of investment firms-ATHEX members in non EU states in twelve (12) cases.
- Approved the involvement of sixteen (16) investment firms-ATHEX members with commodity derivatives.

Investment firms-non members of the Athens Stock Exchange

- Granted operating license to one (1) investment firm-non ATHEX member.
- Approved the merger through absorption of an investment firm-non ATHEX member by a mutual fund management company in one (1) instance.

- Approved of share capital increases of two (2) investment firms-non ATHEX members.
- Approved of share capital decreases of three (3) investment firms-non ATHEX members.
- Approved the appointment of new board members of investment firms-non ATHEX members in eleven (11) cases.
- Approved the share ownership of three (3) investment firms-non ATHEX members.
- Approved the involvement of one (1) investment firm-non ATHEX members with commodity derivatives.
- Approved of share capital increases of four (4) brokerage firms.
- Approved the appointment of new board members of brokerage firms in one (1) case.
- Approved the share ownership of two (2) brokerage firms.
- Approved the involvement of two (2) brokerage firms with commodity derivatives.

Investment intermediation firms

- Granted operating licensed to investment intermediation firms (formerly, firms for the receipt and transmission of orders) in one hundred and six (106) cases.
- Approved of the share capital decrease of one (1) financial intermediation firm.

Mutual fund management firms

- Granted operating license to one (1) mutual fund management firm.
- Approved the regulation and the formation of twenty (20) mutual funds.
- Granted licenses for the amendment of the regulations of forty five (45) mutual funds.
- Granted licenses for the merger of eleven (11) mutual funds.
- Granted licenses for the splitting of four (4) mutual funds.
- Granted licenses for the amendment of the charters of nine (9) mutual fund management firms.
- Granted licenses for the amendment of the share capital of nine (9) mutual fund management firms.
- Approved the appointment of new board members at twenty three (23) mutual fund management firms.
- Granted licenses for the transfer of shares of nine (9) mutual fund management firms.
- Granted licenses for the investments of twelve (12) mutual funds in listed company bonds.

Portfolio investment companies

- Granted licenses for the amendment of the charters of six (6) PICs.
- Cessation of operation of three (3) PICs because of merger.
- Approved the appointment of new board members at ten (10) PICs.
- Granted licenses for the amendment of the share capital of five (5) PICs.

Real estate investment firms

- Approved the appointment of new board members at one (1) REIT.
- Granted license for the amendment of the charter of one (1) REIT.
- Granted licenses for the amendment of the share capital of two (2) REITs.

Foreign undertakings for collective investment on securities (UCITS)

- Approved the sale of shares of six (6) new foreign UCITS.
- Approved the sale of shares from three hundred and twenty eight (328) new mutual funds of foreign UCITS.

Prospectus for the initial public offering of securities (Law 3371/2005, Law 3401/2005)

- Approved the prospectus and the initial public offering of shares of three (3) new companies in the securities market of the ATHEX. It is noted that the license granted to one (1) company was revoked and therefore the initial public offering and listing of its shares in the ATHEX was cancelled.

Prospectuses on corporate transactions of listed companies

- Approved the prospectuses of ten (10) companies, concerning share capital increases by payment of cash and the public offering of their shares in the ATHEX.
- Approval of supplementary prospectuses for seven (7) companies, in the context of share capital increases by payment of cash and by means of public offerings.

Prospectus for public offerings without listing

- Approved the prospectus of one (1) company, concerning a share capital increase through public offering, with no listing of its shares in the ATHEX.
- Approved the prospectus of one (1) company for the issuance of a convertible bond in favor of existing shareholders, non negotiable in the Athens Stock Exchange.

Prospectus for the listing of securities without public offering

- Approved the prospectus of one (1) company for the listing of bonds resulting from the issuance of a convertible corporate bond in the ATHEX.

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

- Briefing of the Commission on the contents of the document provided for by article 4, Law 3401/2005 in the case of twelve (12) companies intending to increase their share capitals due to merger with other companies.
- Notification to the HCMC of sixty (60) forms provided for by article 4 of Law 3401/2005 concerning share capital increases through the offer of stock options to company employees.
- Notification to the HCMC of twenty nine (29) forms provided for by article 4 of Law 3401/2005 concerning share capital increases through the distribution of free shares to existing shareholders.
- Notification to the HCMC of one hundred and five (105) forms, in accordance with articles 17 and 18 of Law 3401/2005, concerning the approval certificates issued by the competent authorities of the home member-state regarding cross-border public offerings.

Forced auction

The granting of licenses for forced auctions and the appointment of ATHEX-members for the auction of pledged, or seized, shares continued in 2006. Law 3152/2003 (article 13 §§ 1 and 2) transferred these responsibilities to the Commission.

According to the cumulative data for 2006, the total volume of stock auctions reached 4,514,024 shares (as compared to 20,168,348 shares in the two-year period 2004-2005) and the total volume of the stock finally sold reached 3,381,702 shares, (as compared to 13,288,787 shares sold in the previous two-year period). The total value of shares auctioned amounted to 7,625,524 euros, as compared to 23,119,054 euros in the period 2004-2005.

Moreover, the data concerning the requests that were submitted and the forced auctions that took place during 2006 show that:

- The auction with the largest volume of shares concerned 1,225,000 shares, issued by "Active Investments".
- The auction with the lowest volume of shares concerned 50 shares, issued by "Emporiki Bank SA".
- The auction with the largest value of shares sold, concerned the forced sale of 507,365 shares of "Minoan Lines" SA and amounted to 2,252,701 euros.
- The auction with the lowest value of shares sold, concerned the forced sale of 69 shares of "Intracom SA" and amounted to approximately 359 euros.
- The average volume of stock sold amounted to 60,600 shares in 2006, as compared to 90,729 shares in the two-year period 2004-2005.
- The average value of shares sold amounted to 208,407 euros in 2006, as compared to 372,845 euros in the two-year period 2004-5.

In 2006, 34 requests were submitted for the execution of 76 auctions (each type of share corresponds to one auction), as compared to 63 requests for 141 auctions in the period 2004-2005. Since the transfer of competence concerning the forced auctions of shares and till the end of 2006, the HCMC had received 97 requests for the forced auction of pledged or seized shares.

Auction of fractional balances

By means of Law 3371/2005 (article 53 §§ 1) article 44a was added to Law 2396/1996. Paragraph 2 of the said article, which states that the undistributed fractional balances resulting from the share capital increase of a listed company must be auctioned under the care of the issuing company within 6 months, authorizes the HCMC to issue a rule that specifies auction procedures.

On the basis of the aforementioned authorization, the HCMC issued Rule 13/375/17.3.2006 concerning the "Auction of undistributed fractional balances resulting from a listed company's share capital increase". This rule specifies the details concerning the method of and the procedure for the auction of fractional balances, the provision of auction approval by the HCMC (whenever necessary) and the appointment of the member that will perform the auction, as well as the method for notifying the beneficiaries of the fractional balances about the auction and the collection of the auction proceeds.

In accordance with the above, from the time when this rule became effective in May 2006 and by the end of the year, the HCMC had received sixteen (16) requests. The total volume of stock for auction reached 91,622 shares and the total volume of stock finally sold reached 46,290 shares. The value of shares sold reached 414,630 euros.

Moreover, the data on submitted requests and on the auctions that took place during 2006 show that:

- The request with the largest volume of shares concerned 41,786 shares issued by "Alpha Bank SA".
- The request with the smaller volume of shares concerned 2 shares issued by "Euroconsultants SA".
- The auction with the largest value of shares sold, was the sale of 12,361 common shares of "Egnatia Bank SA" and amounted to 97,614 euros.
- The auction with the smaller value of shares sold, concerned the sale of 2 common shares of "Euroconsultants SA" and amounted to 5.7 euros.
- The average volume of auctions was 3,632 shares.
- The average value of share sold was 372,845 euros.

ENFORCEMENT AND COMPLIANCE

For the purpose of supervision of market entities, the Commission monitors and analyses the developments in the capital market and intervenes whenever deemed necessary. The responsibility for the development of preventive measures lies with the Division of Research, Certification and Information Systems, whilst the responsibility for their enforcement lies with the three supervising Divisions: the Division of Licensing and Supervision of Capital Market Intermediaries, the Division of Public Offerings and Supervision of Listed Companies and the Division of Monitoring and Auditing of Capital Market Transactions.

The supervising Divisions 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 2006, the Commission continued its auditing work in all areas. Supervision brought considerable benefits to the Greek capital market by ensuring its smooth operation. The audits that were performed during 2006 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.

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

Revocation of license

- The HCMC revoked the license of one (1) PIC, in application of article 37, paragraph 1, case (a) of Law 3371/2005, in conjunction with article 40, paragraph 2 of Law 3371/2005 and article 28, paragraph 2 of Law 3371/2005, placed it under liquidation in accordance with the provisions of article 37, paragraphs 3 to 8 of Law 3371/2005 and appointed a liquidator.
- The HCMC revoked the license of one (1) investment firm concerning the provision of underwriting services, in accordance with article 4, paragraph 5, case (c) of Law 1806/1988 and extended the procedure for the revocation of the firm's operating license, in regard to other investment services, in accordance with article 4, paragraph 5, case (a) of Law 1806/1988.
- The HCMC revoked the license of one (1) investment firm in application of article 4, paragraph 5, cases (a) and (c) of Law 1806/1988, placed it under liquidation in accordance with the provisions of article 4a, of Law 1806/1988 and appointed a liquidator.
- The HCMC revoked the license of one (1) investment firm in application of article 4, paragraph 5, cases (a), (b) and (c) of Law 1806/1988, as amended by article 43, paragraph 1 of Law 3371/2995. The firm was placed under liquidation in accordance with the provisions of article 4a, of Law 1806/1988 and a liquidator was appointed.
- The HCMC revoked the license of one (1) brokerage firm, in application of article 4, paragraph 5, case (d), placed it under liquidation in accordance with the provisions of article 4a, Law 1806/1988 and appointed a liquidator
- The HCMC revoked the license of one (1) brokerage firm, in application of article 4, paragraph 5, case (d), placed it under liquidation in accordance with the provisions of article 4a, of Law 1806/1988, appointed a liquidator and imposed sanctions for capital market law violations.
- The HCMC revoked the license of one (1) MFMF, in accordance with the provisions of paragraph 7a, article 46 of law 3283/2004.
- The HCMC banned the operation of three hundred and one (301) firms for the receipt and transmission of orders, in application of article 42, paragraphs 1 and 2 of Law 3371/2005.
- The HCMC banned the operation of two (2) firms for the receipt and transmission of orders, in application of article 7, verse 2 of Law 2836/2000, in conjunction with paragraph 3, article 42 of Law 3371/2005 and paragraph 1, item b), article 30b of Law 2396/1996.
- The HCMC rejected the requests of six (6) firms for the receipt and transmission of orders for the granting of Financial Intermediation Firm licenses, in application of the provisions of article 42, paragraphs 1 and 2 of Law 3371/2005.
- The HCMC de-listed the shares of twenty nine (29) companies from the ATHEX, in application of paragraph 3, article 17 of Law 3371/2005.

- The HCMC de-listed the shares and the bond of one (1) company from the ATHEX, in application of paragraph 3, article 17 of Law 3371/2005.
- The HCMC de-listed the bond of one (1) company from the ATHEX, in application of paragraph 3, article 17 of Law 3371/2005.

Fines

Investment firms and Brokerage firms

- Fines were levied on four (4) investment firms and one (1) brokerage firm for violating article 72 paragraph 2 of Law 1969/1991 concerning the publication 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 because of their nature affect the price of, or the transactions on, these securities.
- Fines were levied on two (2) investment firms for violating article 8 of Law 2396/1996, concerning the keeping and submission of information about the transactions performed.
- A fine was levied on one (1) investment firm for violating paragraph 1, article 6 of Law 2396/1996, concerning that prohibits the exploitation of client funds for own benefit.
- A fine was levied on one (1) investment firm for violating paragraph 6 of article 29 of Law 2579/1998 on the possession, on own account, of securities non negotiable in organized markets and for which no license has been granted by the HCMC.
- A fine was levied on one (1) investment firm for violating paragraph 2, article 2 of Law 2843/2000 that prohibits the extension of credit for any purpose other than the settlement of share acquisitions in the stock exchange.
- Fines were levied on four (4) investment firms and four (4) brokerage firms for violating HCMC Rule 2/213/28.03.2001 concerning the provision of credit by ATHEX members.
- Fines were levied on four (4) investment firms and two (2) brokerage firms for violating HCMC Rule 6C/86/15.10.1996 concerning the bookkeeping obligations of investment firms.
- Fines were levied on one (1) investment firm and two (2) brokerage firms for violating HCMC Rule 2/306/22.06.2004 concerning the segregation of client and investment firm funds.
- A fine was levied on one (1) investment firm for violating the Underwriters Code.
- A fine was levied on one (1) investment firm for violating the ministerial decision on the statutory bookkeeping obligations of ATHEX members.
- Fines were levied on seven (7) investment firms and three (3) brokerage firms for violating the Code of Conduct.

Mutual Fund Management Firms and Portfolio Investment Companies.

- Fines were levied on four (4) mutual fund management firms for violating article 22 of Law 3283/2004 concerning the investment limits for mutual funds.
- A fine was levied on one (1) mutual fund management firm for violating HCMC

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 for mutual fund management firms and portfolio investment companies.
- A fine was levied on one (1) mutual fund management firm for violating HCMC Rule 2/213/28.3.2001 concerning the provision of credit by ATHEX members.
- A fine was levied on one (1) mutual fund management firm for violating HCMC Rule 3/244/16.5.2002 on the use of financial products and selected securities by mutual funds and PICs.
- A fine was levied on one (1) mutual fund management firm for violating HCMC Rule 1/317/11.11.2004 concerning the classification of mutual funds.
- A fine was levied on one (1) mutual fund management firm for violating HCMC Rule 8/335/06.04.2005 concerning the simplified prospectus of mutual funds provided for by Law 3283/2004.
- A fine was levied on one (1) portfolio investment company for violating paragraph 1, article 5, Law 1969/1991 concerning the placement of more than 10% of its own capital in securities of the same issuer.
- A fine was levied on one (1) portfolio investment company for violating HCMC Rule 4/278/12.08.2003 concerning the data that must be published and disclosed by portfolio investment companies.

Investment intermediation firms

- A fine was levied on one (1) financial intermediation firm for violating HCMC Rule 1/294/19.02.2004 concerning the professional certification of its employees.
- Fines were levied on four (4) Investment intermediation firms for violating the Code of Conduct.

Listed Companies

- Fines were levied on five (5) listed companies for violating PD 360/1985 concerning the mandatory periodical disclosure of financial information by listed companies.
- Fines were levied on four (4) listed companies for violating paragraph 5a, article 5, of PD 350/1985, concerning their obligation to notify the public immediately about any important new developments.
- A fine was levied on one (1) listed company for violating paragraph 5, article 5 of PD 350/1985, concerning the presentation of additional information to the public.
- Fines were levied on eight (8) listed companies for violating the provisions of PD 51/1992 concerning the information that must be disclosed upon the acquisition and sale of major shareholdings in ASE-listed companies.
- Fines were levied on two (2) listed companies for violating PD 348/1985 concerning the terms of the preparation, audit and dissemination of prospectuses.
- Fines were levied on three (3) listed companies for violating article 72, paragraph 2 of Law 1969/1991 concerning the publication 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 because of their nature affect the price of, or the transactions on, these securities.
- Fines were levied on eleven (11) listed companies for violating HCMC Rule 5/204/14.11.2000 on the Code of Conduct for Listed Companies, which may because of their nature affect the price of, or the transactions on, these securities.

Legal Entities
- A fine was levied on one (1) legal entity for violating the provisions of PD 51/1992 concerning the information that must be disclosed upon the acquisition and sale of major shareholdings in ATHEX-listed companies.
- Fines were levied on two (2) legal entities for violating article 4 of Law 2396/1996 concerning the persons eligible for providing investment services.
- Fines were levied on four (4) legal entities for violating paragraph 1, article 13 of Law 3340/2005 concerning the obligation of persons that exercise managerial duties on behalf of issuers to disclose to the latter any transactions performed on their own behalf and concern the issuer's shares.

Individuals
- Fines were levied on eleven (12) individuals for violating the provisions of PD 51/1992 regarding the information that must be disclosed upon the acquisition and sale of major shareholdings in ATHEX-listed companies.
- Fines were levied on nine (9) individuals for violating PD 348/1985 concerning the terms of the preparation, audit and dissemination of prospectuses.
- Fines were levied on thirty (30) individuals for violating article 72 paragraph 2 of Law 1969/1991 concerning the publication 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 because of their nature affect the price of, or the transactions on, these securities.
- Fines were levied on six (6) legal entities for violating article 4 of Law 2396/1996 concerning the persons eligible for providing investment services.
- Fines were levied on forty five (45) individuals for violating Law 3016/2002 on corporate governance.
- Fines were levied on six (6) individuals for violating HCMC Rule 2/258/05.12.2002 on take-over bids.
- A fine was levied on one (1) individual for violating the Code of Conduct for investment firms.

During 2006, the Commission levied fines of a total worth of 6,142,000 euros. The allocation of fines among market entities is presented in Table 31.

Indictments to courts

- An indictment was submitted against the Board members of a listed company and any other person responsible, for violating article 23a of Law 2190/1920.

TABLE 31

Fines Levied per Supervised Entity, 2006

Number of Fines	Entity	Fines (€)
39	Investment firms and Brokerage firms	1,078,000
10	Mutual Fund Management Firms	52,000
2	SA	16,000
5	Investment intermediation firms	162,000
34	Listed Companies	767,500
7	Other Legal Entities	123,000
109	Individuals	3,943,500
Total: 206		Total: €6,142,000

Source: HCMC

MONITORING AND SUPERVISION OF LISTED COMPANIES

According to article 10 of Law 3340/, the issuers of shares listed in the ATHEX must disclose, without any culpable tardiness, any privileged information directly related to them. A main prerequisite for the application of the provisions of article 10 is that such information should be of "privileged" nature, as specified in HCMC Rule 3/347/2005.

Pursuant to its duties concerning the supervision of listed company compliance with the provisions of the aforementioned law, in 2006 the competent department of the HCMC sent almost 30 letters to supervised companies, requiring them (i) to immediately disclose all information deemed as "privileged" and concerning the said companies, without waiting for the finalization of the situation, or event, to which this "privileged information" refers to and (ii) to disclose at least those items of information that are necessary for the provision of investors with accurate, adequate and clear information.

The audit showed that the vast majority of listed companies complied with the aforementioned provisions. Nevertheless, there are some cases of possible infringements, which are being audited. The HCMC levied a 100,000 euro fine on a company, for violating the said provision.

According to the provisions of article 2, paragraph 1 of HCMC Rule 5/204/14.11.2000, as amended by HCMC Rule 3/347/12.07.2005, all companies whose shares are listed in the ATHEX must immediately confirm, or deny, any unverified information that might materially affect the price of their shares, clarifying at the same time the current stage of the events to which the relevant information refers to.

Pursuant to its duties concerning the supervision of listed company compliance with the Rule, in 2006 the competent department of the HCMC sent almost 150 letters to companies, requiring them to confirm, or deny, unverified information, in accordance with the aforementioned provisions. The audit showed that the vast majority of listed companies complied with the aforementioned provisions. In two cases the Board of the HCMC levied total fines of 45,000 euros, while the investigation of a small number of cases that occurred in 2006 and were suggestive of possible violations of the provisions of article 2, of Rule 5/204/2000, is still in progress.

In any case, adherence to the above regulations safeguards public interest and enhances transparency, regarding the activities and the financial position of ATHEX-listed companies. Disclosure obligations are designed to protect investors and guarantee their confidence towards the accuracy and objectivity of stock market information. Moreover, these provisions are designed to inform investors and protect them from any consequences on the financial position and financial data of the company, which may be caused by events such as changes in business activity, or the omission to deny or confirm unverified information, or rumors, or the leakage of information about impeding developments pertaining to the company's business activity, which might affect the prices of its share.

Moreover, PD 51/1992 has established the obligation to announce major changes in corporate ownership. The said presidential decree refers to the information that must be disclosed upon the acquisition and transfer of a substantial percentage of the total voting rights of an ATHEX-listed company. Law 3152/2003, which became effective on June 16, 2004, appointed the HCMC as the competent authority for the receipt and review of corporate ownership change announcements that are submitted in compliance with the provisions of PD 51/1992, as well as for the daily monitoring of compliance with the provisions of PD 51/1992.

During 2006, shareholders and other responsible persons submitted more than 1,000 announcements concerning major changes in corporate ownership, as a percentage on the total voting rights of ATHEX-listed companies. These announcements were reviewed by the HCMC and released to investors. The submitted announcements led to the detection of 135 cases, which are currently under investigation for possible violations owing to deviation from the obligations set by PD 51/1992. The investigations revealed a 28% increase in possible illegal practices. Anyhow, in the first half of 2007, the provisions of PD 51/1992 shall be replaced by the relevant provision of the law that will transpose the European Directive on Transparency into Greek legislation.

In 2006, the Board of Directors of the Commission imposed sanctions on 22 investigated cases, which revealed violations of the announcement obligations provided for by the PD; the total fines levied amounted to 99,000 euros. The HCMC continues to investigate the cases transferred by the ATHEX (the competent authority for receiving the announcements mandated by PD 51/1992 till June 15th, 2004), concerning possible violations during the period 2000-2004.

In 2006, the HCMC continued the supervision of compliance with law 3016/17.5.2002 on corporate governance. Many companies proceeded to changes in the composition of their Boards, properly notifying both investors and regulators.

In 2006, the Board of Directors of the Commission decided to impose sanctions on 45 individuals (board members of companies listed in the ATHEX), who were found guilty of violating the provisions of the said law and levied total fines of 159,000 euros. It also continues to investigate a large number of companies that show indications of possible violations of Law 3016/17.5.2002 on corporate governance; these investigations have not been completed yet.

In order to consider whether the companies whose shares have been under suspension of trading status for more than six months should be de-listed from the ATHEX, in accordance with the provisions of article 17, paragraph 3 of Law 3371/14.7.2005, the HCMC analyzed information pertaining to 39 companies. Based on this review and after the completion of the applicable procedure, in 2006 the Board of the Commission decided to de-list the shares of twenty-nine (29) companies (see Table X of the Appendix) and decided to stop the procedure for de-listing the shares of one (1) company since there was no relevant cause and to continue the procedure for the remaining nine (9) companies.

In 2006, Directive 2004/25/EC on Takeover Bids was finally transposed into Greek legislation by means of Law 3461/2006 (Gazette 106/30.5.2006). During the year, there were sixteen (16) takeover bids, which are itemized in Table 32. Two of the bids were made in accordance to HCMC Rule 2/258/5.12.2002, while the remaining fourteen (14) were made in accordance with the new regime of Law 3461/2006. The aforementioned law brought about some rather important changes in the definition and procedure of takeover bids, the main being: (i) the reduction of the threshold above which the Acquirer is obliged to submit a (compulsory) bid, from 50% to one third (1/3) of the total voting rights of the Target Company; (ii) the obligation to submit a bid after exceeding 1/3 of the voting rights of the target company extends to every individual who acquires more than one third (1/3), without though exceeding half (1/2), of the of the voting rights of the Target Company during a period of twelve (12) months and also owns transferable securities of the Target Company, which represent more than 3% of its voting rights; and (iii) the establishment of the squeeze-out and sell-out rights, in case the Acquirer possesses, after the end of the bid, transferable securities that represent at least ninety percent (90%) of the Target Company's voting rights. The term "squeeze-out right" denotes the Acquirer's right to demand the acquisition of all the remaining transferable securities of the Target Company. The term "sell-out right" denotes the Acquirer's obligation to acquire all the remaining shares that will be offered by the shareholders of the Target Company within three (3) months after the results of the takeover bid have been made public.

In the context of the law's application, the HCMC received two relevant requests: (1) From "Nestle Hellas SA" for the execution of its squeeze-out right on the shares of "Delta Ice Cream SA." The request was granted by the Board of the HCMC on 11/22/2006. (2) From "Crédit Agricole S.A." for the execution of its squeeze-out right on the shares of "Phoenix Metrolife Commercial Ins." The relevant request was granted by the Board of the HCMC on 11/22/2006.

On the basis of its six-year experience, the 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 financial merits of the bid.

TABLE 32

Take-over bids, 2006

No	Submission date	Voluntary / compulsory	Acquirer	Target company	Approval date	Acceptance period	% of shares prior to the bid	% of shares after the bid
1	30/03/2006	Compulsory	Dionysos Leisure SA	Hyatt Regency SA	04/05/2006	12/05 - 13/06/2006	53,43%	70,79%
2	19/05/2006	Compulsory	Lavrentios Lavrentiadis SA	Veterin SA	01/06/2006	08/06 - 07/07/2006	50,11%	66,51%
3	13/06/2006	Compulsory	Nestle Hellas SA	Delta Ice Cream SA	29/06/2006	04/07 - 01/08/2006	96,53%	98,50%
4	13/06/2006	Voluntary	Credit Agricole SA	Emporiki Bank	29/06/2006	04/07 - 07/08/2006	8,83%	71,97%
5	19/06/2006	Compulsory	Mytilineos Holdings SA	Delta Project SA	20/07/2006	25/07 - 23/08/2006	52,62%	Unsuccessful1
6	21/06/2006	Voluntary	Bank Of Cyprus Ltd	Emporiki Bank	05/07/2006	07/07 - 07/08/2006	0%	Revoked2
7	07/07/2006	Voluntary	P. Kyriakidis SA	Evik SA	20/07/2006	25/07 - 22/08/2006	0%	58,33%
8	18/07/2006	Voluntary	Gci Food Enterprises Ltd	P.G. Nikas SA	02/08/2006	07/08 - 08/09/2006	49,92%	79,17%
9	04/09/2006	Voluntary	Unilever Hellas SA	Elais Unilever SA	22/09/2006	27/09 - 25/10/2006	21,35%	82,43%
10	04/09/2006	Compulsory	Credit Agricole SA	Phoenix Metrolife SA	22/09/2006	27/09 - 25/10/2006	89,84%	98,49%
11	19/09/2006	Voluntary	Popular Bank of Cyprus	Egnatia Bank	27/10/2006	01/11 - 21/12/2006	0%	86,25%
12	19/09/2006	Voluntary	Popular Bank of Cyprus	Marfin Fin. Group SA	27/10/2006	01/11 - 21/12/2006	0%	95,30%
13	10/10/2006	Compulsory	Tramountana Holding SA	Notos Com Holding	08/11/2006	13/11 - 11/12/2006	48,66%	70,099%
14	02/11/2006	Voluntary	Alpha Bank	Alpha Leasing SA	22/11/2006	24/11 - 22/12/2006	99,65%	99,67%
15	20/10/2006	Voluntary	Liberis Antonios	Liberis Publications SA	22/11/2006	24/11 - 22/12/2006	49,999%	80,20%
16	20/10/2006	Compulsory	Cosmoholding Cyprus Ltd	Germanos SA	22/11/2006	23/11 - 20/12/2006	62,75%	98,99%

Notes: 1. Unsuccessful, since none of the shareholders of the target company accepted the Takeover Bid.
2. The bid by the Bank of Cyprus SA for the shares of Emporiki Bank SA is rendered inactive after the negative response of the Central Bank of Cyprus to the relevant request from the Bank of Cyprus SA.

LEGISLATIVE AND REGULATORY INITIATIVES

A major development for 2006 was the transposition of EC Directive 2005/25/EC on take-over bids into Greek legislation by means of Law 3461/2006. The provisions of the new law replaced HCMC Rule 2/258/5.12.2002, streamlining the regime that governs the submission of bids for the acquisition of listed companies, with the main aim of protecting retail shareholders. A necessary measure for protecting retail shareholders after any change in corporate ownership is the imposition of the obligation of those individuals and/or legal entities, that take control of more than a certain percentage of the voting rights in a company to make a bid to all shareholders of this company for the acquisition of all their voting rights at a fair price, i.e. the price at which the principal shareholder sold his/her/its own shares. The new law has set the specific percentage of voting right ownership above which an individual, or entity, is deemed to control a company and therefore is obliged to submit a bid, to a realistic European-wide basis. This percentage is set by law to one third (33.33%) of a company's total voting rights. Moreover, the deadline for complying with this obligation has been reduced to 20 days. The law also states that all persons that own no more than 50% of the voting rights, albeit intend to increase their control over the company, are also obliged to submit bids. More specifically, these are persons that already own 1/3 of voting rights and in a period of twelve months acquire additional shares that account for more than 3% of the share capital. This obligation was introduced for the first time in Greek law and reproduces the provisions applicable in other European Union countries.

The new regime that governs take-over bids adhered to the principle of shareholder equality and did not only expand the bid submission obligations, but also reduced the numbers of exceptions from the obligation to submit bids.

Moreover, in order to facilitate corporate restructuring, the new regime enables acquirers that, following a successful takeover bid, control a certain percentage of a company's voting rights, to require the owners of the remaining voting rights to sell them their securities (squeeze out right). Similarly, following a successful bid under similar conditions, the new regime enables the owners of the remaining voting rights to require the acquirer to purchase their securities at a fair price (sell out right). These provisions are mainly designed to facilitate the use of delisting mechanisms and minimize the cost generated from the existence of minority shareholders in a company. In general, the new regime on take-over bids seeks to harmonize European legislation and ensure the assumption of corporate control under conditions of transparency and reliability.

Another major development in 2006 was the issuance of the HCMC Rule concerning the reform of the Supplementary Fund, on the basis of the legislative authorization granted by Law 3371/2005, which amended the original Law 2471/97 concerning the Supplementary Fund. The new provisions concern the method for setting the size of the Fund, the initial and regular contribution of ATHEX members to the Fund and the prerequisites for contribution refunds to ATHEX-members. The Rule also specifies the obligation of ATHEX-members to provide collateral as a prerequisite for participating in THE trading sessions of the Stock Exchange, while abolishing HCMC Rule 6226/1996, which determined trading limits on the basis of the ATHEX-members' own capital.

The new Rule has been based on a series of technical suggestions forwarded by the ATHEX and the Common Guarantee Fund, concerning the transition to a flexible and realistic method of calculating the size of the Supplementary Funds and ATHEX-member collateral. The new method for determining the size of the Supplementary Fund and the participation of the members has been based on a dynamic capital adjustment mechanism, which takes into account the mark-to-market valuation of shares used for the daily trading collateral required by members. The new Rule also enables the HCMC to require extraordinary supplementary contributions from ATHEX-members.

In 2006, the HCMC revised the short selling regime. The revision followed a relevant suggestion from the ATHEX, concerning the review of stock repos in the stock market of the ATHEX, as well as the removal of restrictions on short selling. The suggestions of the ATHEX were elaborated with the aim of increasing the compatibility of stock repos with those of developed markets and to boost investor interest in the derivatives market, through the provision of certain facilities to the market making process. The most important changes in the short selling regime are the following: The ATHEX is expected to define, through its rulebook, the shares on which short selling shall be allowed. The "flat tick" rule (entry of short selling orders at prices equal to, or higher than, current market prices) is abolished. The obligation to borrow in advance the securities sold short is abolished and all investors are able to cover their short positions through bilateral lending by third parties; such lending may occur within the T+3 deadline. The new definition of "short selling" is based on the recording of the remaining shares in the investor's account on day T+3, but also requires the attachment of a flag upon the entry of all such sale orders. ATHEX-members are responsible for ensuring that sellers will possess adequate shares, resulting from repo agreements, within the T+3 deadline. The obligation to return any securities acquired from repo agreements to the ADECH each time a purchase that closes a short position is performed, has been abolished.

The bilateral lending facility, which is a prerequisite for the operation of the revised short selling regime, is further specified by the rulebook and the decisions of the ATHEX, together with the abolition of HCMC Rule 4/243/30.04.2002. The abolition of the obligation to borrow in advance the securities sold short permits the immediate execution of short sales, reinforcing their role as a risk hedging and price rationalization, instrument.

In 2006, the institutional framework of the mutual fund market was further reinforced through the issuance of HCMC Rules 10/372/15.2.2006, 13/379/18.4/06, 3/378/14.4.2006 and 4/378/14.4.2006, which: determine the stock exchanges and third country, non-EU, markets in which mutual funds and PICs can invest; modernize the framework for the use of derivative financial instruments and selected securities by mutual funds and PICs and risk management; and, finally, change mutual fund categories, by setting limits on investments in shares and derivatives for those mutual funds that reproduce stock exchange indices.

In 2006 there were limited institutional changes in the derivatives market. The abolition of HCMC Rule 4/243/30.4.2006 was accompanied by the amendment of the ATHEX Rulebook, which enabled the conclusion of bilateral repurchase agreements by all types of investors.

In 2006, the new procedure for approving ATHEX Rulebook amendments by the Board of Directors of the HCMC led to the adoption of adjustments and new regulations concerning the operation of the ATHEX. The adjustments include the ability to develop mechanisms for certifying the professional adequacy of those ATHEX member executives who have access to the stock exchange's trading systems; the alignment of practices with the new method for calculating the trading limits of ATHEX-members in relation to the new Supplementary Fund; the improvement of the criteria for classification and the change of classification, of transferable securities in the category of the ATHEX's stock market; and the revision of the regime concerning the restoration to trading status of shares that have been under suspension of trading for more than three months.

In 2006, the application of Law 5658/1932 "on deposits in joint accounts" was extended to dematerialized securities recorded in the DSS by means of Law 3461/2006. The HCMC sorted out the details concerning the implementation of the new regime, by amending the DSS rulebook, in order to establish the operation of Joint Investment Accounts. There were also further amendments of the Rulebook, with the aim of bringing the institutional framework to line with the institutional changes that occurred during the year, such as the one concerning the final entry of shares under suspension of trading in the DSS. According to the abolished regulations, the shares of companies that were under suspension of trading, which resulted from corporate transactions, were temporarily credited to the beneficiaries' accounts and as a result shareholders were unable to exercise their rights, leading to the unequal treatment of existing and new shareholders. The new regulations introduced the distinction between the date of approval of the share's listing in the ATHEX and the actual date that trading commenced. The shares are finally credited to the accounts on the date that trading commences, while the shares that are listed in the ATHEX and simultaneously placed under suspension of trading, are finally credited to the accounts on the next working day after their listing in the ATHEX has been approved.

In 2006, the HCMC approved amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities, the most important being the provision of remote members from the CSE (Cyprus) with the facility of directly sorting out their obligations concerning the clearing and settlement of transactions performed in the ATHEX, as well as the adoption by the Central Securities Depository of mechanisms for the certification of the DSS operators' adequate familiarization with stock market transaction clearing systems. By means of a rulebook amendment, a procedure for the recording of collateral securities was introduced to the Dematerialized Securities Systems, in accordance to Law 3301/2004 as currently in force. By means of the new procedure, the maintenance and recording of the collateral provided for by Law 3301/2004 is now performed by the Operators themselves and not by the Depository; the liquidation of collateral is made easier, given that in the case of forced sales the only requirement is a written statement from the recipient of the collateral to the CSD concerning the sale and from the ATHEX member concerning the execution of the sale; collateral pledged in accordance with Law 3301/2004 is formally distinguished from other collateral; finally, the provision of the appropriate information by the CSD to the HCMC is formally introduced.

CASES OF CAPITAL MARKET LAW VIOLATION

Market manipulation: the case of the "Ipirotiki Software & Publications" share.

In exercising its supervisory duties, the Commission staff audited the transactions on the shares of ATHEX listed company "Ipirotiki Software & Publications SA" (hereinafter "the Company") that were executed during the period from October 2nd, 2004 to January 4th, 2005, the last day the share was traded prior to its placement under suspension of trading on April 4th, 2005. Trading on the stock was suspended after the suicide of Mr. Ch. Maniotis, the founder, principal shareholder, board chairman and managing director of the Company.

During the audited period, the share price of the Company remained relatively stable, featuring a slight increase (3.74%), whereas the General Index of the ATHEX rose by 18.93% and the sectoral Index of IT companies in the ATHEX increased by 22.40%. During the same period, the average daily volume of transactions was rather high, especially after October 2004 (when trading commenced on 679 convertible bonds issued by the Company), registering a 80.06% increase as compared to the average daily volume for the previous period. The largest volume of transactions on the stock executed during the same period (69.97% of the total volume of transactions on the share, excluding block trades) were performed by 47 individuals and legal entities (hereinafter the "Investors Involved") that exhibited a common investing pattern and are connected, in their majority, with Mr. Ch. Maniotis and the Company itself. These transactions were executed with the systematic involvement of these persons in all sessions held during the audited period, in most of which their share in the average daily volume of transactions on the stock was rather high and were performed mainly through six brokerage firms, which showed increased concentration of trades on the stock during the audited period (hereinafter the "Top Brokerage Firms"), the most important being the top three brokerage firms.

The audit revealed that the transactions performed by the Involved Investors showed indications of price manipulation: (i) The same, or different, Involved Investors executed cyclical transactions, usually within three-day periods, while in certain cases the end of one three-day trading cycle initiated another. The transactions on the stock performed among the Involved Investors accounted for a large percentage of the total volume of transactions on the stock (48.36% of the total volume of transactions on the stock, excluding block trades) and also accounted for the largest part of their overall transactions on the stock. Moreover, the transactions were executed with the systematic participation of the Involved Investors in all trading sessions held during the audited period, in many of which their participation rates were rather high. (ii) The Involved Investors performed systematic purchases and sales during the sensitive period when the closing price of the stock is formed, participating in most trading sessions held during the audited period, in some of them with rather high percentages in the daily volume on transactions, which determines the closing price of the share. These transactions accounted for 69.92% of the total purchases and 81.30% of total sales that determined the closing price during the audited period, which in their majority were performed among the Involved Investors.

The on-site audits carried out at the six top brokerage firms revealed that only one kept recorded telephone orders. In the case of this brokerage firm, two individuals who were connected with the Company and other Involved Investors gave orders for the execution of transactions on the share, on behalf of Mr. Maniotis and other Involved Investors. Additional evidence against these two individuals was found.

More specifically, it was ascertained that on the first working day after the demise of Mr. Maniotis, one of these individuals used the same Bank branch to transfer funds from the bank accounts of Involved Investors - these funds being the product of their sales on the share - to the bank account of the former, in order to settle purchase made by other Involved Investors. It was also ascertained that the same individual had been receiving information from brokerage firms about the transactions performed by Involved Investors.

In the case of the other individual, it was ascertained that this individual kept a joint bank account together with an Involved Investor of whom this individual was a relative and who kept trading accounts with the two top brokerage firms which, according to the findings, had been systematically transferring Company shares from one another since October 2004. This bank account was used for the deposit of funds by the second top brokerage firm, which is also the top seller; these funds were the product of the Involved Investors' sales on the share. These funds were being transferred to the bank account kept by Mr. Maniotis with the same Bank branch that was used for the deposits in the bank account of the first top brokerage firm, which is also the top purchaser.

It was also ascertained that another 12 Involved Investors transferred funds from the bank accounts they kept with the same bank and which were used for the deposits made by the first top seller as a result of their sales on the share, to the account kept by Mr. Maniotis with the same bank branch, along with transfers of securities from the top purchases to the top seller. Twelve of these 13 individuals kept accounts with the same bank branch in which Mr. Maniotis kept a bank account.

Finally, the audit revealed that most transactions performed by the 47 Involved Investors, both in the market and among them and during the period when the closing price of the share is formed, were executed through the top three brokerage firms. In other words, these three brokerage firms executed 81.53% of the total transactions performed by Involved Investors, which represents 57.05% of the total volume of transactions performed on the share in the ATHEX, excluding block trades and 62.08% of the transactions performed among the Involved Investors. Moreover, the audit revealed that 83.88% of the purchases made by Involved Investors during the period the closing price was being determined, had been executed by the top brokerage firm and that 79.50% of their sales during the period the closing price was being determined had been executed by the other two top brokerage firms.

In short, it was ascertained that as far as the top three brokerage firms are concerned in relation to the transactions made by the Involved Investors during the audit period: i) the transactions on the stock made by the Involved Investors through these brokerages represented the largest portion of the transactions they executed on the stock as intermediaries; ii) these specific top brokerage firms were systematically executing transactions on the stock, on behalf of the Involved Investors; iii) the share of the Company had a dominant position in the investments made by the Involved Investors through these specific brokerages; iv) they were the most important counterparties in the execution of transactions on the share on behalf of the Involved Investors; v) it was observed that, since October 2004, the first and second top brokerages performed systematic transfers of Company shares on behalf of certain Involved Investors that kept accounts with them, usually upon the clearing date (T+3). On the same day (T+3) the second top brokerage usually sold on behalf of the Involved Investors the shares it had received, depositing the resulting funds in the bank accounts of the Involved Investors (mostly kept with the same bank branch) usually on the day after the sale, i.e. prior to the date the clearing of the sales; vi) the audit detected deposits from the same bank branch on behalf of Involved Investors to the brokerage firms for the settlement of purchases of the stock; vii) they were systematically executing purchases (the first top brokerage) and sales (the second and third top brokerages) on behalf of the Involved Investors during the sensitive period when the closing price of the share is determined; viii) no recorded orders for the execution of transactions on the share were presented by any of the top three brokerages; and ix) most of the Involved Investors showed common patterns of association with each of the three top brokerage firms.

During its 397th meeting held on 09/13/2006, the Commission decided to impose total fines of 900,000 euros to the top three brokerage firms and 5 individuals for violating article 72, paragraph 2 of Law 1969/91. In addition, the Commission decided to impose total fines of 24,000 euros to 8 more Involved Investors, for violating article 72, par. 2 of Law 1969/91.

Development of a sanctions case

In 2001, by means of Rule 16/217/07.06.2001 the Commission had levied a fine of 75,000,000 drachmae (220,102.75 euros) on Mr. George Vardinoyiannis, for violating the provisions of paragraph 3 of PD 53/1992. On January 16th, 2002, Mr. George Vardinoyiannis appealed to the Council of the State, requesting the annulment of the above sanction. The Council of State issued decision 3394/2005 accepting the request of Mr. George Vardinoyiannis. The Council of State judged finally and irrevocably that Mr. George Vardinoyiannis did not violate article 3 of PD 53/1992 and the aforementioned sanction was annulled. The fine that had been paid by Mr. George Vardinoyiannis to the Greek State was refunded to the former.

Finally, as far as the relevant criminal action against Mr. George Vardinoyiannis is concerned, the Athens Council of the Court of Common Pleas issued decree 5862/2002, which terminates the aforementioned prosecution. Similarly, decree 480/2003 of the Athens Council of Court of Appeals rejected the appeal of the HCMC against the initial decree, number 5862/2002.

ACTIVITIES OF THE LEGAL SERVICE

In 2006, the Division of Legal Services of the HCMC dealt with 331 court cases, either handled by itself or assigned to associate lawyers. The Division handled itself 264 cases in Greek courts. The handling of these cases included the preparation of the relevant legal reports and memoranda, the preparation of criminal cases and the attendance of lawyers in front of the courts and criminal investigation authorities. Moreover, the Division prepared the briefs for and followed up, 21 other cases that had been assigned to lawyers. Finally, it prepared the briefs of 46 criminal cases, without appearing in penal courts.

In 2006, the Division of Legal Services prepared and submitted 3 indictments for various violations of capital market law and applied legal means (appeals and notices of appeals) against decisions by first and second instance administrative and penal courts in 9 cases.

The Division of Legal Services offered its legal assistance for the preparation of proposals to the Board of the HCMC and for the preparation of individual decisions for the imposition of sanctions for capital market law violations, for the temporary suspension of the operation of Investment intermediation firms, for the initiation of the procedure for the revocation of investment firm licenses, for the revocation of such a license and the prohibition of the operation of Investment intermediation firms in 314 cases.

PROFESSIONAL CERTIFICATION OF CAPITAL MARKET AGENTS

In 2006, the regime for the professional certification of capital market agents was revised by means of HCMC Rule 1/387/19.6.2006 (Gazette B 836/6.7.2006), in application of article 4 of Law 2836/2000 (Gazette A 168), as amended by article 49(2) of Law 3371/2005 (Gazette A 178). The new regime provides for the obligation of investment firms, investment intermediation firms, mutual fund management firms and portfolio investment companies, which have been licensed and are supervised by the Commission, to employ for the provision of services regarding the reception, transmission and execution of orders, investment advice, asset management and market analysis only holders of Professional Adequacy Certificates. Exceptionally, these firms may allow the provision of the said services by employees who do not possess the relevant Certificate, albeit act as trainees under the supervision and responsibility of other persons who possess it. The Rule determines the maximum number of trainees that may be employed by each Firm, as well as the maximum time period during which firms may employ trainees, prior to their successful participation in the Certification Exams or the Certification Seminar (a1).

The Professional Adequacy Certificate refers to five specific types of investment services:

(a1) Receipt, transmission and execution, on behalf of third parties, of orders on transferable securities, shares in collective investment undertakings and money market instruments.

(a2) Receipt, transmission and execution, on behalf of third parties, of orders on derivative instruments.
(b) Provision of investment advice on transferable securities, units of collective investment undertakings and money market instruments, derivative products and structured financial products.
(b1) Provision of investment advice on transferable securities, shares in collective investment undertakings and money market instruments.
(c) Client asset management.
(d) Preparation of analysis on financial instruments or issuers.

The Certificate is bestowed by the HCMC if the applicant has successfully passed the Certification Exams or attended specialized Certification Seminars or is the holder of a CFA (Series 3) or CIIA (Final) degree, or equivalent professional adequacy certificates issued by the competent authorities, or agencies, recognized by the competent authorities of EEA member-states, the US, Canada and Australia. Moreover, certain criteria regarding the acceptability of each individual should be fulfilled, such as: (a) the fulfillment of minimum personal reliability requirements; (b) the fulfillment, according to case, of minimum qualifications that are specified by the rule; and (c) the payment of a €100 Certification fee to the HCMC.

According to the new regime, the certification exams may be held at least once a year either by the Athens Stock Exchange or the Hellenic Banking Institute (HBI). The certification exams comprise two independent and distinct sections. The first section covers a syllabus which refers to the general regulatory framework of the capital market and is titled "The regulatory framework of the capital market". The second section covers a syllabus that comprises specialized topics in the theory of finance and is titled "Specialized Capital Market Issues". Each section is subject to an independent exam.

HCMC Rule 1/387/19.6.2006 introduces the option to organize certification seminars addressed to applicants wishing to receive Certificate (a1) and held by the HBI and "Hellenic Exchanges". The seminars cover the "Institutional framework of the capital market" and "Specialized Capital Market Issues" sections of the syllabus concerning Certificate (a1). Upon the end of the certification seminars, the applicants sit for a written exam, which covers the seminars contents.

Finally, the Rule provides certain executives with the opportunity to be certified without sitting at the exams, provided that they fulfill certain criteria. More specifically, if the applicants fulfill the minimum personal reliability requirements, hold the necessary degrees for each specialty, have at least three years of professional experience in the specific service that is being certified and this experience has been gained during the last five years before the issuance of law 3371/2005 (i.e. during the period 15.7.2000 - 15.7.2005), then they file an application for obtaining the Certificate without sitting at the exams.

A similar certification requirement has been established for credit institution executives, under similar criteria, which are specified by the joint rule 3130/19.6.2006 (Gazette B 1114/16.8.2006) of the Board of the HCMC and the Governor of the Bank of Greece, whose implementation lies with the Bank of Greece.

INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

Notifications for the provision of investment services in Greece

According to the European Investment Services Directive 93/22 (ISD) that is currently in force, 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 is always accompanied by a complete business plan. Thereafter, the competent authorities of the home member-state inform their counterparts in the host member-state.

In the context of the implementation of Directive 93/22 for the period 1995-2006, the Commission has received notifications from 1,330 overseas firms wishing to provide investment services in Greece by means of the "European Passport" (Table 33). These notifications remain active in 945 cases.

The distribution of notifications by country is the following: 1,104 notifications came from the United Kingdom; 40 notifications came from Ireland; 44 notifications came from the Netherlands; 25 notifications came from France; 28 notifications came from Austria; 12 notifications came from Belgium; 22 notifications came from Cyprus; 11 notifications came from Germany; 11 notifications came from Norway; 5 notifications came from Denmark, Spain and Italy; 4 notifications came from Finland; 3 notifications came from Luxemburg; 8 notifications came from Sweden; and 1 notification came from Portugal, Slovenia and Malta.

Furthermore, in 2006, 99 new companies coming from the UK submitted notifications regarding the provision of investment services in the Greek capital market, 6 from the Netherlands, 11 from Cyprus, 3 from France, 3 from Norway, 3 from Germany and 1 from Ireland.

TABLE 33

Notifications for the Provision of Investment Services in Greece, 2004-2006

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Austria	28	28	23	7	6	5	21	22	18
Belgium	12	12	11	2	2	2	10	10	10
Denmark	5	5	5	0	0	0	5	5	5
France	25	22	19	1	1	1	24	21	18
Germany	11	9	9	1	1	0	10	8	9
Ireland	40	38	38	9	9	8	31	29	30
Italy	5	5	5	0	0	0	5	5	5
Spain	5	4	4	0	0	0	5	4	4
Cyprus	22	11	1	0	0	0	22	11	1
Luxembourg	3	3	3	1	1	0	2	2	3
Malta	1	1	0	0	0	0	1	0	0
Norway	11	8	7	0	0	0	11	8	7
Netherlands	44	38	31	8	7	6	36	31	25
Portugal	1	1	1	0	0	0	1	1	1
Slovenia	1	0	1	0	0	0	1	0	1
Sweden	8	7	7	5	5	5	3	2	2
Finland	4	4	4	0	0	0	4	4	4
Britain	1,104	997	940	351	325	293	753	672	647
Total	1,330	1,193	1,110	385	357	320	945	836	790

Source: HCMC

Memoranda of Understanding

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

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

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

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

- A bilateral Memorandum of Understanding with the National Securities Commission of Romania (November 30th, 1998).

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

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

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

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

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

2005
- A bilateral Memorandum of Understanding with the Securities Commission of Bulgaria (March 28th, 2005).
- A bilateral Memorandum of Understanding with the Securities Commission of Slovakia (June 28th, 2005).

- A bilateral Memorandum of Understanding with the Capital Markets Commission of Israel (September 27th, 2005).
- A bilateral Memorandum of Understanding with the securities commission of Serbia (December 3rd, 2005).

The Hellenic Capital Market Commission and the CESR

CESR was established as an independent Committee by means of a decision of the European Commission (2001/1501/EC). It is one of the two commissions envisaged by the final Lamfalussy report concerning the Regulation of European Securities Markets (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) advise the European Commission, especially during the preparation of measures concerning financial securities; and (iii) ensure the 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 Division. Moreover, the supervisory authorities of Norway and Iceland are represented at the senior level.

The Committee is chaired by one of the members, elected for two years and assisted by a vice-chairman. The CESR develops close operational links with the European Commission: a representative of the European Commission may actively participate in all CESR meetings, excluding those in which confidential matters are discussed. In 2006, Mr. Arthur Docters van Leewen, Chairman of the Dutch capital market supervisory authority (STE), was the chairman and Mr. Kaarlo Jannari, General Director of the Finnish supervisory authority, was the vice-chairman of the CESR. After the election held on January 31st, 2007, the new Chairman of the CESR is Mr. Eddy Wymeersch, Chairman of Belgium's Commission Bancaire, Financiere et des Assurances, while Mr. Carlos Tavares, Chairman of Portugal's regulator CMVM has been elected vice-chairman of the CESR for a two-year term. Mr. Fabrice Demarigny is the Secretary General of the CESR.

The Chairman of the CESR submits reports to the European Parliament. The CESR submits its annual report to the European Commission, to the European Parliament and to the 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 applies the appropriate procedures of consultation with market participants, consumers and end-users. These procedures 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 Commission is a founding member of the CESR and actively participates in all its working groups.

In May 2006, the CESR welcomed the conclusions of the ECOFIN that were adopted by the European Ministers of Economy and Finance and accepted the mandate given to the CESR for the promotion of the supervisory harmonization among capital market regulators in Europe.

The support of CESR's operations and the main list of proposals for further supervisory harmonization, constitute a major political step forward for the member-states of the EU, which follows the Stockholm Declaration that in March 2001 introduced the Lamfalussy process for financial services and established the CESR.

More specifically, the CESR acknowledges the Ministers' commitment to monitor the harmonization of the supervisory responsibilities of capital market regulators and welcomes the acknowledgment of the fact that the equality of national regulators in terms of authority is a necessary prerequisite for their co-operation. The effective harmonization of regulatory authority increases investor safety, by providing equal protection for cross-border transactions.

In accordance with the main recommendations of the report of the Financial Services Committee on the Supervision of Financial Services and the European Commission's White Bible on Financial Services Policy, the CESR undertook the commitment to:

- create an mediation mechanism within the second half of 2006;
- develop, during the period 2006-2007 electronic data exchange mechanisms for the implementation of the provisions of MiFID;
- prepare, in 2007, an elementary study concerning the transfer of authority in accordance with the Directive on Prospectuses;
- promote the creation of a common supervisory mechanism that would support personnel exchanges and the development of joint training initiatives;
- follow up, on a regular basis, issues pertaining to co-operation between home member-states and host member states, for the implementation of the directives of the Financial Services Action Plan concerning transferable securities.
- report to the Financial Services Committee on the progress achieved in the field of supervisory convergence and note any obstacles;
- assist the Financial Services Committee in the continuous assessment of the challenges arising from market developments.

Following the successful completion of the legislative and regulatory stage of the Financial Services Action Plan, in 2006 the CESR decided to focus on operations of a more functional nature, in order to achieve effective supervisory convergence throughout the European Union. The new orientation of its policy was approved by the White Paper of the European Union in December 2005 and more recently by the Economic and Finance Ministers Council (ECOFIN) on May 5th, 2006. European Union organizations and the CESR admit that supervisory convergence should be intensified in order to sustain the achievements of the Financial Services Action Plan. The CESR adopted changes in its mode of operation, in order to enhance its efficiency as a compact network of regulators that act in a convergent manner. The main reasons for the changes in CESR's profile are described in its latest report to the European Securities Committee (ESC).

The Revision of CESR's Charter

For the first time since its establishment in 2001, the CESR amended its charter, in order to include:

- a more straightforward decision making process, which includes voting;
- a mediation mechanism for the fast settlement of disputes among its members;
- the finalization of the Review Panel through a charter that will enable the in-depth examination of the manner in which the members implement the new regime and the publication of a specific protocol within the forthcoming months;
- a commitment to respect personal data protection rules during the development of data bases by the CESR; and
- increased legal certainty on confidentiality issues, in order to enable the Secretariat to provide full assistance to CESR members concerning operational issues.

The mediation mechanism for the settlement of disputes among European regulators

In 2006 and in accordance with the decisions of the Economic and Finance Ministers Council (ECOFIN), the CESR completed its mediation mechanism, while on the process of amending its charter. In charge of developing the mechanism was Mr. Manuel Conthe, chairman of the Spanish Securities Commission. The mechanism will enable the network of regulators to deal effectively, fairly and confidentially with potential disputes.

The main features of the mediation mechanism are presented in its protocol and include:

- a compliance, or explanation, approach for CESR members, in case of mediation and dispute settlement requests;
- the ability of the market to submit to the competent authority cases for mediation and dispute settlement;
- a flexible dispute settlement approach, through the use of an evaluative or facilitative procedure, according to the parties' preferences;
- confidentiality;
- speed and efficiency.

The mechanism comprises a number of procedures that can be used to:

- Assess the eligibility of a case for mediation;
- deal swiftly, fairly and efficiently with possible disputes among the parties concerning the initial assessment of the eligibility of the case, or its outcome;
- deal with conflicts of interest of the panelists and mediators;
- consult with the European Commission on their positions concerning disputes on the interpretation of EU legislation;
- publish the outcomes in the form of reports or summaries, with the aim of improving supervisory convergence or providing the authorities and the market with guidance.

Strict deadlines were set in order to ensure that no case will last for more than 6 months, albeit can be concluded within 6 weeks. A case is normally expected to last 3-4 months, always depending on its complexity and the number of objections raised.

In the context of its new policy orientation, the CESR decided to provide the CESR-Fin and CESR-Pol with a more clear operating structure, to improve the studies carried out by the CESR through the establishment of ECONET and to establish regulations for the exchange of technical information through the CESR-Tech.

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

In 2006, the CESR-Pol revised its organization structure. It formed operational working groups, in order to promote the closer co-operation and ensure the consistent and effective implementation of key European Union Directives and especially the Directive on Market Abuse.

In order to ensure greater operational focus, the CESR-Pol formed a permanent subgroup, the Group on Surveillance and Intelligence (S&I Group), which is chaired by Mrs. Regina Schierhorn from Germany’s BaFin. The main task of the subgroup is to monitor the implementation of the Directive on Market Abuse through the exchange of experiences with individual cases and the exchange of valuable information on working methods and day-to-day supervision procedures. The CESR-Pol is also able to create ad hoc groups for dealing with urgent matters. The groups are formed whenever deemed necessary and enable the relevant CESR-Pol members to coordinate and perform joint investigations on urgent matters.

CESR-Fin, which is chaired by Mr. Paul Koster, Board Member at the Netherlands Financial Market Authority (AFM), consists of staff members from Securities Commissions-members of the CESR, responsible for the supervision and the proper implementation of rules concerning the disclosure of financial results and compliance with transparency requirements. The main task 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 the Union’s strategy for the adoption of a single financial reporting framework. CESR-Fin provides CESR observers with support in the context 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 is to evaluate any International Accounting Standards that are already being implemented and to submit proposals to the International Accounting Board, concerning the proposals of the EU member-state regulators before their final adoption. The CESR-Fin Subcommittee on International Accounting Standards Enforcement sets the 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.

Moreover, the CESR-Fin has been adapted to the need of dealing with a new stage in its members operations and to this end it changed its structure in order to enjoy increased functionality. The restructuring of the CESR-Fin ensures increased efficiency in dealing with new practical challenges in the Accounting Standards' field.

These new challenges mainly include the enhancement of co-operation among European Union regulators regarding the implementation and enforcement of the IFRS. Moreover, based on its new structure, the CESR-Fin has seriously considered the need to promote the worldwide preparation of financial statements in accordance with the IFRS, which are used by European companies. The CESR-Fin has been encouraged to forge stronger ties with the regulators of major third countries on Accounting Standard issues.

The CESR-Fin continues to exert influence on the European and international levels, always playing an active role in future developments, the European approvals of accounting standards and their interpretations that are published by the IASB and the IFRIC and the future legislative developments regarding audit procedures. This entails that CESR-Fin is capable of supervising the procedures related to the establishment of accounting standards and of developing stronger ties with similar European and international organizations, such as: ARC, AuRC, EFRAG, IASB, IASSB and the EU Accounting Roundtable.

These objectives will be better achieved through the operation of a permanent operational group (i.e. the CESR-Fin) responsible for all issues pertaining to accounting standards and a sub-group (the European Enforcers Coordination Sessions-EECS), which will be working on specific operational issues and will comprise both CESR members and non-members, responsible for the implementation and enforcement of the IFRS. Moreover, CESR-Fin will enjoy more flexibility in creating and dissolving working groups, in order to provide swift responses on key issues that arise in its field of activity. In addition, the CESR-Fin will maintain a close working relationship with the executives of the US SEC, in order to avoid any regulatory conflict during the implementation of the IFRS and the US GAAP. In this context, the CESR-Fin will develop a bilateral protocol to be used by the SEC and the members of the CESR.

The Review Panel of the CESR

Following the Conclusions of the Stockholm Council of March 2001, the CESR formed the Review Panel, which is chaired by the vice-chairman of the CESR. The Review Panel comprises high-ranking representatives from CESR member-state regulators and its mandate is to evaluate the practical implementation of European Legislation by CESR members and the transposition of CESR standards into their national legislation.

In 2006, the Review Panel conducted a comprehensive mapping exercise of the powers of CESR members in the securities sector, following the transposition of the

Directives on Market Abuse and Prospectuses into national legislations. This exercise was coordinated by Mrs. Eleftheria Apostolidou, Director of International and Public Relations with the Commission. This exercise was the follow-up to the one that had been conducted two years ago, prior to the implementation of the new Directives.

The exercise included the processing of replies from all CESR members to two comprehensive questionnaires; CESR members were asked to report articles of legislation, circulars or internal regulations and to describe individual provision implementation practices, any problems that might have arisen and practical anonymous examples per case. The result of this exercise will provide comparability data concerning the supervisory jurisdictions and competencies of the members and is expected to reveal possible member shortcomings in relation to the minimum responsibilities provided for by the new Directives. The implementation and enforcement of the rules of law by members comprise a separate section of the exercise.

In 2006, the Review Panel completed its assessment regarding the implementation of Standard 1 of the CESR-Fin by the members of the CESR. The relevant sub-group collected the self-evaluation replies that were prepared according to CESR methodology by the members and published them together with a summary findings report. The coordinator of this exercise was Mr. Didier Niclaes from Belgium's Commission Bancaire, Financiere et des Assurances.

CESR working groups

1. Expert Group on Transparency

In February 2006, the CESR issued a consultation paper concerning the provisions of the Directive on Transparency, which pertain to the storage and electronic submission of regulated information by issuing companies listed in organized markets (such information includes sensitive data about the price of transferable securities, the submission of periodic financial reports and the announcement of major shareholdings). The mandate of the European Commission (received in July 2005) instructed the CESR to submit, by June 2006, a proposal concerning the development of national data storage mechanisms and the creation of a European network of national mechanisms.

The issue of the storage of regulated information about issuers is crucial for the financial markets of Europe. For the first time, issuers are required by law to provide European investors with easy access to financial information about all European listed companies on a European-wide basis, irrespective of domicile. This requirement will enable investors to evaluate investment opportunities more properly and make more reliable and comparable assessments of the issuing companies' fundamentals. The information storage system will become the main instrument for the integration of financial markets in the EU, reinforcing investor confidence.

The consultation paper comprised three sections, on the following subjects.

(a) Minimum quality standards of national information storage systems. The first section of the consultation paper concerns the national Officially Appointed Mechanisms-OAM. The CESR sets certain minimum quality standards, which must be met and incorporated by OAMs, such as:

- adequate IT system security (i.e. efficient validation procedures, availability of stored information, accessibility, data recovery procedures and back-up systems).

- certainty as to source of information and authenticity of origin (procedures for the verification of data authenticity) and
- easy access by end users.

(b) Agreement on interoperability of national storage systems. The second part of the mandate relates to the architecture of the European network of national storage system (national OAMs). The CESR presents four alternative networking models, as a working basis for the development of an OAM interconnection system. These models range from the most centralized to the most decentralized and may be summarized as follows:

- Model A: A "Central Access Point (CAP)", based on a central application server, which collects search requests coming from a web page available to users and dispatches these requests to the OAMs of each member-state.
- Model B: A de-centralized network, in which an application server is located in each OAM.
- Model C: A Central List of Issuers, utilizing a central application server and a central database containing a list of all issuers and links to the OAMs who hold regulated information for that issuer.
- Model D: A Basic Access Model, which would require every national competent authority to publish on its website a list of hyperlinks to every OAM in the EU.

Moreover, in its consultation paper the CESR reviewed the practical considerations that would support the implementation of the network model finally adopted. To this end, the CESR describes three alternative approaches: (i) The first and preferred approach, is based on the development of a binding provision, according to which the member states would be required to ensure that OAMs to be appointed abide by an interoperability agreement, defined by the network model and that specific co-ordination mechanisms are established. (ii) The second approach proposes interoperability on the basis of agreements among member-states. (iii) The third approach proposes that interoperability could be left to OAMs to agree among themselves.

In addition, the CESR presented the possible content of the interoperability agreements, which in the case of advanced network models will need to include common reference data items, common interface and communication standards and common search keys. The CESR examined separately the various parameters it will take into account in order to express an opinion on the establishment and operation cost of national OAMs and the cost of the development of an OAM network. In May 2006 the CESR submitted to the European Commission its analysis regarding the establishment cost of national OAMs and submitted a separate report on issues pertaining to the cost of developing the network.

(c) Technical issues pertaining to the role of the competent authority. The consultation paper deals with technical issues pertaining to the role of the competent national regulator and the submission of regulated information to it.

2. Expert Group on Prospectuses

In August 2006 the CESR published a "Q&A" text, which forms a convergent answer by all European regulators to frequently asked questions on the day-to-day implementation of European legislation on prospectuses. The purpose of the Q&A publication is to provide market participants with quick responses on implementation issues.

The "Q&A" publication developed by the CESR members, focuses on answers to questions with European-wide consequences on the market or the end users and, as a result, to the smooth operation of the single European market. Certain answers are designed to facilitate the proper operation of cross-border public offerings (e.g. provision of information by the issuers to the competent authorities of the host member-state, or the use of the passport for annexes). The remaining answers concern questions about the implementation of the law, which have been frequently asked in most member-states (e.g. treatment of employee share options schemes, free offers or offers of convertible securities).

In the past four years the CESR has been active in the field of Prospectuses, providing the European Commission with technical proposals concerning the implementation measures for the Directive on Prospectuses. The CESR completed its initial work in 2003 and resumed its activities in this field in 2004, in order to ensure consistency in the application of the legislation on Prospectuses. The CESR expert group prepared a series of recommendations, which provided guidance on the methods for preparing Prospectuses. In 2005, the CESR presented the European Union with its advice on the method for handling cases in which the historical financial information included in Prospectuses many not adequately reflect all the activities of the issuer during the period required (composite financial histories). Moreover, the members of the CESR have coordinated the procedures concerning the uniform use of the passport, in order to achieve supervisory convergence.

Both the Directive and the Regulation of the European Commission on Prospectuses became effective on July 1st, 2005. During 2005-2006, the regulators and the market responded to the practical application and the operational issues that occurred upon the transposition of community law into national legislation. The effort to reach a common approach is supported by the fact that the Directive on Prospectuses is a maximum harmonization directive and that the scope of interaction between competent authorities has increased because of the passport. It is therefore essential that CESR members achieve convergence in their regulatory approach. Experts on Prospectuses from CESR member countries have been holding meetings to discuss certain implementation issues and, to the extent this is necessary, to reach agreement on common solutions. The chairman of the expert group is Mr. Gerard Rameix, Secretary General of the French AMF and the secretary is Mr. Javier Ruiz, of the CESR Secretaria. The European Commission attends the meetings of the Group as an observer.

The CESR does not intend to issue new standards, directives or recommendations on Prospectuses. The common approaches that were achieved are not entirely mandatory. The Group operates in a manner that enables it to respond efficiently to cases in which certain points of published "common positions" require amendment, or adaptation, in order to ensure greater clarity.

The assistance of the European Union proved rather helpful in certain questions. Nevertheless, these views are not binding for the European Commission, which is entitled to adopt a different position.

The CESR group will continue to meet at regular intervals, in order to discuss the questions that may be posed by market participants. The frequency of future publications will depend on the number of new questions and the time required to analyze the issues and to develop “common positions.”

Finally, given that the Directive on Prospectuses has already become effective, this is the right time for the CESR to assess its practical implementation. To this end, the CESR analyses the consequences of the Directive on EU markets and tries to detect day-to-day problems that occur with the passport and other relevant provisions of the Directive on Prospectuses.

3. Expert Groups on the Directive on Markets in Financial Instruments - MiFiD

Following the approval of the Markets in Financial Instruments Directive (“MiFID”) Level 2 implementing measures by the European Securities Committee (ESC) and the European Parliament, the CESR focuses on the effort to ensure the consistent implementation of MiFID by European regulators, since it is expected to be adopted by the member-states by November 2007.

The CESR initiated consultations on the details of the work program of the “MiFID Level 3 Group” in July 2006 and provides market participants with the opportunity to indicate fields in which consistency among regulators would be rather efficient.

The CESR defined 4 categories of MiFID Level 3 work issues, on which regulators should ensure convergence:

- Technical issues of operational importance needed to achieve consistent implementation of the Level 1 and Level 2 texts, in order to provide the market with more certain European-wide strategies. These issues are related to the functioning of the passport of investment firms and regulated markets. This category also includes calculations relating to market transparency (such as the definition of liquid shares and the definition of “block sizes”) and the publication and consolidation of market transparency information.
- Other issues of technical and operational nature are designed to ensure convergence in MiFID implementation, without necessarily having been dealt with prior to the date the new legislative framework became effective. Priority is given to the work program regarding the “best execution” of orders by investment firms, where it is important to develop convergent views among regulators for the application of best execution requirements to non-equity markets.
- Issues of cross-sector convergence, which will be examined together with CEBS and CEIOPS. Some examples are the outsourcing of key financial services and the review of the internal governance of intermediaries, in order to ensure that overlaps are avoided.
- Reports and Reviews provided by the legal text of MiFID, such as the review of possible extensions of pre- and post-trade transparency obligations to transactions in classes of financial instruments other than shares.

The criteria for selecting the work issues of each category of the MiFID work program have been set by the CESR on the basis of wider criteria, established in accordance with its priorities.

The emphasis of CESR work on MiFID is now focused on ensuring the consistent implementation of supervisory rules by CESR members and therefore the CESR has decided to dissolve the three preexisting Expert Groups and the Steering Committee on MiFID that prepared and submitted the technical recommendations for Level 2 implementation measures. In their place, the CESR has formed MiFID Level 3 Group, whose task is to achieve supervisory convergence regarding the Directive's implementation. The chairman of the Group is Mr. Arthur Philippe, Chairman of the Securities Commission of Luxemburg and the secretary of the Group is Mr. Carlo Comporti, Deputy Secretary-General, Director for Markets and Intermediaries of the CESR.

Two sub-groups are established:

- The Intermediaries Group, chaired by Antonio Carrascosa, Director General of the Spanish Securities Commission, with Diego Escanero of the CESR Secretariat as secretary.
- The Markets Group, Chaired by Hans Wolters, Policy Director of the Dutch Securities Commission, with Jari Virta of the CESR Secretariat as secretary.

The aim of the MiFID Level 3 Group is to facilitate the smooth and consistent implementation of the new regime. In addition to the proposed work program created for this purpose, the Group aims at supervisory convergence through the formation of a close network of associates that will enable members to consult each other, to share experiences on operational issues that arise from the implementation of MiFID and, whenever necessary, to handle certain issues on the European level.

According to common practice, the CESR formed a Consultation Group on MiFID, comprising market experts, to offer advice on technical and practical issues pertaining to the Directive.

After the conclusion of MiFID's implementation, the CESR is changing priorities, oriented towards the resolution of operational problems. The CESR believes that an instrumental factor for the successful application of MiFID is the intensification of efforts to enhance supervisory convergence.

During the first round of CESR consultation that started in October 2006 regarding MiFID Level 3 work, market participants were asked to express opinions on record keeping and the publication and consolidation of market information.

MiFID states that the competent regulators prepare and maintain a list of the records that must be kept by Investment Firms. The CESR considers issuing a recommendation to its members concerning the contents of the list, without, however, proposing the alignment of the contents of different records.

The CESR believes that investors and markets will benefit from a common approach to the contents of the list that must be prepared by the competent regulators. This is consistent with CESR's aim to (i) facilitate the consistent and timely day-to-day implementation of the new regulatory regime, (ii) monitor supervisory convergence, (iii) facilitate the cross-border provision of investment services and (iv) guarantee a minimum common basis of investor protection.

MiFID introduces harmonized requirements concerning the publication of market transparency information, enhancing at the same time market competition during the execution of trades. In order to ensure the smooth application of pre and post trade disclosure obligations, CESR members must consistently interpret the relevant Level 3 provisions and guidelines concerning disclosure mechanisms (including the use of web pages), the availability of transparency data and the standards concerning the disclosure of information.

4. Expert Group on Investment Management

After completing two relevant consultations, in February 2006 the CESR published its final proposal to the UCITS Contact Committee of the European Commission. The CESR worked on the further development of its draft advice based on the results from the second consultation. The consultation brought forward three main issues:

- Negotiability of securities: A large number of participants wondered about the condition that "the security must be freely negotiable on the capital markets." It was noted that this condition seems to prevent investment in private stock placements. The CESR studied this issue and deleted the references to "freely" and "capital markets". Moreover, it has been clarified that whenever a transferable security is listed in a regulated market, the UCITS may consider it as negotiable, albeit not guaranteed, as is the case in the liquidity prerequisite.
- Eligibility of money market instruments: Certain participants to the consultation expressed concern that the wording of CESR's advice might preclude certain types of money market instruments, e.g. deposit certificates, which were not able to fulfill the proposed criteria of the advice. The final proposal makes a distinction among different types of issuer and the disclosure requirements have become looser for certain types of issuer, e.g. when the issuer is an entity subject to prudential supervision.
- Eligibility of derivative instruments on financial indices: The asset management industry, through the comments received to the consultation process, expressed interest about the UCITS ability to invest in derivative instruments on financial indices based on non-eligible assets. The CESR is of the opinion that, apart from the indices based on derivatives whose underlying instruments are commodities, as proposed in the second consultation, financial indices should be eligible only if they comply with the requirements set, e.g. the index is appropriately diversified and represents adequate procedures of calculating index value. Given the complexities of hedge fund indices and the fact that they are still developing, CESR cannot recommend, at this stage, allowing hedge fund indices to be considered as financial indices, eligible for investment by UCITS. The CESR has been monitoring the issue and is reconsidering its position. CESR members agreed that during this period they would not approve new UCITS with such investment policies.

Upon the end of the first consultation round and after careful consideration, in May 2006 the CESR published its second consultation paper on the draft guidelines for the notification procedure of UCITS.

As a result of the CESR members' commitment to implement its guidelines and act in accordance with them to simplify the notification procedure of UCITS, in some cases the amendment of national legal provisions might be necessary. Where such a procedure must occur, a transitional period would be necessary for the implementation of the guidelines. In order to facilitate market participants, the CESR has agreed that its members shall publish in their websites these guidelines for the documents to which transitional periods apply.

More specifically, in response to the comments expressed during the first consultation, the following proposals have been made:

- Language regime of the notification letter: consultation stressed the need to broaden the scope for use of international languages in the sphere of finance. Therefore, CESR has agreed that the UCITS can submit the notification letter to the host authority in a language common in the sphere of finance, where this is not contrary to the domestic legislation or regulations.
- Checking completeness of the notification letter: many respondents to the first consultation expressed the view that CESR should clarify when the two month period would start as regards receipt of the notification. If the notification is incomplete, the competent host State authority shall inform the UCITS about the incompleteness and the missing information and documents as soon as possible and in any case within one month from the date of receipt of the incomplete notification.
- Certification of documents: So far, many Member States have required the certification of the documents related to the notification procedure by the home State authority of the UCITS. This has been done to make sure that the documents provided to the host State authorities are the most recent ones approved by, or filed with, the home State authority. To simplify the supervisory practices in this respect, CESR has agreed to rely on self certification of copies of original attestations by the notifying UCITS; it has been agreed that the original attestation will be issued in English.
- Treatment of umbrella funds: Regarding new sub-funds which are added to the umbrella fund with the intention to be marketed in the host State, where the marketing arrangements are already familiar to the host country competent authority, CESR has agreed that the necessary time for the host authority to check should be less than the two-month period. In addition, in order to simplify the processing by the host authority of the notification of umbrella funds with a large number of sub-funds, some proposals such as the self-certification by the UCITS' authorized directors have been agreed.

In October 2006, the CESR published a paper on the criteria of hedge fund indices to be classified as financial indices for the purpose of UCITS.

By publishing this text, the CESR asked for additional feedback on the discussion concerning eligible assets for investment, in accordance with the UCITS directive and more specifically, on the classification of hedge fund indices. By means of the text, the CESR wished to ensure that it has heard all views held by market participants and investors before reaching any formal conclusion.

The decision to further monitor the issues arising from the possible classification of hedge fund indices as financial indices for the purpose of UCITS will be dealt with in the wider context of the CESR's final advice to the European Commission on clarification of the definition concerning eligible assets for investments by UCITS, which was submitted in January 2006 and presents in detail its views on the criteria financial indices on derivatives should fulfill to be considered eligible assets. In order to prepare its advice during both consultation stages, the CESR has already analyzed many of the comments received, which argued that hedge fund indices should be considered by the CESR as an eligible underlying for derivatives. Nevertheless, given the complexities of hedge fund indices and the fact that they are still developing, the CESR concluded that additional work is required in order to judge whether HFIs can be considered as financial indices for eligible investments by UCITS. The CESR decided to monitor the issue further, because the impact of such derivatives raises questions about the risk profile of the UCITS and the risk that retail investors might not be able to assess.

Therefore, the text asks for additional information from market participants and investors concerning these complex matters. CESR is willing to conduct a dialogue on the material biases thought to affect hedge fund indices (and potentially "traditional" indices as well). The CESR requests views on the consequences from possible database and index biases and examines the required benchmark. Moreover, it requests opinion on whether hedge fund indices can qualify as "financial indices" and asks market participants whether setting level 3 requirements under the "sufficient diversification" requirement would be helpful.

The European Commission has also submitted to the European Securities Committee and the European Parliament a draft legislative text containing its proposals on eligible UCITS assets. The text concerning "level 2" implementation measures concerning eligible investments for UCITS will be supplemented by "level 3" measures adopted by CESR. If any measures are thought to be necessary on hedge fund indices, following this consultation, CESR intends to adopt them at level 3.

The Expert Group on Investment Management proposes to continue its work on HFIs in two stages: In the first stage it has collected and presents market agent views, since it believes that further information is necessary prior to making a specific proposal. In the second stage and on the basis of the answers received during the consultation on the text, it will issue a consultation paper in February 2007, expressing the position of the CESR.

5. CESR-POL and Market Abuse

In November 2006, the CESR launched a consultation on the second set of guidance and information on the common operation of the Market Abuse Directive. Based on the two-year experience gained from the implementation of the new regime on market abuse, the CESR is of the opinion that this is the appropriate moment to offer additional guidelines to market participants, concerning the common understanding developed among regulators, in order to achieve the convergent application of legal provisions on a day-to-day basis.

A "Call for Evidence" consultation was performed on the evaluation of the supervisory functioning of the EU market abuse regime. The consultation closed on October 31st, 2006 and the responses are available on CESR's website. In this context, the CESR organized a public hearing which took place on October 17th, 2006, in Paris and in which market participants indicated that they had not only found the first set of CESR guidance issued in March 2005 helpful, but also requested further guidance.

In this second set of guidance put to consultation, the CESR has prepared a draft on the common perceptions of its members on articles 1-6 of the Directive, concerning the treatment of certain points of the Directive on Market Abuse.

I. What constitutes inside information: The draft guidance provides additional clarification on "information of a precise nature", as defined in the Directive, additional guidance on the information that should be made public; amplifies what is meant by the concept of "information which, if it were made public, would be likely to have a significant price effect"; and provides a list with examples of possible inside information.

II. When it is legitimate to delay the disclosure of inside information: The CESR provides examples for the two cases referred to in article 3(1), which provides for the legitimate interests that justify delaying the disclosure of inside information. The guidelines provide examples on: Confidentiality constraints relating to a competitive situation, product development, sale of major holdings to other issuers, impeding developments that could be jeopardized by premature disclosure.

III. When do client orders constitute inside information: The CESR offers guidance for treating pending client orders as inside information and the meaning of the term "of a precise nature."

IV. Insider lists in multiple jurisdictions: The CESR proposes the creation of a mutual recognition system to apply in this area (e.g. a competent authority would accept an insider list maintained in accordance with the rules of another CESR member).

The development of the guidance by CESR-Pol, the permanent working group of the CESR, has been based on the experience gained by CESR members during the transitional period and gathered from the day-to-day application of the directive. Where relevant, CESR-Pol took into account the technical advice provided by the CESR to the European Commission in framing the implementing measures for the Directive. The CESR also consulted with the European Commission for the development of the draft guidance and the latter's comments were taken into account.

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

The Council of the European Central Bank (ECB) and the Committee of European Securities Regulators (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. Upon the publication of the report, the joint expert Group was mandated by the European System of Central Banks (ESCB) and the CESR to deal with three subsequent courses of action: (a) the development of a methodology for evaluating existing systems, (b) the analysis of certain pending issues and (c) the main counterparty.

7. CESR - Econet

For the past few years, an ad hoc group of economists (financial experts' network) has been meeting at regular intervals, mostly to discuss issues pertaining to statistical data that could be recorded in order to prepare reports on financial trends in securities markets, to be dispatched to the Economic & Financial Committee.

Given that the CESR proceeds to Level 3 work, it formed a new group, titled

ECONET, whose task is to assist the CESR in dealing with its increasing commitments to submit reports on market trend forecasts with the assistance of expert economists. The Group is chaired by Mr. Alexis Pilavios, Chairman of the Commission. The objectives of ECONET are to:

- enhance CESR's capability to undertake economic analysis of market trends and key risks in the securities markets that are, or may become, of particular significance for its Members;
- Develop practical impact analysis methodologies regarding financial regulation and supervision.

8. CESR-Tech

In the context of the implementation of the Markets in Financial Instruments Directive (MiFID), the CESR was asked to analyze the interconnection of its members IT systems. This responsibility was assigned to the CESR-Tech Group, chaired by Mr. Hector SANTS, Managing Director, Wholesale and Institutional Markets, FSA, UK. The main tasks of CESR-Tech are:

- To assist CESR members in reaching certain decisions on the best method of implementing common regulations for the exchange of IT data among CESR members and the allocation and use of IT budget.
- The specification of technical options for the exchange of reports on transactions through IT systems.
- The internal organization of the CESR in order to respond. The proposal clarifies the responsibilities for executing each step of the project, participation to the estimated cost, the legal issues, personnel issues and outsourcing issues.

10. Expert Group on Credit Ratings Agencies

After a request from the European Commission, the CESR published its first report on the compliance of credit rating agencies with the IOSCO code.

The report presents an analysis of the codes of the four Credit Rating Agencies (Moody's, Standard and Poors', Fitch Ratings and Dominion Bond Rating Services Ltd), which have selected to adhere to the voluntary framework of compliance with the IOSCO Code. Moreover, the report presents the practical dimensions of the day-to-day application of the CRA codes, on the basis of information obtained from a CESR questionnaire.

CESR's conclusions are explained in the final section of the report. The CESR believes that CRAs comply with a great extent with the IOSCO code, albeit there are some areas of non-compliance. Therefore, the CESR believes that there is scope for further improvement and intends to review these issues in 2007 to see whether there have been improvements.

During the preparation of the report, the CESR was in close coordination with IOSCO. The latter prepares a relevant report, which is expected to be made public in January 2007. The CESR continues to cooperate with IOSCO and has submitted proposals for improving certain points of the IOSCO code.

Market Participants Consultative Panel

The CESR consultation policy is characterized by commitments. According to its statute, the CESR can form consultation groups and can issue proposals concerning the materialization of their findings in due time. To this end, the CESR formed a high-ranking Market Participants Consultative Panel, comprising a limited number of members selected on a personal basis. The objective of the Panel is to (i) Provide with the CESR comments on the manner in which it 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 standards for security markets. For the time being, IOSCO has 174 members from more than 100 countries.

The Multilateral Memorandum of Understanding

IOSCO's multilateral memorandum of understanding establishes a new criterion for assessing critical co-operation for dealing with capital market law violations. Prior to signing IOSCO's Multilateral Memorandum of Understanding, the candidates are submitted to a strict assessment process, in order 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, has been formed in order to monitor compliance of the memorandum's signatories with the terms of the memorandum.

Today, 34 IOSCO members, including the Commission, have already signed the multilateral MOU. The Commission is one of the first counterparties to the Memorandum, having signed the MOU on October 9th, 2002. During the annual conference of the organization in 2006, the Multilateral Memorandum of Understanding was signed by the regulators of Dubai (Dubai Financial Services Authority), Denmark (Financial Supervisory Authority of Denmark), Israel (Israel Securities Authority) and Nigeria (Securities & Exchange Commission of Nigeria).

According to the procedures of the Multilateral Memorandum of Understanding, IOSCO members that cannot fulfill the terms of the memorandum 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. Nine members have been committed in accordance with the terms of Appendix B of the MMoU; recently the Securities & Exchange Commission of Thailand was added to them. During the annual conference, the members reviewed the progress of each one of the members of Appendix B, in their efforts to become full signatories to the Memorandum. The conference decided to perform annual inspections of Appendix B members, in order to monitor their progress. It should be noted that the Israel Securities

Authority is the first member that successfully removed all legal obstacles and made the transition from Appendix B to a full signatory to the Memorandum.

In 2005, the IOSCO adopted a schedule, according to which all regulators-members that have not signed the Memorandum are asked to do so until January 10th, 2010. By this date, all regulators-members of IOSCO must either have signed the Memorandum in accordance with the terms of Appendix A, or have stated (through Appendix B) their commitment to sign it. In order to achieve this aim, IOSCO will provide its members with all the necessary means and know-how.

The Evaluation Program

IOSCO places great emphasis on encouraging its members to comply with the principles and standards it establishes. In order to fulfill this aim, in the past few years IOSCO has started a pilot program for the provision of support to its members, in order to evaluate the implementation of its principles and standards, based on the evaluation methodology adopted in 2003. The program includes the development of an action plan for participating countries, in order to help them overcome the identified shortcomings.

Education

In 2006, both the IOSCO and its members organized seminars and training programs for their members. The programs are realized in various parts of the world with the participation of IOSCO experts. The main training seminar of IOSCO was held in October 2006 in Madrid.

Annual Conference

The world's securities and derivatives regulators and other members of the international financial community met in Hong-Kong from June 5 to June 8, 2006, on the occasion of the 31st Annual Conference of IOSCO. The Hellenic Capital Market Commission was represented by a delegation headed by its Chairman, Mr. Alexios Pilavios.

The European Regional Committee

The European Regional Committee of IOSCO comprises 42 supervisory authorities, including the 25 supervisory authorities of European Union member-states. The Committee deals with developments in European markets; the progress of the implementation of IOSCO's principles by member-states; the activities of off-shore financial centers; the harmonization of the regulatory standards in accordance with European Directives.

In 2006, the conference of the European Regional Committee of IOCSO was held during the annual conference of Hong-Kong, in June 2006. The following issues were discussed: (a) The presentation of major developments in the regulatory framework of the Committee, such as the formation of single financial services regulators in certain countries and the enhancement of regulators' responsibilities. (b) The updating of the members about the development of the Multilateral Memorandum of Understanding of IOSCO and (c) presentation of CESR's operations.

APPENDICES

RULES AND REGULATIONS ISSUED BY THE HELLENIC CAPITAL MARKET COMMISSION, 2006

No. Of Rule / Gazette	Title	Summary
2/396/31.8.2006 GAZETTE B/1470/5.10.2006	DATA AND INFORMATION CONTAINED IN THE FINANCIAL STATEMENTS PUBLISHED IN ACCORDANCE WITH THE PROVISIONS OF PD 360/1985	This rule defines the data and information contained in the financial statements that must be published by companies whose companies are listed in organized markets.
9/370/26.1.2006 GAZETTE B/184/13.2.2006	TERMS AND CONDITIONS FOR THE LICENSING OF INVESTMENT FIRMS CONCERNING THE RECEIPT AND TRANSMISSION OF ORDERS ON COMMODITY DERIVATIVES	This rule defines the terms and conditions for the licensing of investment firms concerning the receipt and transmission of orders on commodity derivatives.
8/370/26.1.2006 GAZETTE B/184/13.2.2006	AMENDMENT OF HCMC RULE 2/363/30.11.2005 (GAZETTE B 1755/14.12.2005) ON THE PROVISION OF CREDIT BY THE ATHEX MEMBERS AND OTHER ADJUSTMENTS TO CLIENTS (MARGIN ACCOUNT)	This rule amends articles 2, 4, 5 and 11 of HCMC Rule 2/363/30.11.2005 (Gazette B 1755/14.12.2005).
1/370/26.1.2006 GAZETTE B/245/27.2.2006	APPROVAL OF THE CONTENTS OF APPLICATIONS FOR THE LICENSING OF INVESTMENT INTERMEDIATION FIRMS.	This rule defines the contents of applications for the provision of Financial Intermediation Firm operating licenses to companies under formation or existing companies.
10/370/26.1/2006 GAZETTE B/245/27.2.2006	SIZE OF THE COMMON GUARANTEE FUND FOR THE YEAR 2006.	This rule sets the size of the Common Guarantee Fund for the year 2006 to 170,056,573.80 euros, setting the minimum contribution of investment firms to 704,328.69 euros.
7/372/15.2.2006 GAZETTE B/247/27.2.2006	AMENDMENT OF CMC RULE 5/204/14.11.2000 'CODE OF CONDUCT FOR LISTED COMPANIES (GAZETTE B 1487/06.12.2000)	The rule amends article 8 of CMC Rule 5/204/14.11.2000 (Gazette B 1487/6.12.2000).
10/372/15.2/2006 GAZETTE B/268/3.3.2006	STOCK EXCHANGES and THIRD COUNTRY, NON-EU, MARKETS, IN WHICH MUTUAL FUNDS AND PORTFOLIO INVESTMENT COMPANIES CAN INVEST	This rule specifies the Stock Exchanges and third country (non-EU) markets, in which mutual funds and portfolio investment companies can invest.
16/372/15.2.2006 GAZETTE B/358/27.3.2006	AMENDMENT OF THE RULEBOOK FOR ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at meeting number 5 (subject No. 13) of the Board of Hellenic Exchanges SA, held on February 9th, 2006.
16/374/2.3.2006 GAZETTE B/355/24.3.2006	APPROVAL OF THE TRAINING PROGRAM FOR INDIVIDUALS INVOLVED IN THE SALE OF MUTUAL FUND UNITS	This rule approves the syllabus of the training program for mutual fund sellers offered by the Union of Institutional Investors, following the latter's proposal.
13/375/17.3.2006 GAZETTE B/568/8.5.2006	SALE OF UNDISPOSED FRACTIONAL BALANCES RESULTING FROM A LISTED COMPANY'S SHARE CAPITAL INCREASE.	This rule defines the procedure for selling any shares resulting from fractional balances, after the share capital increases of companies listed in the Athens Stock Exchange.
13/379/18.4.2006 GAZETTE B/568/8.5.2006	AMENDMENT OF HCMC RULE 10/372/15.2.2006 'STOCK EXCHANGES and THIRD COUNTRY, NON-EU, MARKETS, IN WHICH MUTUAL FUNDS AND PORTFOLIO INVESTMENT COMPANIES CAN INVEST' (GAZETTE B 268/3.3.2006)	This rule adds two more markets to the list of markets in which mutual funds and portfolio investment companies can invest.
4/379/18.4.2006 GAZETTE B/568/8.5.2006	LISTING OF SHARES BY MEANS OF PUBLIC OFFERING AND SIMULTANEOUS PLACEMENT OF SHARES WITH A RESTRICTED CIRCLE OF PERSONS	The rule specifies the terms and conditions for the listing of shares by means of public offering and the simultaneous placement of shares with a restricted circle of persons.
3/378/14.4.2006 GAZETTE B/608/16.5.2006	USE OF DERIVATIVE FINANCIAL INSTRUMENTS AND SELECTED SECURITIES and RISK MANAGEMENT BY MUTUAL FUNDS AND PORTFOLIO INVESTMENT COMPANIES and PORTFOLIO RISK MANAGEMENT.	This rule regulates the use of derivative financial instruments and selected securities by mutual funds and portfolio investment companies, as well as the risk management methods they implement.
4/378/14.4.2006 GAZETTE B/568/8.5.2006	AMENDMENT OF HCMC RULE 1/317/11.11.2004 "CLASSIFICATION OF MUTUAL FUNDS ACCORDING TO LAW 3283/2004." (GAZETTE B 1746/26.11.2004)	This rule amends article 2 of HCMC Rule 1/317/11.11.2004 (Gazette B 1746/26.11.2004).
1/380/4.5.2006 GAZETTE B/657/25.5.2006	SALE OF TANGIBLE REGISTERED SHARES THAT HAVE NOT BEEN SUBMITTED FOR DEMATERIALIZATION	This rule defines the procedure for selling any tangible registered shares that have not been submitted for dematerialization
2/380/4.5.2006 GAZETTE B/657/25.5.2006	AMENDMENT OF HCMC RULE 3/304/10.06.2004 ON THE REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	The rule amends article 81 of HCMC Rule 3/304/10.6.2004 (Gazette B 901/16.6.2004).

3/380/4.5.2006 GAZETTE B/657/25.5.2006	AMENDMENT OF THE RULEBOOK FOR ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 4/5/2006 and 4/13/2006 meetings of the Board of Directors of the ATHEX.
4/380/4.5.2006 GAZETTE B/877/11.7.2006	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DEMATERIALIZED SECURITIES	This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 3/23/2006 at meeting No. 265 of the Central Depository of Securities.
5/380/4.5.2006 GAZETTE B/877/11.7.2006	AMENDMENT OF HCMC RULE 2/216/17.5.2001 (GAZETTE B 667/31.5.2001) ON SHORT SELLING IN THE ATHENS STOCK EXCHANGE.	The rule amends article 1 of HCMC Rule 2/216/17.5.2001 (Gazette B 667/31.5.2001).
1/387/19.6.2006 GAZETTE B/836/6.7.2006	DECISION CONCERNING THE CERTIFICATION OF THE PROFESSIONAL ADEQUACY OF INVESTMENT FIRM, FINANCIAL INTERMEDIATION FIRM, MUTUAL FUND MANAGEMENT FIRM and PORTFOLIO INVESTMENT COMPANY EMPLOYEES AND EXECUTIVES.	This rule sets the prerequisites and the procedure, for certifying the professional adequacy of the employees and executives of Investment Firms, Investment intermediation firms, MFMFs and PICs.
1/392/26.7.2006 GAZETTE B/1195/31.8.2006	OPERATION OF THE SUPPLEMENTARY FUND FOR THE CLEARING AT THE ATHENS STOCK EXCHANGE AND ORDER LIMITS FOR THE MEMBERS OF THE SECURITIES MARKET OF THE ATHENS STOCK EXCHANGE	This rule regulates the operation of the Supplementary Fund for the Clearing at the Athens Stock Exchange and defines the order limits for the Members of the securities market of the Athens Stock Exchange.
2/392/26.7.2006 GAZETTE B/1195/31.8.2006	APPOINTMENT OF THE CENTRAL SECURITIES DEPOSITORY AS THE ADMINISTRA-TOR AND DEPOSITORY OF THE SUPPLEMENTARY FUND FOR CLEARING AT THE ATHEX.	This rule appoints the Central Securities Depository as the administrator and depository of the Supplementary Fund for Clearing at the ATHEX.
3/392/26.7.2006 GAZETTE B/1195/31.8.2006	AMENDMENT OF THE RULEBOOK FOR THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 5/31/2006 and 7/20/2006 meetings of the Board of Directors of the ATHEX.
7/397/13.9.2006 GAZETTE B/1440/2.10.2006	CONCLUSION OF LENDING AGREEMENTS BY PORTFOLIO INVESTMENT COMPA-NIES OF LAW 3371/2005	This rule defines the terms and conditions for the conclusion of lending agreements
2/396/31.8.2006 GAZETTE B/1470/5.10.2006	DATA AND INFORMATION OF THE FINANCIAL STATEMENTS PUBLISHED IN AC-CORDANCE WITH THE PROVISION OF PD 360/1985 (GAZETTE 129/1985)	This rule specifies the data and information contained in the financial statements pub-lished in accordance with the provisions of PD 360/1985 (Gazette 129/1985).
3/398/22.9.2006 GAZETTE B/1566/25.10.2006	PROCEDURE AND SUPPORTING DOCUMENTATION REQUIRED FOR THE APPROVAL OF PROSPECTUSES	This rule defines the procedure and the supporting documents required for the approval of Prospectuses.
22/396/31.8.2006 GAZETTE B/1726/27.11.2006	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DEMATERIALIZED SECURITIES	This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 7/27/2006 at meeting No. 269 of the Central Depository of Securities.
32/400/5.10.2006 GAZETTE B/1726/27.11.2006	AMENDMENT OF HCMC RULE 3/304/10.06.2004 ON THE REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM (GAZETTE 901 B/16.6.2004).	This rule adds article 48A and amends articles 36 and 57 of HCMC Rule 3/304/10.6.2004 (Gazette 901 B/16.6.2004)
33/400/5.10.2006 GAZETTE B/1726/27.11.2006	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DEMATERIALIZED SECURITIES	This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted on 10/5/2006 at meeting No. 272 of the Central Depository of Securities.
4/403/8.11.2006 GAZETTE B/1738/29.11.2006	EXERCISE OF THE SQUEEZE-OUT RIGHT AFTER THE END OF TAKE-OVER BIDS	This rule defines the procedures for the payment and the certification of the payment, of the price, as well as the procedures for the transfer of securities in the case the squeeze-out right is exercised in accordance with the provisions of article 27, Law 3461/2006.
23/404/22.11.2006 GAZETTE B/1880/28.12.2006	PREVENTION OF THE USE OF THE FINANCIAL SYSTEM FOR THE PURPOSE OF MONEY LAUNDERING AND TERRORIST FINANCING.	This rule sets measures for the prevention of money laundering and terrorist financing.
33/405/30.11.2006 GAZETTE /1880/28.12.2006	AMENDMENT OF THE RULEBOOK FOR THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments to the Rulebook of the Athens Stock Exchange adopted during the 11/9/2006 meeting of the Board of Directors of the ATHEX.
5/403/8.11.2006 (GAZETTE B 1880/28.12.2006)	SHORT SELLING OF SHARES LISTED IN ORGANIZED MARKETS.	This rule specifies the terms and conditions for the preparation and clearing of short sales on shares listed in organized markets.
3/403/8.11.2006 GAZETTE B/1883/29.12.2006	AMENDMENT OF HCMC RULE 3/304/10.06.2004 ON THE REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM (GAZETTE B 901/16.6.2004).	This rule adds article 6A and amends articles 6, 7, 13, 19, 21, 37, 38, 39, 41, 42, 44, 47, 49, 50, 69, 77, 78, 79, 80 of HCMC Rule 3/304/10.6.2004 (Gazette 901 B/16.6.2004).
1/409/29.12.2006 GAZETTE B/18/16.1.2006	EXERCISE OF THE SELL-OUT RIGHT AFTER THE END OF TAKE-OVER BIDS	This rule defines the procedure for exercising the sell-out right provided for by article 28 Law 3461/2006.

PARTICIPATION IN INTERNATIONAL CONFERENCES, FORA AND MEETINGS IN 2006

- June 4th to 10th, 2006, Hong-Kong, 31st Annual Conference of IOSCO.
- June 8th, 2006, Paris, CESR-Tech Meeting
- June 9th, 2006, Brussels, Meeting of a European Parliament Expert Group on the Directive on shareholder rights.
- June 19th to 20th, 2006, Paris, Meeting of the European Enforcers Coordination Sessions (EECS) sub-group of CESR-Fin.
- June 20th to 21st, 2006, Helsinki, CESR Summit
- 20th to 24th June, 2006, Paris, Meeting of the Plenary of OECD's FATF.
- June 28th, 2006, Brussels, Meeting of a European Parliament Expert Group on the Directive on shareholder rights.
- June 29th, 2006, Paris, Meeting of CESR Expert Group on the Prospectus Directive.
- June 30th, 2006, Paris, Meeting of the ECONET Group of CESR.
- July 3rd, 2006, Amsterdam, CESR-Fin Conference.
- July 3rd, 2006, Vienna, Meeting of CESR-Pol sub-committee on Surveillance and Intelligence.
- July 4th, 2006, Vienna, CESR-Pol Meeting
- July 4th, 2006, Vienna, Meeting of a Panel of the European Commission on the transposition of the Markets in Financial Instruments Directive (MiFID).
- July 6th, 2006, Brussels, Meeting for the transposition of Directive 2004/25 (Takeover Bids).
- July 6th, 2006, London, CESR-Tech Meeting
- July 18th, 2006, Paris, Meeting of the ECONET Group of CESR.
- July 26th, 2006, Paris, Meeting of CESR Expert Group on the transposition of the Markets in Financial Instruments Directive (MiFID).
- August 23rd to 24th, 2006, Paris, Meeting of a CESR Expert Group on markets, on the basis of the Markets in Financial Instruments Directive (MiFID)
- September 11th to 13th, 2006, London, CESR-Tech Meeting
- September 11th to 16th 2006, Quebec, Meeting of the Standing Committee IV and the Screening Group of IOSCO.
- September 17th to 20th, 2006, Singapore, Annual Conference of the International Monetary Fund and the World Bank

- September 19th to 20th, 2006, Paris, Meeting of the Ad Hoc Group of CESR's Review Panel
- September 19th, 2006, Paris, Meeting of the CESR Work Group on the transposition of the Markets in Financial Instruments Directive (MiFID).
- September 22nd, 2006, Amsterdam, Meeting of a CESR Expert Group on markets, on the basis of the Markets in Financial Instruments Directive (MiFID)
- September 27th to 28th, 2006, Brussels, Meeting of an Expert Group of the European Commission on Corporate law and participation to the Electronic Business Registries Workshop of the World Bank
- September 28th, 2006, Amsterdam, CESR-Fin Conference.
- September 29th, 2006, Rome, Meeting of the CESR Expert Group on Investment Management
- October 3rd, 2006, Paris, Meeting of CESR Expert Group on the transposition of the Markets in Financial Instruments Directive (MiFID).
- October 3rd, 2006, London, CESR-Tech Meeting
- October 4th, 2006, Brussels, Meeting of a Panel of the European Commission on the transposition of the Markets in Financial Instruments Directive (MiFID).
- October 6th, 2006, Paris, CESR Meeting concerning its work programme for the year 2007.
- October 9th to 10th, 2006, Bratislava, CESR-Pol Conference.
- October 17th, 2006, Paris, Open Hearing of the CESR on regulatory assessment in accordance with the provisions of the Directive on Market Abuse.
- October 18th to 19th, 2006, Paris, CESR Summit
- October 26th, 2006, Cyprus, Participation of the Hellenic Capital Market Commission to a conference of the Cyprus Financial Services Firms Association.
- October 27th, 2006, Paris, Meeting of CESR Work Group on the transposition of the Markets in Financial Instruments Directive (MiFID).
- October 30th to November 3rd, 2006, Washington DC, Seminar of the International Institute of the US SEC.
- October 31st, 2006, Paris, CESR Meeting on the transposition of the Markets in Financial Instruments Directive (MiFID).
- November 7th to 8th, 2006, Paris, Global Public Policy Symposium held by KPMG
- November 7th to 8th, 2006, London, Meeting of the European Enforcers Coordination Sessions (EECS) sub-group of CESR-Fin.
- November 9th to 10th, Paris, OECD Steering Group Meeting on Corporate Governance,
- November 9th to 10th, 2006, London, CESR-Tech Meeting

- November 13th, 2006, Meeting of IOSCO's Implementation Task Force
- November 16th to 17th, 2006, London, Conference of the Technical Committee of IOSCO
- November 17th, 2006, Paris, Conference of CESR's Review Panel
- November 20th to 21st, 2006, Paris, CESR Meeting on the Announcement of Transactions on the basis of the Markets in Financial Instruments Directive (MiFID).
- November 24th, 2006, Budapest, CESR Conference, Away Day
- November 27th to 28th, 2006, Paris, Meeting of the ECONET Group of CESR.
- November 29th to 30th, 2006, Helsinki, Meeting of the Ad Hoc Group of CESR's Review Panel
- November 30th to December 1st, 2006, London, Meeting of CESR Expert Group on the transposition of the Markets in Financial Instruments Directive (MiFID).
- December 3rd to 5th, 2006, Madrid, Meeting of IOSCO's Implementation Task Force
- December 12th, 2006, Paris, CESR-Pol Conference
- December 12th to 15th, 2006, Paris, Meeting of the ECONET Group of CESR.
- December 13th to 15th 2006, Rome, Meeting of the Standing Committee IV and the Screening Group of IOSCO.

International developments and the ATHEX General Index, 2006

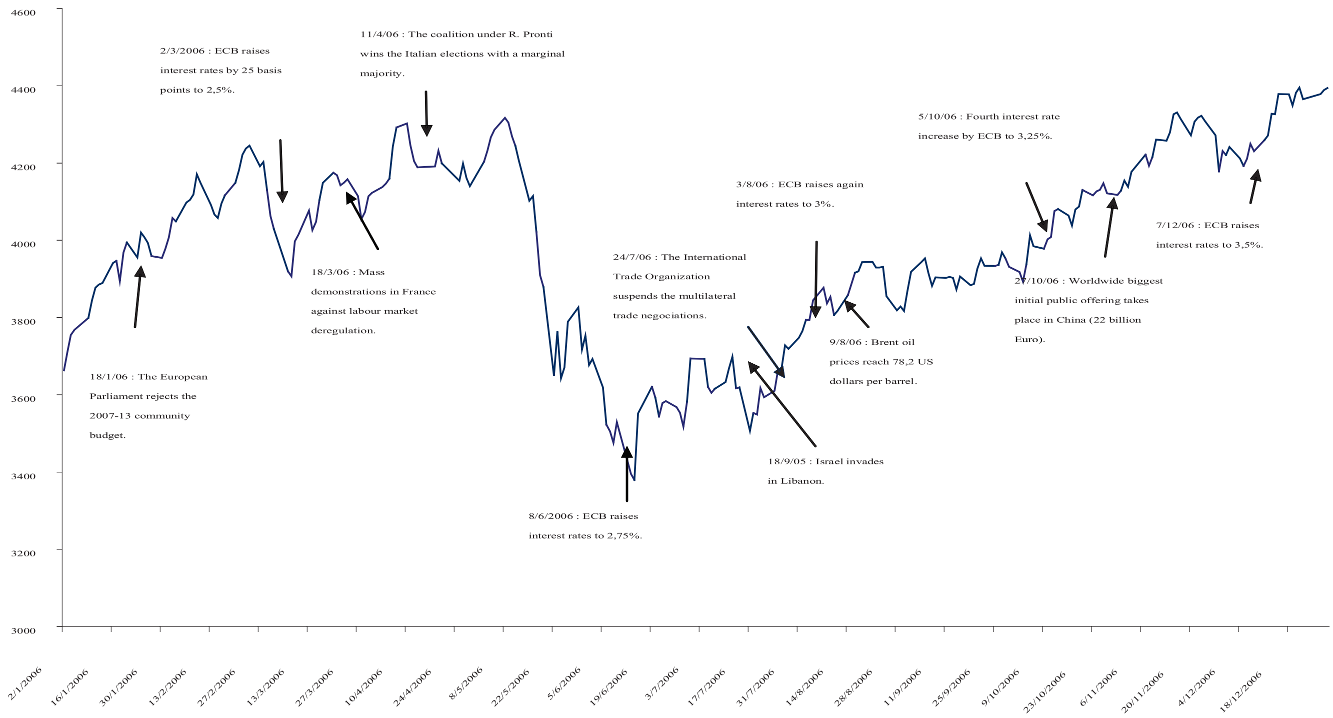


TABLE I

Developments in Selected International Stock Exchanges, 2006

Stock Exchange	Stock Exchange Indices		Market Capitalization		Value of Transactions 1		Value of transactions to estimated GDP (%)2	No. of listed companies
	Closing price	Annual % change	Value (bn $)	Annual % change	Value (bn $)	Annual % change		
LONDON	6,220.80	10.33	3795.2	24.1	7,583.76	33.7	124.8	3,256
GERMANY	6,596.92	20.85	1637.51	34.1	2,741.61	43.4	173.7	760
EURONEXT 3	962.84	18.82	3708.32	37	3,805.26	31.1	116.4	1,210
PARIS	5,541.76	16.11	-	-	-	-	-	-
SWITZERLAND	8,785.74	15.30	1212.34	29.6	1,395.57	43.0	130.2	348
AMSTERDAM	495.34	12.36	-	-	-	-	-	-
ITALY	31,892.00	18.43	1026.32	28.6	1,596.20	22.7	162.9	311
MADRID 4	1,554.93	34.01	1322.76	37.8	1,941.23	23.8	167.0	290
STOCKHOLM 5	374.47	23.75	1122.78	39.9	1,332.73	40.1	134.5	794
BRUSSELS	4,388.53	22.75	-	-	-	-	-	-
ATHENS	4,394.13	19.93	208.25	43.5	107.88	66.0	58.6	290
VIENNA	4,463.47	21.72	192.87	52.7	82.24	77.7	50.2	113
NYSE	9,139.02	16.95	15426.97	15.9	21,789.39	54.2	134.3	2,281
NASDAQ	2,415.29	8.38	3863.47	7.2	11,807.49	17.0	269.9	3,133
TOKYO	17,225.83	5.39	4614.06	0.9	5,824.87	31.6	125.8	2,416
HONG-KONG	19,964.72	32.69	1715.43	62.6	832.39	79.3	62.1	1,173

Source: World Federation of Exchanges

Note: 1. Because of differences in the presentation and estimation of transaction value, the figures are not totally comparable.
2. Value of trading in shares / market capitalization (Dec. 2006)
3. Includes data from Amsterdam, Brussels, Lisbon and Paris.
4. Includes data from the stock exchanges of Madrid, Barcelona, Bilbao and Valencia.
5. Includes data from the stock exchanges of Stockholm, Copenhagen, Helsinki, Tallinn, Riga and Vilnius.

TABLE II

Market Share, Number and Total Assets of Mutual Funds, by Mutual Fund Management Firm, 2004-2006

Company	31.12.2006				31.12.2005				31.12.2004			
	Number of M/F	Net Assets (mn €)	Market Share	% Annual Change.	Number of M/F	Net Assets (mn €)	Market Share	% Annual Change.	Number of M/F	Net Assets (mn €)	Market Share	% Annual Change.
ALICO AIG	18	452.20	1.89%	0.13	17	490.58	1.76%	0.11	15	520.2	1.64%	1.57%
ALLIANZ	10	262.31	1.10%	-0.14	10	346.36	1.24%	0.26	10	309.2	0.98%	1.63%
ALPHA	27	4,208.08	17.60%	-1.05	27	5,205.19	18.63%	3.84	25	4,676.1	14.78%	-0.19%
ALPHA TRUST	11	356.91	1.49%	0.20	12	361.95	1.30%	0.18	10	224.7	0.71%	-0.27%
ASPIS	10	137.10	0.57%	-0.17	10	206.23	0.74%	-0.09	10	263.2	0.83%	-0.29%
EFG	33	6,914.55	28.92%	-1.57	35	8,538.36	30.56%	-2.55	36	10,494.1	33.16%	-1.82%
HSBC (HEL-LAS)	10	416.79	1.74%	-0.46	10	615.47	2.20%	0.37	10	578.7	1.83%	0.13%
ING	8	275.58	1.15%	-0.72	-	-	-	-	-	-	-	-
ING PIRAEUS	-	-	-	-	9	603.72	2.16%	-0.23	12	757.3	2.39%	0.51%
INTERNA-TIONAL	7	90.87	0.38%	0.05	7	92.63	0.33%	-0.01	7	108.6	0.34%	0.26%
MARFIN	8	28.60	0.12%	0.03	9	25.71	0.09%	0	11	29.4	0.09%	-0.21%
PROFUND	3	28.63	0.12%	0.04	3	23.29	0.08%	0.01	3	22.0	0.07%	-0.13%
PROTON	3	20.03	0.08%	0.02	3	16.44	0.06%	0.01	3	15.6	0.05%	-0.20%
SOCIAL SECURITY FUNDS	2	913.71	3.82%	0.87	2	823.38	2.95%	0.66	2	722.2	2.28%	-0.09%
ATE	11	454.28	1.90%	-0.31	10	616.58	2.21%	-0.61	9	891.7	2.82%	0.32%
ATTIKI	6	96.20	0.40%	0.10	6	84.77	0.30%	0.19	4	34.3	0.11%	-0.90%
GENIKI	-	-	-	-	-	-	-	-	8	132.0	0.42%	-0.15%
DIETHNIKI	28	6,929.74	28.98%	4.34	21	6,880.60	24.62%	-2.3	21	8.512.3	26.90%	-0.06%
EGNATIA	7	128.75	0.54%	0.07	8	131.53	0.47%	0.06	7	128.8	0.41%	-0.09%
ELLINIKI TRUST	8	80.39	0.34%	-0.07	8	114.15	0.41%	-0.17	7	183.5	0.58%	0.06%
ERMIS	12	1,465.21	6.13%	-2.20	12	2,324.33	8.32%	1.74	10	2,079.4	6.57%	-0.03%
EVROPAIKI PISTI	10	69.89	0.29%	0.05	8	68.22	0.24%	0.04	11	63.5	0.20%	-0.01%
CYPRUS	5	102.89	0.43%	0.06	5	103.54	0.37%	-1.45	5	574.7	1.82%	0.03%
LAIKI	4	46.88	0.20%	0.04	4	44.80	0.16%	0.01	4	47.0	0.15%	0.00%
P & K	12	117.17	0.49%	0.01	12	133.52	0.48%	-0.07	12	174.8	0.55%	0.01%
PIRAEUS	5	234.89	0.98%	0.69	-	-	-	-	-	-	-	-
PSB GREEK POST	3	45.37	0.19%	-0.01	3	54.51	0.20%	0.1	3	28.8	0.09%	0.00%
OMEGA	8	33.41	0.14%	0.00	7	38.11	0.14%	-0.1	7	75.5	0.24%	0.00%
TOTAL	269	23,910.45	100.00%		258	27,943.98	100.00%	-	262	31,647.3	100.00%	-

Source: Union of Greek Institutional Investors.

Note. On 04/14/2006 Piraeus mutual fund management firm was licensed by the HCMC

On 05/30/2006 ING Piraeus mutual fund management firm transferred the management of five Piraeus mutual funds to Piraeus mutual fund management firm.

TABLE III

Net assets of Mutual Fund Management Firms per MF classification 12/31/2006

Company	Bond			Money market			Mixed			Equity			Funds of Funds			
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Equity	Mixed	Bond	Total
ALICO AIG	5.93%	22.80%	28.72%	11.63%		11.63%	2.19%	10.14%	12.32%	39.69%		39.69%	5.30%	2.34%		7.64%
ALLIANZ	9.50%	0.78%	10.28%	3.87%		3.87%	39.19%		39.19%	37.63%	9.03%	46.66%				
ALPHA	7.93%	29.48%	37.41%	5.05%	0.84%	5.90%	3.74%	8.33%	12.07%	28.55%	2.15%	30.70%	4.02%	1.21%	8.69%	13.92%
ALPHA TRUST	8.16%	5.20%	13.36%	4.01%		4.01%	5.20%		5.20%	71.04%	1.97%	73.01%	4.42%			4.42%
ASPIS INTERN	33.08%	0.78%	33.86%	31.50%		31.50%				31.60%	3.05%	34.64%				
EFG	11.93%	17.25%	29.19%		2.75%	2.75%	0.94%	7.42%	8.36%	16.96%	12.01%	28.97%	5.04%	25.28%	0.42%	30.74%
HSBC (HELLAS)	3.58%	1.12%	4.70%	21.24%		21.24%	15.78%		15.78%	45.13%	13.14%	58.27%				
ING MFMF		1.59%	1.59%	9.88%		9.88%	8.73%		8.73%	60.83%	18.96%	79.80%				
INTERNATIONAL	21.49%		21.49%	2.77%		2.77%	21.70%	2.63%	24.32%	51.42%		51.42%				
MARFIN		16.13%	16.13%	21.84%		21.84%	8.96%		8.96%	21.80%	22.37%	44.17%	8.90%			8.90%
PROFUND	24.00%		24.00%	29.06%		29.06%				46.94%		46.94%				
PROTON		11.75%	11.75%				48.62%		48.62%		39.63%	39.63%				
SOCIAL SECURITY FUNDS	37.67%		37.67%				62.33%		62.33%							
ATE	19.76%	2.39%	22.15%	19.40%		19.40%	7.95%	8.00%	15.95%	39.03%	2.27%	41.31%	1.18%			1.18%
ATTIKI	3.89%	25.66%	29.55%	12.76%		12.76%	10.30%	27.80%	38.09%	19.60%		19.60%				
DIETHNIKI	4.97%	14.69%	19.66%	0.57%	61.24%	61.81%	2.99%	0.51%	3.50%	11.64%	1.05%	12.69%	0.39%	1.44%	0.50%	2.34%
EGNATIA	2.02%		2.02%				6.08%		6.08%	84.17%	4.50%	88.67%		3.23%		3.23%
ELLINIKI TRUST		25.27%	25.27%		21.28%	21.28%		32.45%	32.45%	4.30%	16.69%	21.00%				
ERMIS	10.81%	11.74%	22.56%	49.98%		49.98%	3.97%		3.97%	23.02%	0.39%	23.41%		0.08%		0.08%
EVROPAIKI PISTI	15.48%	20.14%	35.62%	3.46%		3.46%	10.16%		10.16%	43.91%	6.84%	50.75%				
CYPRUS	23.87%		23.87%	4.65%		4.65%	16.66%		16.66%	54.82%		54.82%				
LAIKI	4.76%		4.76%	7.11%		7.11%				88.12%		88.12%				
P & K	14.35%		14.35%	10.50%		10.50%				58.67%	4.89%	63.56%		11.60%		11.60%
PIRAEUS	20.82%		20.82%	10.88%		10.88%	16.13%		16.13%	52.17%		52.17%				
PSB GREEK POST	25.56%		25.56%	18.52%		18.52%	55.92%		55.92%							
OMEGA	9.90%		9.90%	40.04%		40.04%	8.92%	2.88%	11.80%	38.26%		38.26%				
MARKET SHARES	9.99%	16.04%	26.02%	5.89%	18.76%	24.65%	6.09%	4.34%	10.42%	21.56%	5.00%	26.56%	2.48%	8.07%	1.80%	12.34%

Source: Union of Greek Institutional Investors.

Note: On 04/14/2006 Piraeus mutual fund management firm was licensed by the HCMC

On 05/30/2006 ING Piraeus mutual fund management firm transferred the management of five Piraeus mutual funds to Piraeus mutual fund management firm

TABLE IV

Mutual Fund Returns, 2002-2006

M/F Classification	Annual return					Annual return*				
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002
BOND										
Domestic	0.57%	0.89%	2.45%	2.27%	4.89%	0.57%	0.89%	2.53%	2.41%	4.89%
Foreign	-0.68%	4.05%	3.32%	-1.42%	0.45%	-0.90%	4.63%	3.32%	-1.87%	0.45%
International	-	-	1.03%	-1.61%	1.07%	-	-	1.03%	-2.21%	0.75%
MONEY MARKET										
Domestic	1.92%	1.12%	1.72%	2.12%	2.26%	1.92%	1.12%	1.77%	2.18%	2.40%
Foreign	0.47%	4.55%			3.28%	0.47%	7.45%			3.28%
International	-	-	1.01%	-2.26%	-2.05%	-	-	-0.95%	-3.34%	-2.84%
EQUITY										
Domestic	26.40%	29.21%	9.81%	23.09%	-26.35%	26.55%	29.48%	10.23%	23.40%	-27.24%
Foreign	10.63%	20.02%	2.82%	9.26%	-27.84%	11.14%	19.79%	2.67%	11.03%	-29.39%
International	-	-	5.90%	14.70%	-30.41%	-	-	5.90%	13.92%	-30.41%
MIXED										
Domestic	11.19%	14.03%	8.07%	12.19%	-12.80%	11.19%	14.03%	8.64%	12.67%	-13.40%
Foreign	4.59%	6.49%	0.41%	2.40%	-20.27%	4.25%	7.82%	0.41%	3.98%	-20.27%
International	-	-	3.06%	2.46%	-11.95%	-	-	2.86%	2.25%	-11.95%
FUNDS OF FUNDS										
Equity	10.21%	7.05%				10.97%	-			
Mixed	5.40%	5.60%				6.11%	-			
Bond	1.12%	-				-	-			

Source: Union of Greek Institutional Investors.
*Note. *: Excluding mutual funds that started operating during 2006*

TABLE V

Monthly distribution of mutual fund assets, 2004-2006

Month / Year	Total Assets	Bond		Domestic Equity		Domestic Mixed		Domestic Money market	
		Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change
Dec-06	23,910.45	6,222.15	2.02%	5,155.36	2.17%	1,455.41	1.71%	1,407.92	-3.83%
Nov-06	23,840.48	6,350.29	-3.50%	5,045.75	-0.62%	1,430.88	0.10%	1,464.04	-5.61%
Oct-06	24,007.30	6,580.45	-4.15%	5,077.25	3.62%	1,429.46	1.67%	1,551.00	-5.32%
Sep-06	23,876.95	6,685.64	-4.62%	4,900.03	0.25%	1,405.91	0.79%	1,638.23	-5.21%
Aug-06	24,049.49	7,198.21	-4.47%	4,887.93	2.13%	1,394.91	1.21%	1,728.24	-3.68%
Jul-06	24,142.31	7,534.93	-11.49%	4,785.95	0.30%	1,378.17	0.97%	1,794.20	-5.38%
Jun-06	24,333.32	8,513.50	-7.25%	4,771.73	-2.60%	1,364.88	-1.34%	1,896.23	-3.63%
May-06	24,965.52	9,178.74	-10.45%	4,899.32	-9.20%	1,383.46	-3.85%	1,967.85	-5.49%
Apr-06	26,508.53	10,250.39	-9.71%	5,396.02	0.01%	1,438.90	0.99%	2,082.11	-5.69%
Mar-06	27,166.30	11,353.34	-7.55%	5,395.70	-5.49%	1,424.81	-0.66%	2,207.62	-5.67%
Feb-06	28,277.55	12,281.17	-4.77%	5,709.13	4.65%	1.434.21	5.05%	2,340.23	-5.04%
Jan-06	28,230.25	12,895.67	-5.03%	5,455.48	9.52%	1,365.28	5.86%	2,464.55	-7.50%
Dec-05	27,943.98	13,578.09	-1.43%	4,981.36	5.72%	1,289.74	5.02%	2,664.46	-19.55%
Nov-05	28,165.50	13,774.58	-1.95%	4,712.05	3.23%	1,228.07	3.22%	3,312.02	-22.18%
Oct05	28,670.74	14,049.05	4.11%	4,564.64	-2.61%	1,189.79	-0.69%	4,255.77	-23.26%
Sep-05	29,101.01	13,494.68	20.98%	4,686.91	2.76%	1,198.00	2.13%	5,545.69	-17.39%
Aug-05	29,309.91	11,154.87	1.71%	4,561.16	-2.07%	1,173.02	-0.44%	6,713.06	-10.31%

Jul-05	29,742.88	10,966.96	3.43%	4,657.76	5.25%	1,178.24	2.93%	7,485.10	-2.32%
Jun-05	29,091.30	10,602.97	-1.87%	4,425.31	2.74%	1,144.72	2.57%	7,663.19	-14.02%
May 05	30,360.71	10,805.48	0.34%	4,307.38	2.69%	1,116.05	1.74%	8,912.39	-4.50%
Apr-05	30,714.77	10,768.63	7.82%	4,194.61	-0.99%	1,096.98	-0.11%	9,332.51	-12.72%
Mar-05	31,152.70	9,987.61	2.65%	4,236.67	-9.46%	1,098.23	-4.29%	10,692.39	-4.23%
Feb-05	31,843.36	9,729.64	22.35%	4,679.12	4.54%	1,147.49	-59.85%	11,164.17	-24.75%
Jan-05	31,907.60	7,952.48	48.69%	4,476.02	3.54%	2,858.18	-0.07%	14,836.51	-2.04%
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	31,2006 1.07	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%

Source: Union of Greek Institutional Investors.

TABLE VI

Net Mutual Fund Assets and the General Index of the ATHEX, 2003-2006

Month / Year	Total M/F Assets		Market Capitalization of ATHEX companies	ATHEX General Index	Return (%)
	Amount	Change (%)			
Dec-06	23,910.45	0.29%	349,477.52	4,394.13	4.11%
Nov-06	23,840.48	-0.69%	339,290.88	4,220.50	2.23%
Oct-06	24,007.30	0.55%	335,769.44	4,128.60	5.03%
Sep-O6	23,876.95	-0.72%	327,902.91	3,931.05	1.61%
Aug-06	24,049.49	-0.38%	325,689.75	3,868.62	3.22%
Jul-06	24,142.31	-0.78%	308,059.51	3,747.98	1.47%
Jun-06	24,333.32	-2.53%	314,141.92	3,693.75	-1.58%
May-06	24,965.52	-5.82%	310,498.66	3,753.21	-9.34%
Apr-06	26,508.53	-2.42%	322,622.70	4,139.96	0.43%
Mar-06	27,166.30	-3.93%	322,387.73	4,122.34	-1.92%
Feb-06	28,277.55	0.17%	328,970.71	4,202.85	5.66%
Jan-06	28,230.25	1.02%	313,326.76	3,997.84	8.57%
Dec-05	27,943.98	-11.70%	301,958.56	3,663.90	6.46%
Nov-05	28,165.50	-10.08%	277,647.33	3,441.64	4.06%
Oct05	28,670.74	-7.70%	273,779.77	3,307.32	-2.21%
Sep-05	29,101.01	-4.95%	275,668.37	3,381.96	4.66%
Aug-05	29,309.91	-4.53%	270,088.18	3,231.48	-1.23%
Jul-05	29,742.88	-3.41%	270,728.64	3,271.78	6.90%
Jun-05	29,091.30	-5.23%	263,357.92	3,2006 0.73	3.42%
May 05	30,360.71	-0.80%	265,714.36	2,959.53	3.18%
Apr-05	30,714.77	-1.29%	263,052.63	2,868.45	0.47%
Mar-05	31,152.70	1.15%	253,076.93	2,854.91	-9.23%
Feb-05	31,843.36	4.44%	264,769.28	3,145.16	7.71%
Jan-05	31,907.60	5.08%	258,509.02	2,919.93	4.80%
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	31,2006 1.07	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%

Source: ATHEX, Union of Greek Institutional Investors.

TABLE VII

Net Assets and Market Capitalization of Portfolio Investment Companies, 12/31/2006

No	Company	Date of Listing in the ATHEX	Share Price (€)	Market Capitalization (mn €)	Premium / Discount (%)	Net Asset Value (mn €)
1	Alpha Trust Andromeda	19.12.2001	3.08	86.87	-14.68%	101.72
2	ALTIUS	16.08.2002	2.11	11.14	-13.88%	12.94
3	EUROLINE INVESTMENT SA	11.12.2002	2.05	21.79	-19.61%	27.10
4	GLOBAL NEW EUROPE	8.10.2004	3.84	62.75	-22.74%	81.21
5	INTERINVEST SA	15.01.1992	1.72	19.18	-22.52%	24.71
6	Aeolian Investment Funds SA	09.08.1993	2.93	32.75	-12.28%	37.30
7	Dias SA Investment Company	27.07.1992	1.4	70.31	-16.17%	83.76
8	Omega SA	31.7.2003	1.7	15.30	-4.49%	16.04
	TOTAL			320.09	-16.87	384.77

Source: Union of Greek Institutional Investors, HCMC.

Notes: Exelixi SA: Absorbed by Proton Investment Bank on 30.12.05
Arrow SA: Absorbed by Proton Investment Bank on 30.12.05
Eurodynamic Closed End Fund SA: Absorbed by Proton Investment Bank on 30.12.05
Optima Portfolio Investment S.A.: Dissolved on 28.12.05
National Investment SA: Absorbed by the National Bank of Greece on 14.12.05.
The Greek Progress Fund: Absorbed by EFG Eurobank Ergasias bank on 28.11.05
Hellenic Invest. CO: Absorbed by Piraeus Bank on 11.11.05
Interinvest SA: Cancelled 428,740 shares with a share value of €0,76 on 07.06.05
Domus S.A.: Temporary Suspension of trading after an audit of the HCMC on 02.06.05
Diolkos SA: Approval of ATHEX-listing on 26.04.05. Trading started on 26.04.05
New Millennium Investments SA: Suspension of trading because of the conversion of the company to a Mutual Fund - Marfin New Millennium Domestic Equity on 22.04.05
P & K SA: Dissolved on 20.01.05.
Diolkos SA: Absorbed by SCIENS Int'l Inv't & Holdings S.A.
Active Investments SA Cessation of operation
NEXUS SA Absorbed by Interinvest SA

TABLE VIII

Net mutual fund assets in EU member-states, 09/30/2006

Member States	Total Assets (mn €)		Member UCITS assets (million €)		Non-member UCITS assets (million €)	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005	30.9.2006	30.9.2005
Austria	164,763	162,271	111,479	104,270	53,284	58,001
Belgium	124,808	108,618	118,046	102,974	6,762	5,644
Czech Republic	5,124	4,490	5,124	4,490	-	-
Denmark	116,615	100,990	68,395	59,054	48,220	41,936
Finland	55,053	43,555	46,593	37,787	8,460	5,768
France	1,451,700	1,282,000	1,310,400	1,167,600	141,300	114,400
Germany	993,436	955,888	266,096	258,003	727,340	697,885
Greece	24,789	30,730	23,877	29,101	912	1,629
Hungary	8,451	7,207	5,919	5,959	2,532	1,248
Ireland	686,463	543,403	547,010	431,418	139,453	111,985
Italy	388,000	411,606	349,689	384,914	38,311	26,692
Lichtenstein	14,579	12,467	13,896	12,092	683	375
Luxembourg	1,733,030	1,423,551	1,570,431	1,299,574	162,599	123,977
Netherlands	98,839	90,912	80,946	75,824	17,893	15,088
Norway	35,894	28,751	35,894	28,751	-	-
Poland	21,332	13,614	18,409	12,916	2,923	698
Portugal	37,623	35,145	25,787	25,512	11,836	9,633
Slovakia	2,716	2,546	2,662	2,510	54	36
Spain	289,402	268,559	281,365	262,535	8,037	6,024
Sweden	127,643	100,710	124,480	98,826	3,163	1,884
Switzerland	145,403	104,589	118,107	89,602	27,296	14,987
Turkey	13,833	18,837	12,247	17,267	1,586	1,570
Un. Kingdom	725,809	591,444	589,659	471,493	136,150	119,951

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

TABLE IX

Structure of mutual fund assets in EU member-states, 2006

Type of M/F	30.9.2006		30.2006 .2006		31.3.2006		31.12.2005	
	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	2,058	39.7%	1,958	39.3%	2,057	40.6%	1,823	38.6%
Mixed	762	14.7%	722	14.5%	705	13.9%	636	13.5%
Funds of funds1	94	1.8%	87	1.7%	85	1.7%	78	1.7%
Bond	1,226	23.7%	1,202	24.1%	1,226	24.2%	1,200	25.4%
Money Market	870	16.8%	851	17.1%	837	16.5%	842	17.8%
Other	169	3.3%	161	3.2%	157	3.1%	139	2.9%
Total 2	5,180	100.0%	4,982	100.0%	5,2006 7	100.0%	4,720	100.0%
Incl. Ireland	5,727		5,485		5,559		5,183	

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

Note.: 1. Excluding funds of funds in France, Luxemburg and Italy, which are included in the other categories.

2. Excluding Ireland for which no detailed data exists

TABLE X

Trading Status of ATHEX-listed companies, 2006

Markets	Normal Trading	Under Probation	Total under trading	Under Suspension	Under listing	Total Number of Companies
Large Capitalization	83					
Middle & Small Cap	172					
Special Characteristics	22					
Total	277	24	301	16	1	318

Delisted companies

Company	Market	Date of Delisting
ARROW SA	Middle & Small Capitalization	2.1.2006
EXELIXI SA	Middle & Small Capitalization	2.1.2006
EURODYNAMIC CLOSED END FUND SA	Middle & Small Capitalization	2.1.2006
INTRAMET SA	Middle & Small Capitalization	2.1.2006
DANE SEA LINE SA	Under Suspension	2.2.2006
CONNECTION SA	Under Suspension	2.2.2006
DATAMEDIA SA	Under Suspension	2.2.2006
EUROPEAN TEXHNICAL SA	Under Suspension	2.2.2006
TECHNODOMI M TRABLOS BROS	Under Suspension	2.2.2006
O. DARING SA	Under Suspension	2.2.2006
DYNAMIC LIFE SA	Under Suspension	2.2.2006
INTERSONIC ADVANCED TECHNOLOGIES SA	Under Suspension	2.2.2006
EMPHASIS SYSTEMS SA	Under Suspension	2.2.2006
DOMUS CLOSED END FUND	Under Suspension	2.2.2006
COSMOS SA	Under Suspension	2.2.2006
GLOBE SA	Under Suspension	2.2.2006
THESSAIKISPIRITS SA	Under Suspension	2.2.2006
XIFIAS SA	Under Suspension	2.2.2006
PHILIPPOU DE SA	Under Suspension	2.2.2006
EUKLEIDES SA	Special financial characteristics	3.4.2006
NATIONAL REAL ESTATE SA	Large Capitalization	3.4.2006
ALFA ALFA HOLDINGS SA	Under Suspension	18.5.2006
STABILTON SA	Under Suspension	18.5.2006
ALFA BETON SA	Under Suspension	18.5.2006
EMPEDOS SA	Under Suspension	18.5.2006
IPIROTIKI SOFTWARE & PUBLICATIONS SA	Under Suspension	1.6.2006
NEXUS SA	Middle & Small Capitalization	3.7.2006
FITCO SA	Special financial characteristics	3.7.2006
CHIPITA INTERNATIONAL SA	Large Capitalization	1.9.2006
UNCLE STATHIS SA	Middle & Small Capitalization	1.9.2006
GOODY'S SA	Large Capitalization	1.9.2006
ALFA ALFA ENERGY SA	Under Suspension	5.10.2006
KERANIS HOLDING SA*	Under Suspension	5.10.2006
ALTE TECHNICAL CO	Under Suspension	5.10.2006
CASINO PORTO CARRAS SA	Under Suspension	5.10.2006

SEAFARM IONIAN SA	Under Suspension	5.10.2006
MOURIADIS SA	Under Suspension	5.10.2006
INTERSAT SA	Under Suspension	5.10.2006
BALAFAS SA	Under Suspension	5.10.2006
SEX FORM SA	Under Suspension	27.11.2006
DIOLKOS SA	Middle & Small Capitalization	5.12.2006

Companies Under Suspension	Date of Suspension
IDEAL GROUP SA	4.3.2005
RADIO A. KORASSIDIS COMMERCIAL SA	11.7.2005
ELEPHANT SA	11.7.2005
THEMELIODOMI SA	11.7.2005
COR-FIL SA	11.7.2005
INFORMATICS SA	1.12.2005
POULIADIS ASSOCIATES CORP.	20.12.2005
G. LEVENTAKIS TECH SA	9.1.2006
PC SYSTEMS SA	13.1.2006
PROMOTA HELLAS SA	17.2.2006
ALISIDA SA	19.4.2006
HELLATEX SA SYNTHETIC YARNS	1.9.2006
ETMA SA	1.9.2006
ACTIVE INVESTMENTS SA	8.11.2006
DELTA ICE CREAM SA	13.12.2006
PHOENIX METROLIFE SA	13.12.2006

Companies Under Probation	Date of Probation
EMPORIKOS DESMOS SA	23.9.1999
BIOSSOL SA	23.9.1999
SP. TASSOGLOU DELONGHI	7.3.2003
KERAMICS ALLATINI SA	7.3.2003
PLIAS SA	7.3.2003
CORINTH PIPEWORKS SA	7.3.2003
ERGAS SA	6.2.2004
NAOUSSA SPINNING MILLS SA	18.2.2005
FANCO SA	4.3.2005
SHEET STEEL CO SA	4.3.2005
IKONA-IHOS SA	4.3.2005
EVLIEMEK SA	4.4.2006
MOCHLOS SA	4.4.2006
SINGULARLOGIC SA	4.4.2006
HITECH SNT SA	4.4.2006
MULTIRAMA SA	4.4.2006
KLONATEX GROUP OF COMPANIES SA	4.4.2006
EUROHOLDINGS INVESTMENT SA	4.4.2006
HIPPOTOUR SA	4.4.2006
NICK GALIS SA	4.4.2006
PETZETAKIS SA	3.8.2006
VIVERE SA	5.10.2006
GENER SA	16.10.2006
ALMA-ATERMON SA	16.10.2006

Source: HCMC

TABLE XI

Public Offerings in the ATHEX, 2006 (Part A)

Company	Reg. Period	Date of listing	Sector	Initial Share Price Range (euro)	Initial Share Price (euro)	Public offering of new shares	Sale of existing shares to R.C.I.	Sale of existing shares	Total Number of shares	Funds Raised (euro)
EUROBANK PROPERTIES	29.3.2006 - 31.3.2006	12.4.2006	Real Estate	14.60- 16.20	15.60	5,510,2006 6	0	1,780,000	7,290,2006 6	113,725,030
POSTAL SAVINGS BANK	24.5.2006 - 26.5.2006	5.6.2006	Banks	11.30-13.50	12.50	0	1,581,725	47,498,275	49,080,000	611,522,844
Total						5,510,2006 6	1,581,725	49,278,275	56,370,2006 6	725,247,874

TABLE XII

Public Offerings in the ATHEX, 2006 (Part B)

Main Under-writer	Advisor	Global Offering Coordinators	Distribution to NQIs	Total distribution to QIs	Demand from NQIs	Total QI demand (domestic & international)	QI Oversub-scription	NQI Oversub-scription	Total Oversub-scription	Weighted Oversubscription
EURO-BANK TELESIS FINANCE	Eurobank Telesis Finance	Citigroup Global Markets Ltd	2,825,853	3,645,033	24,860,744	35,852,481	8.03	8.80	8.33	947,126,310
NATIONAL BANK & PIRAEUS BANK	NBGI & Piraeus Bank	Goldman Sachs JP Morgan	17,099,379	30,398,896	79,800,106	177,908,407	5.85	4.67	5.43	3,317,902,442

Notes: General Note – Table Definitions: R.C.I.: Restricted Circle of Investors; QI: Qualified Investors; NQI: Non-Qualified Investors

1.Eurobank Properties SA: A combined offering, analyzed as follows: Domestic Offering and International Offering of 3,645,033 and 3,645,033 shares respectively. The total distribution includes the distribution of 680,000 Green Option shares.

2. Postal Savings Bank: A combined offering, analyzed as follows: Restricted Circle of Investors, Domestic Offering, International Offering — 1,581,725, 18,999,310 and 28,498,965 shares respectively. The distribution price of the share placed with a Restricted Circle of Investors (Private Placement) amounted to €11.25. The total Distribution includes the distribution of 5,070,000 Green Option shares.

TABLE XIII

Share Capital Increases by ATHEX-listed Companies, 2006

No	Company	Trading category	Approval date	Right Coupon Cut-off Date	SCI Period	Initial Trading Day for new shares	Capital Raised (€)	Issuing Price	Number of shares	Beneficiaries	Advisor/Underwriter Inv. Firm
1	ZENON SA1	Mid & Small Cap	21.12.2005	28.12.05	4.1.2006 -18.1.2006	8.3.2006	908,939,7	3.74	243,032	Existing Shareholders 2n(CR) → 1e(CR)	Eurobank Telesis Finance
							6,026553,7	3.74	1611,378	Distribution of unsold shares	
2	SEAFARM IONIAN SA	Suspension	-	-	24.1.2006	-	5,000,000,0	1.00	5,000,000	Strategic Investor-Nirefs (CR)	Eurobank Telesis Finance
3	EURODRIP SA2	Mid & Small Cap	26.1.2006	31.1.2006	6.2.2006 - 20.2.2006	8.3.2006	19,303,731,0	0.6	32,172,885	Existing Shareholders 3n(CR) → 1e(CR)	Eurobank Telesis Finance
							408,429,0	0.6	680,715	Distribution of unsold shares	
4	ATHENA SA3	Mid & Small Cap	2.3.2006	8.3.2006	14.3.2006 -28.3.2006	23.5.2006	12,070,858,0	1	12,070,858	Existing Shareholders 4n(CR) →10e(CR)	Eurobank Telesis Finance
							1,997,434,0	1	1,997,434,0	Distribution of unsold shares	
5	FORTHNET SA4	Large Capitalization	27.4.2006	2.5.2006	8.5.2006 -22.5.2006	29.5.2006	118,039,101,6	5.6	21,078,411	Existing Shareholders 5n(CR) → 4e(CR)	Proton Bank
							1,865,242,4	5.6	333,079	Distribution of unsold shares	
6	IDEAL GROUP SA	Suspension	-	-	18.3.2006 -23.5.2006	-	53,256,550,0	5	10,651,310	Partial Elimination of Preemptive Rights	-
7	DIAS INVESTMENT COMPANY SA5	Mid & Small Cap	31.5.2006	5.6.2006	9.6.2006 -10.7.2006	9.8.2006	16,597,619,5	1.24	13,385,177	Existing Shareholders 1n(CR) → 1e(CR)	Eurobank Telesis Finance
							14,538,780,5	1.24	11,724,823	Distribution of unsold shares	
8	NATIONAL BANK OF GREECE6	Large Capitalization	8.6.2006	14.6.2006	20.6.2006 -5.7.2006	11.7.2006	2,874,346,209,9	22.11	130,002,090	Existing Shareholders 4n(CR) →10e(CR)	-
							126,152,452,1	22.11	5,705,674	Distribution of unsold shares	
9	PLIAS SA7	Probation	29.6.2006	4.7.2006	10.7.2006 -24.7.2006	4.10.2006	10,817,135,7	0.32	33,803,549	Existing Shareholders 1.9 n(CR) → 1 e(CR)	-
							5,451,224,6	0.32	17,035,077	Distribution of unsold shares	

10	BIOSSOL SA[8]	Probation	29.6.2006	4.7.2006	10.7.2006 -24.7.2006	8.8.2006	2,203,633,5	0.3	7,345,445	Existing Shareholders 2n(CR) → 3e(CR)	Pentedekas Inv
							775,000,5	0.3	2,583,335	Distribution of unsold shares	
11	ACTIVE INVESTMENTS SA[9]	Mid & Small Cap	12.10.2006	17.10.2006	23.10.2006 -6.11.2006	Cancellation of SCI-Refund of Capital		1,23	3.398.374	Existing Shareholders 5,00971n(CR)>10e(CR)	-
12	ASPIS BANK[10]	Large Capital-ization	1.11.2006	6.11.2006	13.11.2006 -27.11.2006	12.12..2006	46,835,082,0	3.6		Existing Shareholders 3n(CR) →10e(CR)	Emporiki Bank
							5,901,652,8	3.6	1,639,348	Distribution of unsold shares	
13	DIAGNOSTOC & CURING CENTER YGEIA SA[11]	Large Capital-ization	22.11.2006	24.11.2006	30.11.2006 -14.12.2006	27.12.2006	59,920,000,0	2.8	21,400,000	Existing Shareholders 1n(CR) → 2e(CR)	Investment Bank of Greece
14	SINGULAR LOGIC SA[12]	Probation	-	-	-	-	56,000,000	2.8	20,000,000	Abolition of preemptive right of existing shareholders in favor of Greek/foreign strategic & Institutional investors	-
	TOTAL						3,438,415,630,56				

Source: HCMC

Notes: 1. The approved share capital increase by 1,854,410 common registered shares (total capital 6,935,493.4 €) was initially subscribed, through the exercise of options, by 13.11% (243,032 shares). Subsequently and after the acquisition of unsold shares by interested investors (1,611,378 common shares) it was covered by 100% respectively (i.e. 1,854,410 common shares).

2. The approved share capital increase by 32,853,600 common registered shares (total capital 19,712,160 €) was initially subscribed, through the exercise of options, by 97.93% (32,172,885 shares). Subsequently and after the acquisition of unsold shares by interested investors (680,715 common shares) it was covered by 100% respectively (i.e. 32,853,600 common shares).

3. The approved share capital increase against cash by 14,068,292 common registered shares (total capital 14,068,292 €) was initially subscribed, through the exercise of options, by 86.488% (12,070,858 shares). Subsequently and after the acquisition of unsold shares by interested investors (1,997,434 common shares) it was covered by 100% respectively (i.e. 14,068,292 common shares).

4. The approved share capital increase by 21,411,490 common registered shares (total capital 119,904,344 €) was initially subscribed, through the exercise of options, by 98.44% (21,078,411 shares). Subsequently and after the acquisition of unsold shares by interested investors (333,079 common shares) it was covered by 100% respectively (i.e. 21,411,490 common shares).

5. The approved share capital increase by 25,110,000 common registered shares (total capital 31,136,400 €) was initially subscribed, through the exercise of op-

tions, by 53.3% (13,385,177 shares). Subsequently and after the acquisition of unsold shares by interested investors (11,724,823 common shares) it was covered by 100% respectively (i.e. 25,110,000 common shares).

6. The approved share capital increase by 135,707,764 common unregistered shares (total capital 3,000,498,662 €) was initially subscribed, through the exercise of options, by 95.8% (130,002,090 shares). Subsequently and after the acquisition of unsold shares by interested investors (5,705,674 common shares) it was covered by 100% respectively (i.e. 135,707,764 common shares).

7. The approved share capital increase by 63,908,001 common registered shares (total capital 20,450,560.3 €) was initially subscribed, through the exercise of options, by 52.9% (33,803,549 shares). Subsequently and after the acquisition of unsold shares by interested investors (17,241,572 common shares) it was covered by 79.55% respectively, i.e. 50,838,626 shares of 16,268,360.32 €.

8. The approved share capital increase by 30,464,344 common registered shares (total capital 9,139,303.2 €) was initially subscribed, through the exercise of options, by 24.11% (7,345,445 shares). Subsequently and after the acquisition of unsold shares by interested investors (514,162 common shares) it was covered by 32.59%, i.e. 9,928,780 shares of 2,978,634 €.

9. The approved share capital increase of 4,180,000 € was cancelled because of under-subscription.

10. The approved share capital increase by 14,649,093 common registered shares (total capital 52,736,734.8 €) was initially subscribed, through the exercise of options, by 88.81% (13,009,745 shares). Subsequently and after the acquisition of unsold shares by interested investors (1,639,348 common shares) it was covered by 100% respectively (i.e. 14,649,093 common shares).

11. The approved share capital increase by 21,400,000 common registered shares (total capital 59,920,000 €) was initially subscribed, through the exercise of options, by 61.12% (13,079,680 shares). Subsequently and after the acquisition of unsold shares by interested investors (8,320,320 common shares) it was covered by 100%, i.e. 21,400,000 shares of 59,920,000 €.

12. The approved (on 18.9.2006) share capital increase by payment of cash that consisted of 20,000,000 common registered shares at €2.8 per shares, was fully subscribed on December 22nd, 2006, with the abolition of the preemptive rights of existing shareholders in favor of domestic qualified investors.

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