HELLENIC CAPITAL MARKET COMMISSION

2007

ANNUAL REPORT 2007

ATHENS 2008

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A NOTE FROM THE CHAIRMAN

In 2007, both the indices and the trading activity in the markets of the Athens Stock Exchange exhibited substantial growth despite the international turmoil, and the General Index of the ASE registered another annual gain of 17.9%. This growth has been the result of increased domestic placements by foreign investors, and intense corporate restructuring activity in the Greek market.

In 2007, the Hellenic Capital Market Commission reinforced the regulatory framework and the infrastructure for the supervision of the capital market by means of legislative initiatives and regulatory decisions. These actions enhanced investor protection, improved the effectiveness and liquidity of the market, as well as the operation of supervised firms, facilitated the streamlining of the framework governing the listing of companies in the Stock Exchange, and upgraded the operation of the transactions clearing and safeguarding systems.

A major initiative undertaken in 2007 was the transposition of EU Directive on Markets in Financial Instruments 2004/39/EC (MiFID) into Greek legislation by means of Law 3606/2007. MiFID is the most important regulatory reform introduced by the European Commission with the aim of integrating European capital markets. EU member-states have pledged to create a more efficient and integrated single market for financial services.

More specifically, MiFID is expected to promote the realization of this objective, since its provisions provide European investors with access to a wider range of low-cost financial products and services, and offer European investment firms national barrier-free access to other member-state markets, within a single regulatory framework that will enable them to perform efficient cross-border transactions in a competitive industry.

The transposition of MiFID into member-state legislation is expected to: increase transparency regarding the liquidity of all alternative execution venues (regulated markets, multilateral trading facilities, internalized transactions); increase retail investor protection through the regulation of a wide range of investment services, including specific "best execution" obligations; reinforce competition among stock exchanges and multilateral trading facilities; facilitate the association of investment firms with alternative trading venues throughout Europe; reinforce the investment firms' obligation to take all necessary steps in order to avoid any internal conflict of interest; and increase information disclosure to investors.

Under the mandate of Law 3606/2007 the Commission issued nine regulations, which incorporate the executive measures laid out by MiFID and set the code of conduct for investment firms, the minimum organizational requirements for investment firms, the evaluation of qualifying holdings, the fitness test applied to managers and directors of entities licensed under Directives in the financial field, the registration of tied agents in the public register, the exemptions from the transparency requirements, the transaction disclosure and information recording obligations, the conditions for the authorization of regulated markets, and the bookkeeping obligations of financial intermediation firms.

Another significant initiative undertaken in 2007 was the transposition into Greek legislation of EU Directives 2006/48/EC and 2006/49/EC on the capital adequacy of credit institutions and investment firms, by means of Law 3601/2007. Under the mandate of this law the Commission issued six regulations, which establish the rules for: the calculation of the capital adequacy requirements of investment firms; the own funds of investment firms incorporated in Greece; the calculation of the investment firms' minimum capital adequacy requirements for credit risk in accordance with the standardized approach; the investment firms' capital adequacy requirements for market risk; the investment firms' capital adequacy requirements for counterparty risk; the investment firms' capital adequacy requirements for operational risk; the monitoring and control of large exposures of investment firms; the internal assessment of the investment firms' capital adequacy, and its prudential supervision and assessment by the Capital Market Commission, as well as the disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks.

Moreover, in 2007 another important initiative was the transposition into Greek legislation by means of the law 3556/2007 of the EU Directive 2004/109/EC regarding the transparency requirements for the provision of information regarding issuers whose transferable securities have been admitted to trading. The law modernizes and concentrates the periodic and continuous obligations for the provision of information to investors regarding issuers whose securities have been admitted to trading on regulated markets and their shareholders, making such information more useful and updated.

More specifically, the law 3556/2007 introduces provisions for the timely disclosure of precise information for issuers incorporated in Greece. The law provides for the obligations for the provision of information regarding economic performance and evolution of the issuers following the end of the financial year as well as every six months. The law also provides for disclosure obligations related to changes in shareholdings aiming at the provision of improved information of investors and the raising of the transparency level of the market.

Finally, a major advance for the year 2007 has been the enactment of the regulatory framework for the operation of Exchange Traded Funds. The overall institutional framework includes the regulation of Exchange Traded Funds, the means of contributing transferable securities for the acquisition of shares in mutual funds, the method of stock exchange index reproduction by mutual funds, and the increase of the investment limit for mutual funds that reproduce the composition of the FTSE-ASE 20 index.

During 2007, the Commission continued its auditing and supervisory work. The audits revealed several illegal practices, which led the Commission to levy fines totally worth €3.82 million, the proceeds credited with the Greek State, and to submit in some cases indictments to criminal courts.

Finally, during the previous year the HCMC was involved in many international and European initiatives, through its membership in bodies such as the IOSCO and the CESR. More specifically, after the completion of the measures of the Level II legislative procedure provided for by the Lamfalussy Report, the HCMC focused its contribution on the transposition of new European directives into national law, on the European integration of supervisory practices and on the continuation of the chairmanship of the newly-formed Econet Expert Group of the CESR.

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 objectives of the HCMC are to ensure the integrity of the market, to mitigate systemic risks, and to protect investors by increasing transparency. 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 capital market entities supervised by the HCMC include brokerage firms, investment firms, mutual fund management firms, portfolio investment companies, real estate investment trusts, and financial intermediation firms. Moreover, the HCMC oversees the compliance of ASE-listed companies with capital market legislation. The members of the boards of directors and the executive managers of the aforementioned entities must comply with the rules and regulations. The HCMC is responsible for the approval of prospectuses, as far as investor requirements to receive complete information during public offerings and the listing of securities in organized markets is concerned. Entities and organizations subject to supervision by the HCMC also include regulated markets, clearing houses and their administrators, such as the Athens Stock 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 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 members of the Board are appointed by the Minister of Economy and Finance. The appointment of the Chairman requires the approval of the competent committee of the Greek Parliament. The other six board members are selected from a list of eighteen candidates, jointly submitted by the Bank of Greece, the Board of Directors of the Athens Stock Exchange, the Union of Institutional Investors, the Federation of Greek Industries, the Association of Athens Exchanges Members and the Hellenic Bank Association.

In 2007, 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, approving of corporate prospectuses, 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

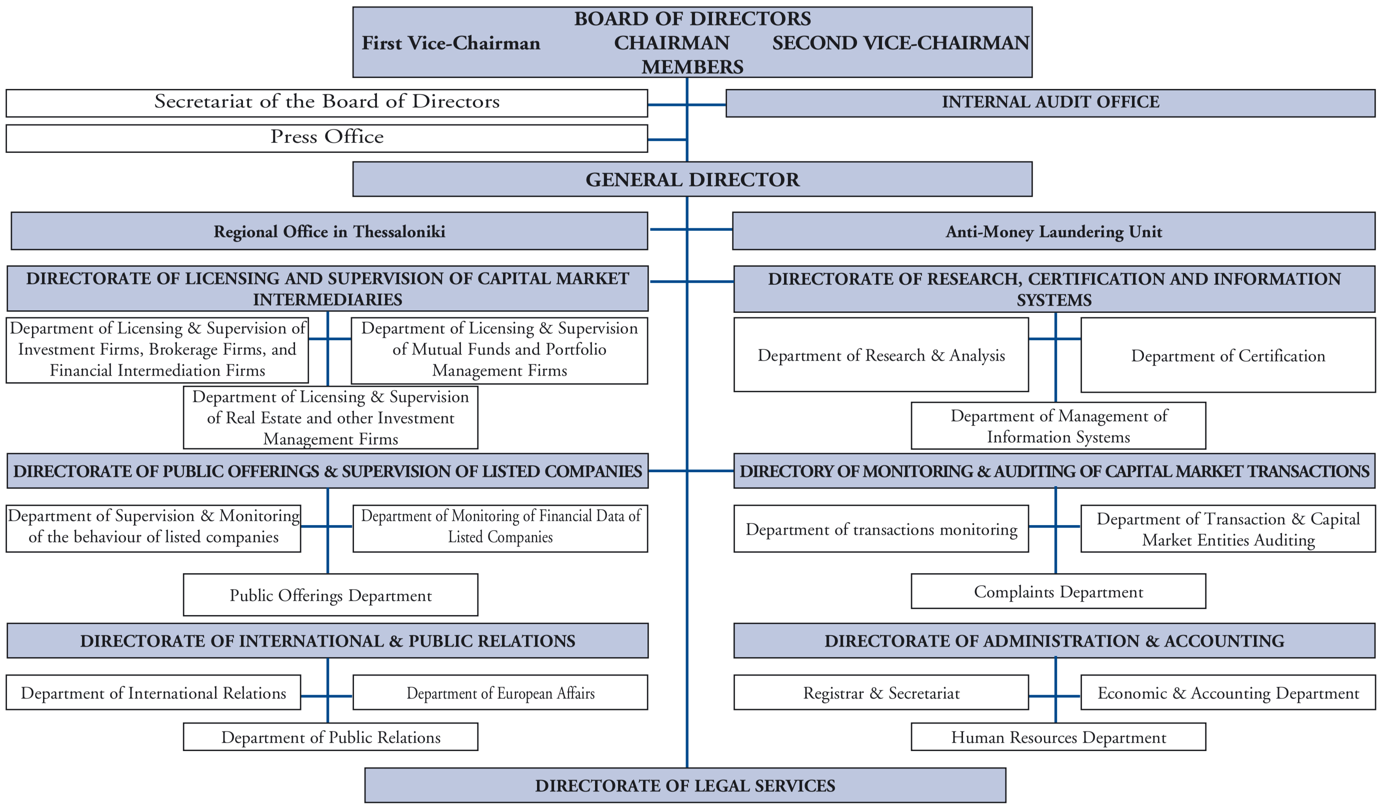
The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions made by the Board of Directors. It is responsible for the Commission's daily management and the supervision of its operations.

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 Organisation Chart of the Hellenic Capital Market Commission



PART TWO

MARKET DEVELOPMENTS

MACROECONOMIC DEVELOPMENTS

The Greek Economy

In 2007, the Greek economy showed strong growth rates. According to the Update of the Stability & Growth Programme (USGP) (Dec. 2007) of the Ministry of Economy and Finance, Greece's Gross Domestic Product (GDP) increased by 4.1% in constant prices. In 2007, the Greek economy's growth rate outperformed by far the Euro zone average, and exceeded the SGP's forecasts for the previous year. Consumption and investment were the main growth drivers for 2007.

Private consumption increased by 3.2% in 2007, as compared to 4.2% in 2006, while public consumption increased by 4.2%, as compared to a -0.7% decrease in 2006. Retail sale volume growth amounted to 2.6% in the period January-September, while new passenger vehicle registrations increased by 4.3% after the standstill of 2006.

Total fixed capital investment (including inventory changes) increased by 8.9% in 2007, as compared to 14.8% in 2006. It is estimated that total investment has contributed 2.4 percentage points to the economic growth rate. More specifically, it is estimated that private investment (excluding investment in housing) increased by 13.7% in 2007, adding 2.2 percentage points to the growth rate. Public investment increased by 6.3% in constant prices during the period January-October 2007. In particular, investment in housing registered a slight increase of 1%, investment in construction increased by 15.5% and investment in equipment increased by 10.0%. Conversely, private construction activity decreased by 5.5% in the first nine-months of 2007; this compares to a 4.6% increase during the same period of 2006.

The exports of goods and services increased by 8.0% in 2007, as compared to 5.1% in 2006, adding 1.7 percentage points to GDP growth. More specifically, the exports of goods registered an annual increase of 6.3% and the exports of services an annual increase of 9.4%. Imports of goods and services grew by 8.4%, as compared to 8.7% in 2006. In particular, the imports of goods registered an annual increase of 8.5% and the exports of services an annual increase of 7.8%.

Real wage growth is estimated to 3.2% in 2007, while real gross disposable income growth is estimated to 4.1%, contributing to an anticipated 3.2% increase in private consumption.

In the third quarter of 2007, unemployment fell to 7.9%, while the percentage of the long-term unemployed was reduced to 4.3%. Total employment growth is estimated at 1.8% for 2007, while the unemployment rate is expected to reach 7.6% in national accounting terms.

It is estimated that the inflation rate for 2007, based of the annual growth rate of the Harmonized Consumer Price Index, fell to 2.8%, from 3.3% for the entire 2006. According to Bank of Greece data, this reduction mainly reflects the reduction in imported inflation, and the deceleration of the increase in processed food prices. In contrast, core inflation, which excludes energy and non-processed food prices, moved upwards, mainly as a result of price increases in oil and other staples, the growth of aggregate demand and an increase in the unit cost of labour.

In 2007, the business climate improved and there was an increase in new investment, especially in commerce and shipping. This development increased the financing needs of enterprises, which continued to favour the issuance of corporate bonds against bank lending. Nevertheless, total bank lending to households continued to expand at a high annual rate, while overall mortgage lending growth decelerated and households shifted towards mortgage loans with fixed rates for periods of more than one year.

In 2007, fiscal adjustment was sustained. According to data from the Ministry of Economy and Finance, the general government debt was reduced to 93.4% of GDP from 95.3% in 2006, while the general government deficit amounted to 2.7% of GDP, remaining below the acceptable 3% threshold set by the European Union.

According to recent Monetary Policy Reports of the Bank of Greece, the Greek financial system continued to show increased stability, sustaining its profitability, capital adequacy and liquidity at satisfactory levels. Moreover, the turmoil that broke out in international financial markets during 2007 had a marginal effect on the cost of funds and liquidity of Greek banks, thanks to their limited exposure to products related to the US subprime mortgage market.

TABLE 1

Macroeconomic indicators of Greece, 2006-2007

Aggregates	**2006**	**2007**
Aggregate Demand and GDP (percent, y-o-y, constant prices)		
Gross Domestic Product	4.0	4.1
Private Consumption	3.8	3.2
Public Consumption	2.1	4.2
Gross Fixed Capital Formation	9.1	8.9
Domestic effective demand	5.2	5.4
Exports of Goods & Services	5.1	8.0
Imports of Goods and Services	6.5	8.4
Production & Employment		
General Index of Industrial Production (percent, y-o-y)	0.9	-
Total employment (percent, y-o-y)	1.7	1.8
Labour productivity (percent, y-o-y)	2.2	3.0
Salaries (percent, y-o-y)	8.7	8.6
Unit Labour Cost (percent, y-o-y)	3.8	6.1
Unemployment rate	9.2	
Prices & Monetary Aggregates		
Consumer Price Index (% average annual change)	3.2	3.0
Harmonized CPI (% average annual change)	3.3	2.9
Euro Zone inflation rate (% average annual change)	2.2	2.1
Total credit expansion (percent, y-o-y)	13.9	9.0
Credit expansion to the private sector (percent, y-o-y)	21.0	12.7
Credit expansion to the Public sector (percent, y-o-y)	-6.0	-2.3
10-year Treasury Bond Yield (percent, year average)	4.03	4.4
Public Finances (percent of GDP)		
General Government Balance	-2.6	-2.7
General Government Primary Surplus	2.0	1.2
General government debt	104.1	93.4
External Account		
Trade weighted nominal exchange rate (percent, annual change)	0.1	0.2
Trade Balance (percent of GDP)	-16.6	-12.8
Current Account Balance (percent of GDP)	-10.8	-12.0

Source: Ministry of Economy and Finance Stability Programme Dec. 2007,
Bank of Greece: Monetary Policy 2007-2008.

The International Economy

In 2007, the global economy was plagued by increased uncertainty and intense financial market volatility. Nevertheless, the international economic climate remained favourable for business activity, which grew by an average rate of approximately 5.2% in 2007, clearly outperforming the long-term average. The turmoil in the US subprime mortgage market spread out to many advanced markets, causing liquidity shortages that threatened the viability of major financial institutions. As a result, there was an increase of volatility in international money and capital markets, along with an increase in uncertainty regarding the overall repercussions of the crisis on the financial sector, leading to the pursuit of safer types of investment. In such an environment, the advanced economies' central banks intervened in the markets, in order to provide the liquidity required for restoring normality.

According to data from the International Monetary Fund the economies of China, India and Russia sustained their strong growth rates, which, taken as a whole, accounted for almost half of the global growth rate for 2007. Inflation in the advanced economies was contained, and in the Euro zone remained below 2%; however, inflation rose in developing economies, reflecting a significant increase in energy and food prices. In

2007, international trade volumes continued to grow, albeit more slowly. China remains one of the most important countries worldwide in terms of trading activity. In 2007, the major foreign exchange rates followed the trends that had emerged in 2006. The value of the US dollar declined once again, while the value of the Euro rose to levels consistent with the fundamentals of the European economy; the value of the Japanese yen recovered; and the Chinese Yuan was gradually revaluated against the US dollar.

European monetary policy focused on containing inflationary expectations, sustaining economic growth, and creating new jobs in the Euro zone, aiming, at the same time, to ensure the stability of the financial system. In 2007, the European Central Bank increased its base rates, leading to an increase of short-term interest rates in the Euro zone. This trend was also evident in long-term interest rates, as well as share prices. In 2007, employment growth in the Euro zone remained at the same levels, while the unemployment rate continued the decline that started in mid-2004, approaching 7.2% by the end of the year, and leading to the lowest jobless rate since early 1980.

TABLE 2

Macroeconomic indicators of Europe, 2004-2006

Country	Gross Domestic Product Annual change %)			Exchange Rate			Inflation Annual change %)			Gross National Debt (% of GDP)		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Austria	2.9	3.1	2	-	-	-	1.6	1.4	1.7	60.6	62.2	63.5
Belgium	2.3	3.1	1.1	-	-	-	1.8	2.2	2.9	85.6	89.1	93.2
Denmark	2.3	3.1	3.1	7.45	7.46	7.45	1.9	2.1	2.2	25	30.2	36.3
Finland	3.1	5.5	2.9	-	-	-	1.7	1.9	0.1	37	39.1	41.4
France	2.4	2	1.2	-	-	-	1.3	1.2	2	62.9	63.9	66.2
Germany	2.5	2.7	0.9	-	-	-	1.6	1.3	1.3	65.4	67.9	67.9
Greece	3.7	4.3	3.7	-	-	-	3	3.4	3.7	100.9	104.6	107.5
Ireland	5	6	5.5	-	-	-	2.7	2.6	1.2	23	24.9	27.4
Italy	1.9	1.9	0.1	-	-	-	2	2.7	2.4	105	106.8	106.2
Luxembourg	5	6.2	4	-	-	-	2.3	3.1	3.6	6.7	6.8	6.1
Netherlands	2.8	2.9	1.5	-	-	-	1.4	1.9	1.6	47.7	48.7	52.7
Portugal	1.8	1.3	0.5	-	-	-	2.3	3.3	2.5	65.4	64.7	63.6
Spain	3.7	3.9	3.5	-	-	-	2.6	3.6	3.4	37	39.9	43.2
Sweden	3.8	4.4	2.9	9.26	9.25	9.28	1	1.3	1.3	42.1	46.9	52.2
Britain	2.8	2.8	1.9	0.68	0.68	0.68	2.3	2.3	2.5	44	43.5	42.2
Estonia	8.7	11.4	10.5	15.65	15.65	15.65	4.3	3.2	2.9	2.7	4.1	4.4
Cyprus	3.8	3.8	3.9	0.58	0.58	0.58	1.9	2.6	2.7	61.5	65.3	69.2
Latvia	9.6	11.9	10.6	0.71	0.7	0.7	8	8.3	8.7	8	10	12
Lithuania	7.3	7.5	7.6	3.45	3.45	3.45	3.8	2.4	3.7	18.6	18.2	18.6
Malta	3	2.9	3	0.43	0.43	0.43	1.4	2	2.6	65.9	66.5	72.4
Hungary	2.4	3.9	4.2	247.53	264.26	248.05	7.5	3.2	3.6	67.1	66	61.7
Poland	6.1	6.1	3.5	3.85	3.9	4.02	1.9	0.9	2.2	48.4	47.8	47.1
Slovakia	8.5	8.3	6	33.64	37.23	38.6	2.7	5.1	2.6	29.7	30.7	34.5
Slovenia	4.3	5.2	4	-	239.6	239.57	2.5	2.4	2.2	27.5	27.8	28.4
Czech Republic	4.9	6.1	6.1	27.98	28.34	29.78	2.3	2.3	1.7	30.6	30.4	30.4
EU 27	2.9	3	1.7	-	-	-	2.2	2.3	2.2	59.9	61.7	62.9
Bulgaria	6.1	6.1	6.2	1.96	1.96	1.96	3.2	5.2	5.2	20.9	22.8	29.2
Romania	6.7	7.7	4.1	3.35	3.53	3.62	4.3	5.1	7.1	12.8	12.4	15.8
USA.	2.2	3.3	3.2	1.33	1.26	1.24	1.9	2.7	2.9	N/A	N/A	N/A
Japan	2.3	2.2	1.9	158.89	146.02	136.85	-0.1	-0.3	-0.8	N/A	N/A	N/A

Source: European Economy

GENERAL OVERVIEW OF THE CAPITAL MARKET

International Capital Markets

In 2007, there was an increase in both international stock market indices, and international volatility. European and American markets yielded two-digit returns, while developing markets fared even better. The course of international stock markets was mainly affected by energy price hikes, the international revaluation of the Euro, the repercussions from investment exposure to structured financial products, and the widespread turmoil in the US subprime mortgage market. The growth of international liquidity occurred within a controversial monetary policy environment: the annual rate of the US dollar rose from 5.34% at the end of 2006 to 4.19% at the end of 2007, while the rate of the Euro rose from 4.03% at the end of 2006 to 4.74% at the end of 2007.

According to data from the Financial Times (02.01.2008), in 2007 the MSCI World ($) index registered an annual gain of 6.89%, sustaining the growth of the previous year. Moreover, the MSCI Europe (€) index rose by 3.33%, the MSCI Pacific ($) index by 4.77%, the DJ Euro Stoxx (€) index by 5.32%, and the FTSE Eurotop 300 (€) index, which includes the largest listed European companies, rose by 0.25%. The performance of most European capital markets lagged behind those of the US, with the exception of Frankfurt, which registered substantial gains, while the Japanese market showed a marked decline. More specifically, the FTSE 100 (£) index of the London Stock Exchange rose by 3.80% year-on year, the CAC-40 (€) of the Paris Stock Exchange rose by 1.31% and the Dax Xetra (€) index of the Frankfurt Stock Exchange rose by 20.5%, whereas the Dow Jones Industrial Average ($) increased by 6.10%, the NASDAQ Comp ($) rose by 9.27% year-on-year, and the Nikkei 225 Average (¥) registered a decrease of 11.13%.

Stock market indices in developing countries soared, registering capital gains for a fifth consecutive year, with the support of uninterrupted investment inflows from developed countries. More specifically, Chinese company shares repeated the substantial gains of the previous year, while the value of transactions in the Shanghai stock exchange skyrocketed. The indices of China's Shenzhen and Shanghai stock exchanges registered rather high annual gains of 162.8% and 96.7% respectively.

The rise of stock market indices during 2007 was accompanied by an upsurge in stock market volatility. The greatest fluctuations of the year occurred in July-August and October-December, mainly because of the erosion of stability in global markets in consequence of the crisis in the US subprime mortgage market. The central banks' swift reaction restored market stability.

In 2007, there was a substantial increase in the total value of transactions in international stock markets, largely emanating 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 (WFE), the value of share transactions worldwide increased significantly in 2007. The total value of transactions performed in WFE-member exchanges exceeded $100 trillion, registering a year-on-year increase of 43.8%. This increase was mainly generated in the stock markets of Asia (+76.8%), Europe and the Middle East (+43.7%), and to lesser extent by those of North America (+32.7%). More specifically, the value of share transactions amounted to US$29,210 bn (+34.0%) in the NYSE; US$15,320 bn (+29.7%) in the NASDAQ; US$10,324 bn (+26.1%, local currency) in the London Stock Exchange; US$5,648 (+36.5%, local currency) in the Euronext; US$4,324 bn (+45.2%, local currency) in Frankfurt's Deutsche Borse; US$2,971 bn (+41.1%, local currency) in the BME Spanish Exchanges; US$2,312 bn (+33.6%, local currency) in the Borsa Italiana; US$1,863 bn (+33.6%) in Sweden's OMX; US$169.4 bn (+43.7%) in the Athens Stock Exchange; US$6,476 bn (+12.2%, local currency) in the Tokyo Stock Exchange, while the value of transaction in the Shanghai and Shenzhen Stock Exchanges rose by 451% and 396% respectively.

In 2007, the value of transactions in international bond markets showed wide variations. More specifically, the value of transactions in the NYSE rose to US$5,854 billion (+55.8%); in the London Stock Exchange increased slightly to US$3,605 bn (+0.7%, local currency); in the Euronext plummeted to US$189 bn (-52.3%, local currency); in the Deutsche Borse increased slightly to US$317 bn (+0.7%, local currency); in the BME Spanish Exchanges rose to US$5,854 bn (+8.2%, local currency); in the Borsa Italiana rose to US$206 bn (+21.3%, local currency); in the Athens Stock Exchange climbed to US$18.3 bn (+204.5%); in the Tokyo Stock Exchange plummeted to US$2,949 bn (-41.6%); and in the OMX fell to US$2,797 bn (-10.9%).

In 2007, there was a substantial increase in the volume of transactions on derivative products. More specifically, the number of stock option contracts traded in the International Securities Exchange registered a spectacular increase of 38.2%, and in the Chicago Board of Trade (CBOT) climbed by an impressive 28.2% year-on-year. Growth was equally impressive in European markets: the number of stock option contracts rose by 18.2% in the Eurex, by 13.0% in the OMX, by 18.0% in the Borsa Italiana, and by 12.3% in the Spanish Exchange. The volume of futures traded rose by an impressive 157.1% in the Euronext/Liffee exchange, increased by a stout 47.4% in the Eurex, and rose by a mere 0.8% in the BME Spanish Exchange.

Furthermore, in 2007 there was a major rise in the value of transactions on securitized financial instruments. The value of transactions in the Hong-Kong stock exchange increased by 166% year-on-year, in the Deutsche Borse increased by 54% and in the Borsa Italiana increased by 34%. There was also a significant increase in the value of transactions on Exchange Traded Funds (ETFs) worldwide. The value of transactions in the New York Stock Exchange increased by 26.2% year-on-year, in the Deutsche Borse increased by 74% and in the Euronext increased by 169%.

In 2007, commodity trades continued to increase, mainly due to the escalation of oil prices during the first months of the year, and the subsequent rise in the prices of gold and other metals. During the year, the value of the US dollar declined against all other major currencies, on account of persistent concerns that the US might ease their monetary policy in order to curb their budget deficits and mitigate the adverse consequences from the "credit crunch" on the national economy.

In 2007, there was a major increase in the total market capitalization of international stock exchanges. Total market capitalization in WFE-member exchanges exceeded $60.7 trillion, increased by 20% year-on-year. More specifically, the New York Stock Exchange remains the leading stock market in terms of listed company capitalization, with a market value of US$15.65 trillion (+1.5%), followed by the Tokyo stock exchange with a market capitalization of US$4.33 trillion (-12.0%, local currency), the Euronext with a market capitalization of US$4.22 trillion (2.7%, local currency), the NASDAQ with a market capitalization of US$4.01 trillion (+3.8%), and the London Stock Exchange with a market capitalization of US$3.85 trillion (-0.2%, local currency).

In 2007, 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 of all types approached US$876.3 bn, registering a year-on-year increase of 21.8%. The most significant portion of this increased issuing activity included large international initial public offerings in Europe and Asia, especially China, which were absorbed by the investors' revived appetite for convertible corporate securities.

In 2007, the value of stock public offerings amounted to US$389.2 bn, and accounted for almost 44.4% of the total international value of stock offerings (as compared to 45% in 2006) representing 2,073 public offerings. The value of international initial public offerings increased by 14.9% year-on-year and rose to US$308.7 bn, reaching an historic high, while the value of convertible securities offered during the same year rose by 20.4% year-on-year and stood at US$178.4 bn. Total investment bank income from the provision of stock underwriting services worldwide is estimated to approximately US$41.51 bn, with the top-10 banks accounting for 55.7% of this amount.

In terms of IPO numbers, the London Stock Exchange outperformed once again both the New York Stock Exchange and the NASDAQ. In 2007, 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 Europe and the Middle East, the value of stock issues amounted to US$342.2 bn in 2007, increased by 19.6% year-on-year. Europe's largest international initial public offering concerned the share of Fortis (US$26.4 bn). In Europe, stock issuing activity exhibited fluctuations as a result of the global instability caused by the "credit crunch", while new convertible bond issues stood at US$39.6 bn, increased by 55.3% year-on-year. The most important stock public offerings occurred in the energy sector. In Europe, the largest issuing activity of 2007 occurred in the United Kingdom (US$44 bn, as compared to US$45 bn in 2006), followed by France (US$33 bn, as compared to US$45 bn in 2006), Belgium (US$33 bn, as compared to US$5 bn in 2006), and Russia (US$32 bn, as compared to US$10 bn in 2006). In 2007, the number of new stock issues in the US decreased by 2.2% to 787 issues, which raised US$226.5 billion, registering an annual value increase of 8.8%. The same data also show a decrease in the number of block trades and secondary public offerings worldwide.

In addition, the total international value of fixed income security underwritings approached US$6.6 trillion in 2007, increased by 7% year-on-year, in consequence of widespread concerns about the financial health and stability of international markets. On the contrary, the value of fixed income security issues soared in developing countries, while the value of asset-backed security issues, including collateralized debt obligations (CDOs), decreased by 26%. The returns of high-yielding and speculative grade bonds decreased by 10% and 3% respectively. The value of corporate bonds issued worldwide accounted for 46% of the total value of fixed income security offerings in 2007, as compared to 44% in 2006. The value of asset-backed security offerings accounted for 36% of the total value of fixed income security offerings in 2007, as compared to 42% in 2006. Fixed income security offerings by health and retail sector companies worldwide increased by 85% and 80% respectively, while fixed income security offerings by media companies decreased by 41% year-on-year.

In 2007, corporate restructuring was once more the main feature of international markets. According to data from Thomson Financial (Global Financial Markets), the total international value of company mergers and acquisitions reached US$4.5 trillion, registering an annualized increase of 24%, on top of a 37.9% increase in 2006 and a 38.4% increase in 2005. Although M&A activity was discouraged by the subprime mortgage crisis, cross-border merger and acquisition activity received a boost in 2007 by investments originating from the Middle East and Asia.

Cross-border mergers and acquisitions accounted for 47% of total international activity, as corporate consolidation persisted and continued to generate new activity in the raw materials, energy and financial services sectors. Corporate consolidation in Raw Materials and Energy during 2007 accounted for almost 29% of total activity worldwide, owing to a US$145 bn bid made by BHP Billiton for the acquisition of RioTinto, the second largest takeover bid ever made. Corporate consolidation in the financial sector during 2007 accounted for almost 16% of total activity worldwide, mainly owing to the acquisition of ABN Amro by a group of companies led by the Royal Bank of Scotland. Finally, the largest number of corporate consolidations in 2007 occurred in the Manufacturing sector, with 5,600 mergers and acquisitions worldwide. The growth of M&A activity is largely due to the involvement of large private equity funds and sovereign wealth funds, whose transactions amounted to US$872.4 billion, accounting for 19.5% of total M&A value worldwide. The effect from the "credit crunch" on the activities of these investors was rather evident in the field of large capitalization company takeovers, given that only one merger with a value in excess of US$5 billion was announced during the second half of the year, as compared to 32 such deals during the first half of 2007.

In Europe, M&A value stood at US$1.8 trillion, increased by 38.3% year-on-year, and exceeding the value of US deals for the first time since 2002. This increase is chiefly the outcome of the mergers between BHP Billiton and RioTinto, as well as between ABN Amro and the Royal Bank of Scotland. M&A activity comprised a total of 13,684 merger and acquisition deals, of which 1,553 in the financial and 1,206 in the energy sector. Among European companies, British companies became the most usual acquisition targets, with 3,182 corporate deals, worth a total of US$581, 16 bn, followed by German companies (1,798 deals, worth US$149,7 bn), and French companies (1.297 deals, worth US$171,8 bn).

In the US, M&A activity stood at US$1.6 trillion in 2007, a record low since 2000 that accounted for 36% of international activity as compared to 41% in 2006. The crisis in the subprime mortgage market was the most important factor behind the reduction in activity during the second half of the year. In spite of the negative effects from the crisis, cross-border merger & acquisition activity that involves US companies increased in 2007, as a result of the depreciation of the dollar, which turned these companies into more attractive acquisition targets. Thus, the value of US mergers and acquisitions that was generated by foreign capital inflows increased by more than twice in 2007. The most important corporate deals that were affected by the crisis in the subprime mortgage market were the leveraged takeovers of United Rentals by Cerberus Capital, and Sallie Mae by a group of companies led by JC Flowers. In 2007, total investment bank income from the provision of advice on corporate M&A's worldwide is estimated at approximately US$44 bn, as compared to US$37.9 bn in 2006.

In 2007, there were further major developments in stock exchanges, and international market infrastructures. The expansion of the electronic execution and clearing of transactions was enhanced by intense competitive pressures worldwide, while 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. As part of the implementation of MiFID 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.

International market prospects for 2008 are largely conditional on developments in the global economy, and the outcome of the crisis in the US subprime mortgage market. Increased price instability in many categories of financial instruments during the past few months has spawned cautiousness among investors in all financial markets. Almost concurrently, oil prices exceeded the US$100 per barrel limit; the price of gold exceeded the US$800 per ounce threshold, while works of art were auctioned at unusually high prices. Nevertheless, capital markets showed signs of stability, despite the ongoing crisis in the US subprime mortgage market. Moreover, new players have emerged in financial markets: new investors with rapidly increasing wealth, such as oil-dollar investors, Asian central banks, hedge funds, and sovereign wealth funds, are on the lookout for attractive investment opportunities. The financial world is undergoing a fundamental transition.

The rise of emerging markets has shifted economic growth centres and capital flows from the developed countries of the West and towards emerging economies. The global economy has been reducing its dependence on the US economy during the past few years. In 2007, emerging economy growth accounted for 75% of global economic growth, with China, which is expected to become the world's largest growth economy in 2008, contributing 30% of global GDP growth. The growth momentum of emerging economies is expected to determine developments in the global markets in 2008, as well as in the forthcoming years. This means that the global economy is expected to sustain its strong growth drive in the close future, growing by almost 4% per annum. The crisis in the US subprime mortgage market persists, and the danger of a recession in the US economy is looming large. Nevertheless, the American economy is expected to stabilize in 2008, as a result of the reduction in interest rates, the boosting of exports, and the relatively sound financial position of the country's corporations.

The re-emergence of inflation during 2007 is a fact, albeit its future momentum is weak. The oil price hikes of the past few months have pushed inflation in the Euro zone and the US to 3% and 4% respectively. However, inflation is expected to fall in 2008, as the negative impact from the oil price spike will wear off, and the containment of worldwide production costs continues to keep the prices of goods and services at low levels. Given that the emerging markets have long ago joined the international division of labour, the international supply of labour has increased manifold. Another deflationary factor is expected to arise from continued deregulation and major political reforms in many emerging and developed countries. The US dollar is expected to remain weak both against the Euro and other national currencies during 2008. However, there are certain factors that facilitate the medium-term stabilization of the dollar: the gradual recovery of the American economy, the stabilization of interest rates, and the reduction of the country's dual deficits.

Faced with the uncertainty of our times, the large central banks will continue to adopt differing monetary policies. In this vein, further interest rate cuts are expected in the US, in order to prevent a recession, along with the maintenance of the Euro zone's interest rates at their current levels by the European Central Bank, and a slight interest rate increase in Japan.

In 2008, activity in international bond markets is expected to remain weak. Nevertheless, bond yields are expected to rise in the medium-term, following the revival of global markets, and the slowdown of capital flows towards investment grade securities, as a result of the ongoing crisis. Activity in international stock markets is expected to face increased uncertainty in the short-term, followed by positive prospects in the medium- and long-terms. Stock markets are nowadays driven by opposing forces: on one hand they are adversely affected by the slowdown of the US economy, the increase in financial intermediation costs, and the fact that profit growth has already reached high levels; on the other hand they are supported by the repeated interest rate cuts in the US, the strength of the global economy, and the existence of ample and increasing liquidity that originates, to a great extent, from emerging markets. The favourable valuations of most capital markets, which include price to earnings ratios (P/E) that range from 12 to 14 (actually lower than those prevailing during the largest part of 2007) support the positive medium- to long-term outlook of stock markets.

Hedge funds and sovereign wealth funds are expected to sustain their strong investment activity. Despite the crisis, alternative investments will continue to attract increased international demand thanks to their differentiated features. Similarly, the prices of agricultural commodities, such as soy beans, maize and wheat, are expected to increase in consequence of global climatic changes, the huge increase in demand from China and India that have become net importers of wheat and maize, as well as the use of these commodities as alternative energy sources. Global reserves have reached all-time lows, and the consequences of climatic change increase the volatility of expected harvest levels. Finally, under the current conditions of uncertainty, demand for gold is expected to keep on growing, leading to a further increase in its price.

The ongoing crisis in international markets

In 2007, global financial markets were hit by a major turmoil, which was triggered by the worsening situation in the US market for subprime mortgage-backed securities. Certain signs of this turmoil had already been evident in the increased provisions posted in banking balance sheets for 2006. But no effort to remedy the problem would have caused such an upheaval in global markets. What actually triggered this turmoil, which is developing into a full-fledged crisis, was the outcome of developments in the markets for structured financial instruments, such as collateralized debt obligations (CDOs), which were developed in order to satisfy investor demands for higher yields. As forecasts of increased default rates in the US subprime mortgage market were rapidly confirmed, it became evident all over the world that structured financing implied limited market transparency, uncertainty in terms of distribution, and high potential capital loss.

The crisis unfolded in successive waves that were reflected on the volatility of stock market indices. Anticipating the crisis, central banks had increased interest rates, in order to contain the surge of inflationary pressures. The deterioration of the subprime mortgage market was clearly evident in February 2007, when the growing number of bankruptcies led to a downgrade in the ratings for certain portions of placements on structured financial products, and increased the possibilities of default for certain US issuers of such products. In June 2007, different portions of investments in structured financial products (mainly intermediate CDOs) started to sustain losses, leading to the collapse of two hedge funds that were managed by the Bear Sterns investment bank, and had been heavily exposed to such instruments, and forcing credit rating agencies to revise their ratings downwards - sometimes to a large extent. In late July 2007, a US special investment vehicle (SIV) reported substantial losses from placements on subprime mortgage-backed securities, failing, at the same time, to raise the requisite funds from the credit market. During the same period, the French bank BNP Paribas temporarily suspended the acquisition of shares in hedge funds, because of problems in the valuation of structured financial products. These developments caused widespread investor abstention from securitized loans markets and the reduction of SIV financing for the acquisition of off-balance sheet assets. On the other hand, banks were forced to accumulate liquidity in view of the imminent risk of financial obligation call-ins, causing asphyxia in the interbank market and the funding of the banks' short-term obligations. After a brief lull in October 2007, negative expectations about the potential scale of capital losses by large international investment banks were rekindled, causing increased concern regarding counterparty risk in international transactions, extending the asphyxia to money markets, and leading central banks to infuse liquidity. The severe drop of yields in the subprime mortgage security markets led to a reduction of US Treasury Bill yields that reflected the sudden flight of capital towards lower-risk, investment grade securities, and the reversal of expectations regarding the course of monetary policy. Against such a backdrop, the European Central Bank (ECB) maintained its basic refinancing rate at 4%; however, the fear of a looming recession of the US economy led the Federal Reserve to reduce its interbank rate from 5.25% in August to 3.5% by late 2007.

It is argued that these events were the result of the market incentives that affect the behaviour of banks, investors and depositors, who developed a financial activity that led them to such behaviour, and can, thus, be explained by an analysis of the incentive structure that governs the operation of modern global stock markets.

Indeed, one of the most remarkable changes in the global economy during the past decade was the reduction in interest rates. This reduction was partly the outcome of reduced inflation, given that central banks have regained monetary control following the huge inflation rates of the 70s and the 80s, and partly the result of the proliferation of very low-interest borrowing options in the global market.

It is claimed that the main explanation for the large drop of real interest rates can be found in the increase of savings rates in other parts of the world. Japan had been a net depositor for more than a quarter of a century. Following the Asian crisis of the mid-90s, many Asian countries increased their national savings rates drastically. This group includes the largest depositor in the world today: China. More recently, following the tripling of oil prices, the large depositors' group has been extended through the addition of all oil-producing countries, from the Middle East to Scandinavia.

The increased savings of these countries -evident in their trade surpluses- have flooded global capital markets, demonstrating the major role of a new type of player, the sovereign wealth funds. Faced with increased savings surpluses, borrowers from all over the world were able to get long-term loans at impressively low rates, which encourage further borrowing and expenditure growth. As a result of expenditure growth in the US and the rest of the developed world, national expenditure increasingly exceeded national income, and led to the emergence of large and widening trade deficits (as percentages of GDP).

The response of the developed world's central banks to those changes was predictable. Aiming to sustain, in view of the trade deficits, total domestic demand at high levels and to keep inflation under control, they maintained low short-term interest rates and boosted national expenditure. Some countries retained their interest rates at rather low levels.

Naturally, given the need to sustain the momentum of global economic growth, it was inevitable that central banks would react in such a manner. However, this was achieved at the price of maintaining abnormally low short-term and long-term interest rates, which remained at levels far below the level perceived by most investors as a normal return on investment. Dissatisfied with low interest rates, and therefore low savings returns, investors started to seek higher yields, wiling to assume increased risks. The desire for increased yields, though, could not be satisfied by traditional investment opportunities and products, thus increasing demand for innovative and, inevitably, more risky financial instruments, as well as for borrowing, which had in the meantime become easier. The financial sector responded to this challenge through the creation and marketing of increasingly composite and specialized financial instruments that produced increased yields against higher risks. But some of the financial instruments that were offered were too opaque and complex to be easily understood, and investors lost all sense of inherent risk, at least till August 9 2007, when the outbreak of the upheaval in the markets forced them to face reality.

It is true that occasional disturbances in financial markets had been felt during the previous year, and clearly re-emerged in July 2007. It was not possible, though, to reach a definite conclusion on whether these disturbances represented the gradual release of overly suppressed risk premiums, or the harbinger of a more distressing financial trend.

The global dimensions of the crisis were made evident when the French bank (BNP) made the astonishing revelation that its funds could no more valuate their investments in US subprime mortgage securities, leading investors from all over the world to a mass reassessment of assumed risks. As a result, investors demanded increased yields from all high-risk types of investment - from loan securitizations to plain vanilla swaps- causing financial investment prices to decrease. In certain structured financing markets, investors realized that maybe they had not understood so much about the nature of their assumed risks as they should, causing prices to plummet and, in some cases, certain markets to stagnate for lack of buyers.

The standstill in capital markets caused upheaval in all banking systems of the developed world. Banks that pursued policies based on the creation and marketing of asset backed securities realized that they were unable to dispose of them. Special investment vehicles that had been established and used for the marketing of securitized investments faced great difficulty in obtaining new loans to finance their portfolios. Facing the necessity to finance their SIVs through their own funds, banks with limited liquidity were reluctant to lend other banks beyond a very short-term horizon, leading to an increase of the spread between interbank rates in the Euro zone and the US. Those banks that had been financing their speculative investments by borrowing from other banks, or through the securitization and disposal of loans, realized that this source of funds had run dry. The seriousness of the problem was proportionate to the level of investment in high-risk structured financial products. In Europe, the most typical case in point was that of UK's Northern Rock, a mortgage lender that, in consequence of its exposure to high risks, faced increased inability to get medium- or long-term loans, which led to its default and bailout by the state.

The current financial crisis is rather unusual, given that it occurred against a backdrop of five years of strong global growth and a decade of remarkable financial stability. Moreover, most financial crises of the past had been associated with defaults and major capital losses. The remarkable feature of the current crisis is the relatively small level of bad loans as a percentage of the banks' financial assets. On the contrary, this crisis resulted from the way banks have managed their financial portfolios in response to the incentives provided by the free market, and therefore it is a problem of the banks themselves, with grave consequences for the stability of the global financial system.

This crisis teaches very important lessons to both markets and regulators. First, it underlines the crucial role of liquidity in the management and regulation of the banks' investment activity. Second, it highlights the limitations of the models used for the assessment and valuation of structured financial products, and the consequences of excessive exposure to those products, not only for naive or careless investors, but also for some of the most sophisticated and experienced investment organizations involved in financial markets. Third, it sheds light on the effects of questionable market incentives that allowed the uncontrolled development of networks for the creation and marketing of structured financial products characterized by limited transparency and unclear features and inherent risks; that allowed credit rating agencies to expand their scope of operations beyond reason; and allowed banks to use special investment vehicles, whose risks are not included in banking balance sheets, in order to finance speculative investments. There is global concern that this crisis may reveal cracks in the banks' compensation fund schemes. In certain cases market incentives occurred regardless of the regulations imposed on the operation of the banking systems, while in other cases they resulted from regulatory failures. Finally, the crisis demonstrated once more that the risk measurements used by financial institutions and, possibly, by regulators, are greatly affected by business cycles, encouraging the assumption of increased risks at the peak of the cycle, which are aggravated at the cycle's trough. The crisis has shown that the further improvement of the efficient regulation of local financial systems, and their global coordination, is a major challenge for regulators.

The Greek Capital market

International developments affected the course of the Greek capital market, which in 2007 featured a rise in stock market prices and increased trading activity in the markets of the Athens Stock Exchange (ASE), 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 ASE General Index closed at the year's end at 5,178.83 units, realizing total annual gains of 17.86%. The growth of the ASE General Index was marked by limited fluctuations. The average monthly volatility of all markets in the ASE during 2007 stood at 13.2%, reduced by 24.7% during the twelve-months from Dec 05 to Dec 06. The average monthly volatility of the daily returns of the General Index fell to 0.97% in 2007 from 1.08% in 2006, and was observed during February, March, August and November. In 2007, the average daily value of transactions in the ASE was 481.3 million euros, registering a substantial annualized increase of 40.6%, while the total annual value of transactions amounted to 121.3 billion euros, registering a major increase of 42.1%. By the end of 2007, the total market capitalization of ASE-listed companies amounted to 349.5 billion euros, representing an annual reduction of 184.1%, and was equivalent to almost 85.2% of Greece's GDP.

More specifically, the ASE General Index and the sectoral indices followed an upward, fluctuating course, which tended to follow international developments, rather than domestic news.

In January, the ASE General Index closed at 4,710.24 units, registering monthly gains of 7.19%. The FTSE/ASE 20 index closed at 2,564.80 units, registering a monthly gain of 7.87%. Similarly, the FTSE/ASE Mid 40 index closed at 5,576.53 units, registering a monthly gain of 6.31%. Total market capitalization in the last trading session of the month amounted to 371,258 million euros, registering a monthly increase of 6.23%.

In February, the ASE General Index closed at 4,503.96 units, sustaining a monthly loss of 4.39%. The FTSE/ASE 20 closed at 2,437.43 points, decreased by 4.95% from the previous month. Similarly, the FTSE/ASE Mid 40 index closed at 5,547.61 units, incurring a slight monthly loss of 0.52%. The average value of transactions stood at 9,546.73 million euros, registering a monthly increase of 0.38%. The average monthly value of transactions stood at 502.36 million euros, while the average monthly spread was equal to 1.01. Total market capitalization in the last trading session of the month amounted to 367,510 million euros, sustaining a monthly loss of 1.01%.

In March, the ASE General Index closed at 4,643.14 units, registering monthly gains of 3.11%. The FTSE/ASE 20 closed at 2,488.80 points, increased by 2.09% from the previous month. Similarly, the FTSE/ASE Mid 40 index closed at 5,827.79 units, registering a monthly gain of 5.05%. The average monthly value of transactions stood at 450.03 million euros, while the average weighted monthly spread was equal to 1.52. Total market capitalization in the last trading session of the month amounted to 366,358 million euros, registering a monthly loss of 0.31%.

In April, the ASE General Index closed at 4,736.83 units, registering monthly gains of 2.00%. The FTSE/ASE 20 closed at 2,523.13 points, increased by 1.41% from the previous month. Similarly, the FTSE/ASE Mid 40 index closed at 6,029.38 units, registering a monthly gain of 3.47%. The average value of transactions stood at 7,624.38 million euros, registering a substantial monthly decrease of 23.00%. The average monthly value of transactions stood at 400.37 million euros, while the average weighted monthly spread was equal to 1.21. Total market capitalization in the last trading session of the month amounted to 369,509 million euros, registering a slight monthly increase of 0.86%.

In May, the ASE General Index closed at 4,972.19 units, registering monthly gains of 4.98%. The FTSE/ASE 20 closed at 2,671.90 points, increased by 5.87% from the previous month. Similarly, the FTSE/ASE Mid 40 index closed at 6,265.68 units, registering a monthly gain of 3.91%. The average value of transactions stood at 8,196.19 million euros, registering a monthly increase of 7.50%. The average monthly value of transactions stood at 389.58 million euros, while the average weighted monthly spread was equal to 1.06. Total market capitalization in the last trading session of the month amounted to 375,476 million euros, registering a monthly increase of 1.61%.

In June, the ASE General Index closed at 4,843.78 units, incurring a monthly loss of 2.59%. The FTSE/ASE 20 closed at 2,578.00 points, decreased by 3.48% from the previous month. Similarly, the FTSE/ASE 40 index closed at 6,305.76 units, registering a slight monthly gain of 0.64%. The average value of transactions stood at 9,973.04 million euros, registering a monthly increase of 21.68%. The average monthly value of transactions stood at 473.75 million euros, while the average weighted monthly spread was equal to 1.11. Total market capitalization in the last trading session of the month amounted to 385,595 million euros, registering a monthly increase of 2.69%.

In July, the ASE General Index closed at 4,917.50 units, registering monthly gains of 1.53%. The FTSE/ASE 20 closed at 2,619.92 points, increased by 1.59% from the previous month. Similarly, the FTSE/ASE 40 index closed at 6,594.92 units, registering a monthly gain of 4.58%. The average value of transactions stood at 13,314.37 million euros, registering a significant monthly increase of 33.50%. The average monthly value of transactions stood at 598.82 million euros, while the average weighted monthly spread was equal to 1.09. Total market capitalization in the last trading session of the month amounted to 376,904 million euros, registering a monthly decrease of 2.25%.

In August, the ASE General Index closed at 4,912.53 units, sustaining a minor monthly loss of 0.10%. The FTSE/ASE 20 closed at 2,620.70 units, slightly increased by 0.04% from the previous month. Similarly, the FTSE/ASE 40 index closed at 6,330.81 units, incurring a monthly loss of 4.00%. The average value of transactions stood at 9,328.56 million euros, registering a substantial monthly decrease of 29.94%. The average monthly value of transactions stood at 420.23 million euros, while the average weighted monthly spread was equal to 1.43. Total market capitalization in the last trading session of the month amounted to 377,460 million euros, registering a slight monthly increase of 0.15%.

In September, the ASE General Index closed at 5123.36 units, registering monthly gains of 4.29%. The higher index value for the month was 3978.70 units and was recorded during the trading session of September 28, while the lowest value was 3861.47 and was recorded during the trading session held on September 7. The FTSE/ASE 20 index closed at 2702.02 units, registering a monthly gain of 3.10%. Similarly, the FTSE/ASE 40 index closed at 6604.30 units, registering a monthly gain of 4.32%. The average value of transactions stood at 9487.26 million euros, registering a monthly increase of 1.70%. The average daily value of transactions was 474.36 million Euros, as compared to 424.02 in August, while the average daily number of transactions stood at 35,998.65, as compared to 41,996.41 in August. Total market capitalization in the last trading session of the month amounted to 390,360.38 million euros, registering a monthly increase of 3.42%.

In October, the ASE General Index closed at 5336.94 units, registering monthly gains of 4.17%. The higher index value for the month was 5336.94 units and was recorded during the trading session of October 31, while the lowest value was 5098.31 and was recorded during the trading session held on October 1. The FTSE/ASE 20 index closed at 2841.23 units, registering a monthly gain of 5.15%. Similarly, the FTSE/ASE Mid 40 index closed at 6,807.99 units, registering a monthly gain of 3.08%. The average value of transactions reached 11,836.36 million euros, registering a monthly increase of 24.76%. The average daily value of transactions amounted to 514.55 million Euros, as compared to 474.36 in September. Total market capitalization in the last trading session of the month amounted to 398,160.21 million euros, registering a monthly increase of 2.00%.

In November, the ASE General Index closed at 5,053.87 units, incurring a monthly loss of 5.26%. The higher index value for the month was 5,346.04 units and was recorded during the trading session of November 7, while the lowest value was 4,743.76 and was recorded during the trading session held on November 22. The FTSE/ASE 20 index closed at 2,701.46 units, sustaining a monthly loss of 4.92%. Similarly, the FTSE/ASE Mid 40 index closed at 6162.85 units, incurring a monthly loss of 9.48%. The average value of transactions stood at 14,682.43 million euros, registering an increase of 24.05%. The average daily value of transactions amounted to 667.38 million Euros, as compared to 514.55 in October. Total market capitalization of all securities in the last trading session of the month amounted to 388,747.58 million euros, registering a monthly decrease of 2.36%.

In December, the ASE General Index closed at 5,178.83 units, registering monthly gains of 2.47%. The higher index value for the month was 5,222.22 units and was recorded during the trading session of December 12, while the lowest value was 4,963.19 and was recorded during the trading session held on December 18. The FTSE/ASE 20 index closed at 2,752.48 units, registering a monthly gain of 1.89%. The FTSE/ASE Mid 40 index closed at 6,264.66 units, registering a monthly gain of 1.65%. The average value of transactions stood at 7,878.41 million euros, registering a monthly decrease of 46.34%. The average daily value of transactions amounted to 414.65 million Euros, as compared to 667.38 in November. Total market capitalization of all securities in the last trading session of the month amounted to 390,825.42 million euros, registering a monthly increase of 0.53%.

In 2007, issuing activity in the markets of the Athens Stock Exchange was increased in comparison with the previous year. Four new companies made initial public offerings, in order to list their shares in the ASE, raising 500.7 million euros, as compared to 725.25 million euros in 2006 (of which, 611.5 million euros were raised by the Postal Savings Bank), which represents a year-on-year decrease of 44.84% in the amount of funds raised. Moreover, 29 listed companies proceeded to share capital increases in 2007, raising 10,186.53 million euros, as compared to 3,438.4 million euros in 2006, an amount that represents an annualized increase of 66.25%. By the end of 2007, the total number of companies listed in the ASE fell to 304 companies.

During the period 2006-2007, ASE-listed companies improved their profitability. Based on the listed companies' annual financial statements for the year 2006, consolidated net profits amounted to 10.7 billion euros, increased by 89% year-on-year, while distributed dividends increased by 145% leading to an average profit distribution rate of 75%. The first estimates of listed company results for 2007 show that net profits before taxes will increase, given that nine-month turnover, and profit after taxes and minority interest, registered significant increases of 8.5% and 28.8% respectively. By the end of 2007, the weighted price to after tax earnings ratio (P/E) for the entire market stood at 27.7, as compared to 30.5 in 2006, while the P/E ratio for the banking sector rose to 26.1 in 2007, from 25.2 in 2006 and 34.5 in 2005.

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 2007, this pattern remained unchanged. By the end of the year, the total assets of 329 mutual funds amounted to 24.52 billion euros, registering a slight annual increase of 1%. The increase in collective fund assets in recent years laid the groundwork, and provided incentives, for the competitive restructuring of the collective investment industry's assets, through the continuous 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 2007, the net assets of money market funds amounted to 32.5% of total assets, as compared to 24.7% in 2006, the net assets of equity funds amounted to 21.2% of total assets, as compared to 26.6% in 2006, the net assets of bond funds amounted to 17.7% of total assets, as compared to 26.0% in 2006, the net assets of mixed funds amounted to 11.1% of total assets, as compared to 10.4% in 2006, and the net assets of the "funds of funds" amounted to 5.9% 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 domestic and international stock markets. While in previous years a large and increasing portion of savings was channelled into high risk-bearing 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 relatively limited restructuring among listed companies in the Greek market in 2007, there was extensive M&A activity among listed and non-listed companies. During the year, there were 31 corporate restructuring deals. These deals included 4 mergers among ASE-listed companies from the Clothing & Accessories, Pharmaceuticals, Non-Ferrous Metals and Heavy Construction sectors, 24 absorptions of non-listed by listed companies, 2 absorptions of listed by non-listed companies, and 1 listed company spin-off.

Estimates about the course of the Greek capital market in 2008 are to a great extent determined by forecasts about the course of European and international markets, which will depend on developments in the global economy and the outcome of the crisis in the US subprime mortgage market. As a matter of fact, increased price volatility in many categories of financial instruments during the past few months has spawned cautiousness among investors in all financial markets. Almost concurrently, oil prices exceeded the US$100 per barrel limit, while the price of gold exceeded the US$800 per ounce threshold. Nevertheless, capital markets showed a significant degree of stability, despite the crisis that unfolds in the US subprime mortgage market. Moreover, stock markets are driven by the rapidly increasing wealth of new investors, such as oil-dollar investors, Asian central banks, hedge funds, and public sovereign funds, which are on the lookout for attractive investment opportunities, including Greece.

In 2008, activity in international bond markets is expected to remain weak. Nevertheless, bond yields are expected to rise in the medium-term, following the revival of global markets and the slowdown of capital flows towards investment grade securities, as a result of the ongoing crisis. Activity in international stock markets is expected to face increased uncertainty in the short-term, followed by positive prospects in the medium- and long-terms. Stock markets are nowadays driven by opposing forces: on one hand they are adversely affected by the slowdown of the US economy, increased credit costs, and the fact that profit growth has already reached high levels; and on the other hand they are supported by the repeated interest rated cuts in the US, the strength of the global economy, and the existence of ample and increasing liquidity that originates, to a great extent, from emerging markets.

However, the sustained profitability and sound financial structure of Greek listed companies are expected to be the main determinants for the improvement of their medium- to long-term valuations.

The Institutional Framework of the Capital Market

In 2007, 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 behaviour 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 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 initiative undertaken in 2007 was the transposition of EU Directive on Markets in Financial Instruments 2004/39/EC (MiFID) into Greek legislation by means of Law 3606/2007. Overall, the legislative work of the European Commission is incorporated in a) the Directive on Markets in Financial Instruments 2004/39/EC (henceforth MiFID), b) Directive 2006/73/EC (level II measures) on the implementation of MiFID, and Regulation 1287/2006 on the implementation of MiFID. MiFID is the most recent in 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.

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.

Under the mandate of Law 3606/2007 the Commission issued nine regulations, which incorporate the executive measures laid out by MiFID and include: the code of conduct for investment firms, the minimum organizational requirements for Investment Firms, the evaluation of qualifying holdings, the fitness test applied to managers and directors of entities licensed under Directives in the financial field, the registration of tied agents in the public register, the exemptions from the transparency requirements, the transaction disclosure and information recording obligations, the conditions for the authorization of regulated markets, and the bookkeeping obligations of Financial Intermediation Firms.

Another significant initiative undertaken in 2007 was the transposition into Greek legislation of EU Directives 2006/48/EC and 2006/49/EC on the capital adequacy of credit institutions and investment firms, by means of Law 3601/2007. Under the mandate of law 3601/2007, the Commission issued six regulations, which incorporate the Directive's executive measures, and establish the rules for the calculation of: the capital adequacy requirements of investment firms; the own funds of investment firms incorporated in Greece; the calculation of the investment firms' minimum capital adequacy requirements for credit risk in accordance with the standardized approach; the investment firms' capital adequacy requirements for market risk; the investment firms' capital adequacy requirements for counterparty risk; the investment firms' capital adequacy requirements for operational risk; the monitoring and control of large exposures of investment firms; the internal assessment of the investment firms' capital adequacy, and its prudential supervision and assessment by the Capital Market Commission, as well as the disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks.

The new capital adequacy regime for credit institutions and investment firms is based on the new regulatory approach of the Basle Committee and, in effect, comprises two concepts: First, to increase sensitivity in the calculation of minimum capital requirements against first pillar risks assumed by companies, with the aim of mitigating regulatory divergence. Inherent in this concept is the belief that supervised companies are able to measure themselves the risks they assume. Second, to adopt a more qualitative approach that places greater emphasis on supervision in general, and less on strict adherence to rules. The Basle Committee justifies the approach it adopted, claiming that it provides an effective response to the challenges posed by increased complexity and technological change in the modern global financial environment. A main feature of the new approach is the emphasis placed on supervision in general, and the encouragement of financial intermediation firms to use their own risk measurements, based on the assumption that it is possible to reach a common understanding of capital requirements between companies and regulators, and that the new regulatory approach is beneficial for all.

Moreover, in 2007 another important initiative was the transposition into Greek legislation by means of the law 3556/2007 of the EU Directive 2004/109/EC regarding the transparency requirements for the provision of information regarding issuers whose transferable securities have been admitted to trading. The law modernizes and concentrates the periodic and continuous obligations for the provision of information to investors regarding issuers whose securities have been admitted to trading on regulated markets and their shareholders, making such information more useful and updated.

Finally, a major advance for the year 2007 has been the enactment of the framework for the operation of Exchange Traded Funds (ETF). The overall institutional framework includes the regulation of Exchange Traded Funds, the means of contributing transferable securities for the acquisition of shares in mutual funds, the method for reproducing a stock exchange index from mutual funds, and the increase of the investment limit provided for by paragraph 1 of article 24 of Law 3283/2004 for mutual funds that reproduce the composition of the FTSE-ASE 20 index.

Internationally, most exchange traded funds are incorporated under the status of mutual funds whose asset structure usually duplicates the structure of the stock market indices they reproduce. Due to their mutual fund status, ETFs are managed by professional asset managers, who employ management strategies that reproduce a certain stock market index or, alternatively, invest their assets on the securities that comprise this index and in the same proportion, albeit based on the constant monitoring of returns and the restructuring of investments. Managers usually compile portfolios that amount to differentiable sub-totals of all the securities comprising the tracked stock market index, and not to a mere duplication of all the indices' securities. Occasionally and according to case, the manager is entitled to supplement the portfolio with securities that do not form part of the tracked index. Therefore, in order to be effective in terms of performance-target achievement and, consequently, an attractive option for investors, the management process must be flexible.

ETFs have the following main features: (i) Although ETFs assume the M/F legal status, the features concerning their creation and redemption differ from those of non-traded M/F shares. (ii) Contrary to traditional M/F or PICs, whose shares are freely issued in order to satisfy investor demand, ETF shares are issued in large blocks of many units. Therefore, the sale of ETF shares is equivalent to the sale of a basket of shares that are included in the index, on which the ETF has invested in. In other words, given stock price fluctuations, individual ETF shares are not necessarily redeemed at Net Asset Value (NAV). (iii) In addition, contrary to traditional M/Fs, ETFs discourage asset managers from continuously reorganizing their investment portfolios.

ETFs can increase liquidity twofold: (i) First, through trading on the underlying shares in the secondary market of the stock exchange, and (ii) second, through their creation, upon which the market maker or qualified investor purchases a "creation unit", i.e. large block of shares of the ETF for the underlying assets in the local market, and deposits this "creation unit" with an ETF manager in exchange for more shares in these ETFs. The opposite stands whenever ETF shares are redeemed. In other words, ETF liquidity is determined by the liquidity of the basket of underlying assets. (iv) In general, ETFs are investment products, traded in organized markets and, therefore, present the following investment features: They increase stability as they can be easily differentiated due to their ability to reflect the returns of different industries or markets; they can be traded in organized market through the use of investment firm services; they can be bought and sold at current market prices at any time during the trading day, unlike mutual funds, which can only be traded at the end of the trading day; they provide credit options: ETF shares can be purchased on margin and sold short; they are subject to transparency obligations, and their portfolios must be priced at frequent intervals; and they generally have lower management costs. (v) ETFs are exposed to specific risks, such as systematic deviations from the tracked share index (because of temporary differentiation in asset structures, significant expenses and commissions, corporate deals, differences in the duration of the trading sessions for the ETF and the shares that comprise the index, as well as differences in clearing systems), as well as deviations between current market prices and net asset values (because of inefficient arbitrage).

In 2007, the Board of Directors of the Hellenic Capital Market Commission, having obtained the necessary authorization, issued a large number of rules and regulations, circulars and proposals to the Minister of Economy and Finance. These are rules and regulations which contributed to ongoing institutional progress, by aiming principally at the protection of investors, the improvement of the smooth functioning and systemic protection of the market, the establishment of transparency in the capital market, and the improvement of the operating conditions and efficiency of market intermediaries. These rules and regulations helped to improve the institutions and rules governing the security of transactions and investors, as well as the financial adequacy of financial intermediation firms, to adapt the codes of their business conduct with the view of protecting investors from unethical behaviour, 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 financial 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' and investment firms' 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 2007 was the revision of the sort 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.

Market infrastructures and the security of transactions were reinforced through continuous improvements in the rulebook of the ASE markets and the regulation for the clearing and settlement of transactions on securities and derivatives, in a manner that enables the implementation of the provisions on Markets in Financial Instruments established by Law 3606/2007, 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, in a manner that does not burden supervised firms with increased operating costs. To this end, the Alternative Market of the Athens Stock Exchange was granted a license to operate as a Multilateral Trading Facility (MTF).

Supervision of the Greek capital market

A major priority during 2007 was the supervision of listed company compliance with transparency obligations. Controls regarding the disclosure of additional information in the financial statements published by listed companies were continued, with the aim of providing investors with complete information about the use of the funds raised. There were also further controls regarding the disclosure of information in cases of share capital increases by listed companies, and the observance of restrictions regarding the amount of such increases, and especially of the uses of funds raised, which must 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.

In 2007, the HCMC persisted on the strict supervision of financial intermediaries (Financial Intermediation Firms, investment firms-members and non-members of the ASE, and mutual fund management firms), 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 behaviour 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 publications regarding shares and listed companies, and asked for the required explanations regarding the content of announcements in the ASE 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 2007 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 2007, the Commission expanded its auditing work, with major benefits for the Greek capital market. The audits that were performed during 2007 covered all capital market entities. There were many audits on supervised financial 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 2007, which led the Commission to levy fines worth a total of 3.82 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 2007 there was further co-operation with other countries' regulatory authorities, and the coordinating bodies continued their work for the improvement of co-operation between stock exchanges, clearing houses and regulation authorities.

In general, the staff of the Hellenic Capital Market Commission had a great contribution to the discussions and the preparation of European Commission Directives related to the capital market, as well as similar CESR initiatives, in the context of the following working groups:

The Expert Group on Transparency explored the possibility of promoting Level III work regarding the Transparency Directive. The Expert Group on Prospectuses assessed the degree to which the new institutional framework on Prospectuses has managed to ensure investor protection, reduced the cost of funds, and promoted the development of a single securities market. The MiFID Expert Groups identified issues pertaining to the implementation of "best execution", transaction reporting, the European list of "liquid shares", and non-equities transparency. The Expert Group on Investment Management published a paper on the definition of eligible assets for investments by UCITS, including the classification of hedge fund indices as financial indices. Following the work of a previous joint action Joint Expert Group (CESR/ECB) on Clearing and Settlement, the CESR decided to form an Expert Group on post-transaction activities in the European Union, on issues pertaining to the CESR and its members. The CESR-EcoNet Group undertook initiatives for the improvement of 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, as well as the development of practical impact analysis methodologies regarding financial regulation and supervision. The CESR-Tech Group analyzed the interconnection of the CESR-members' IT systems to assist them in reaching 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, and the internal organization of the CESR in order to respond. The Expert Group on Credit Ratings Agencies continued its work on the supervision of Credit Rating Agency compliance with the IOSCO Code of Conduct for Credit Rating Agencies. Finally, the Takeover Bids Network is a CESR initiative for setting up a network between competent authorities on takeover bids, with a view to discussing experiences and future developments.

More specifically, the Chairman of the Hellenic Capital Market Commission, Mr. A. Pilavios, continued to chair the EcoNet Working Group of the CESR in 2007. The general objectives of the working group are to study, and contribute to, the development of systems for monitoring smooth market operation. 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 2007.

THE COURSE OF THE GREEK CAPITAL MARKET

The stock market

The General Index of the Athens Stock Exchange

The rise of stock prices in the Greek capital market was sustained in 2007 for a fifth consecutive year. The ASE General Index produced one of the best returns among Euro zone stock exchanged, showing a slight decrease in average price volatility.

In the last trading session of 2007, the General Index of the Athens Stock Exchange closed at 5,178.83 units, registering an annual gain of 17.9%, as compared to a 19.9% gain in 2006 (Table 3). This level represents an overall decrease of 20% of the General Index from the 6,355 unit historic high that was achieved on September 17, 1999. The average closing value of the General Index during the year was 4,867.82 units. The Index registered both its lowest intraday (4,246.16 units), and its lowest closing value (4,344.79 units) during the session of March 5, 2007. The highest intraday value of the Index (5,346.04 units) occurred during the last session of the year (November 7, 2007), while the highest closing price occurred during the session held on October 31, 2007 (5,334.50 units). The average standard deviation of the daily returns of the General Index decreased to 0.97% in 2007, as compared to 1.08% in 2006 and 0.83% in 2006, while the average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index was reduced to 23.09 units in 2007, from 21.32 units in 2006 and 12.76 units in 2005 (Figure 2). The months of February, March, August and November featured increased price volatility, accompanied by a steep fall of the ASE General Index.

TABLE 3

Average Annual Change (%) of the ASE General Index, 1997-2007

		Placement Year									
	Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Return Year	1998	85.0									
	1999	93.4	102.2								
	2000	31.8	11.3	-38.8							
	2001	15.0	-1.8	-31.6	-23.5						
	2002	3.4	-10.6	-31.9	-28.2	-32.5					
	2003	7.3	-3.7	-20.0	-12.6	-6.5	29.5				
	2004	9.5	0.3	-12.8	-4.8	2.4	26.2	23.1			
	2005	12.0	4.3	-6.6	1.6	9.0	28.0	27.2	31.5		
	2006	12.9	6.1	-3.2	4.4	11.1	25.9	24.7	25.6	19.9	
	2007	13.3	-0.7	5.4	6.2	12.2	24.3	23.0	23.0	18.9	17.9

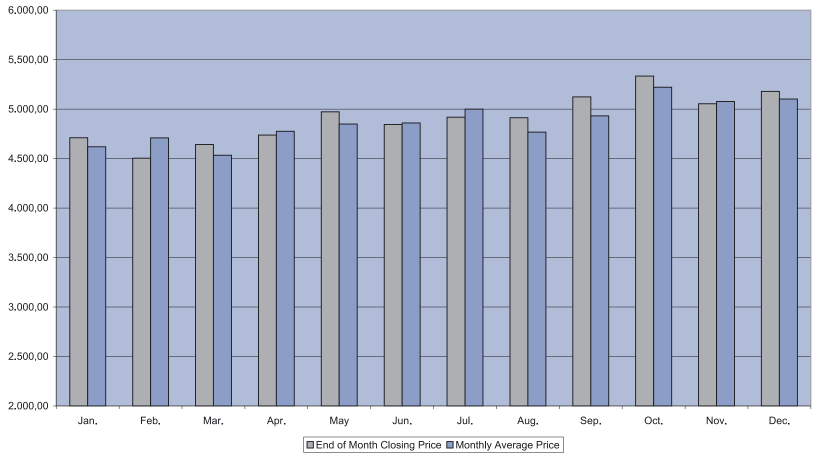
Note.: The results are based on the following formula: (Xt / Xo)(1/t) -1, where Xo and Xt represent the closing values of the ASE General Index at the year-base 0 and at the year t, respectively.

FIGURE 2

Monthly Volatility of the ASE General Index, 2007

FIGURE 3

Monthly Closing Price of the ASE General Index, 2007



Stock Exchange Indices

In 2007, most indices of the Athens Stock Exchange realized gains, with the exception of the Technology (-18.4%), Construction and Materials (-10.1%), Insurance (-2.8%), and Oil and Gas (-2.7%) sectoral indices (Tables 4 and 5). In terms of market capitalization, the largest annual increase was registered by the FTSE/ASE Small Cap 80 index of small capitalization companies (20.1%). It was followed by the FTSE/ASE Mid40 index of middle capitalization companies, which increased by 19.4% year-on-year. The annual gains of the FTSE/ASE 20 index of large capitalization companies were smaller (15.8%), and in any case less than those of the General Index. Among sectoral indices, the largest gains were realized by the indices of the Utilities (79%), Food & Beverage (61.1%), and Health Care (33.9%) sectors. Seven out of 17 sectoral indices in the ASE outperformed the General Index. Among large capitalization companies the largest share price gains were registered by the Public Power Corporation (87.5%), Coca-Cola HBC (50.5%) and the National Bank of Greece (34.7%). Among middle capitalizations stocks the largest gains were those of Sprider (239.1%), Hellenic Exchanges Holding (76.9%) and Gr. Sarantis (74.1%). Among small capitalization stocks the largest gains were those of Centric Multimedia (197.7%), Parnassos Enterprises (175%) and "Alfa-Beta" Vassilopoulos (145%).

TABLE 4

Sectoral Share-price Indices in the ASE, 2007

ASE Indices	Closing price. 31.12.2007	Lowest price for the year	Highest price for the year	Annual Change (%)
General Index	5,178.83	4,245.16	5,346.04	17.86
FTSE/ASE20	2,752.48	2,289.37	2,856.78	15.79
FTSE/ASE MID40	6,264.66	5,223.98	6,934.05	19.43
FTSE/ASE Small Cap 80	1,057.38	826.18	1,236.85	20.08
FTSE/ASE 140	6,219.28	5,170.07	6,492.05	16.40
Banks	7,296.42	6,122.94	7,801.06	17.79
Insurance	5,959.38	4,793.28	6,861.29	-2.75
Financial Services	10,544.95	8,798.72	12,184.81	19.75
Industrial Goods	7,982.01	6,253.83	9,074.95	20.62
Retail	7,990.73	6,173.95	8,385.73	21.74
Personal & Household Products	8,017.95	6,146.46	8,583.70	27.37
Food & Beverages	10,109.20	6,027.75	10,265.36	61.09
Basic Resources	7,713.75	7,436.83	10,110.17	0.79
Construction & materials	6,015.79	5,828.21	7,863.59	-10.05
Oil & Gas	4,476.18	4,175.80	5,148.39	-2.73
Chemicals	12,890.36	9,594.44	14,962.04	29.18
Media	5,505.62	4,640.28	6,934.80	4.09
Travel & Leisure	5,591.38	4,923.39	5,964.90	0.10
Technology	4,037.19	3,817.47	5,325.55	-18.39
Telecommunications	6,937.00	5,471.24	7,207.04	11.80
Utilities	9,418.33	4,850.98	9,708.25	78.96
Health Care	16,861.74	11,435.13	18,169.62	33.86
Total shares index	1,670.07	1,377.47	1,748.04	14.07

Source: ASE

TABLE 5

Sectoral Share-price Indices in the ASE, 2007

Month	Gen. Index	Banks	Insurance	Financial Services	Industrial Products	Retail	Construction & materials	FTSE/ ASE 20	FTSE/ ASE Mid 40	FTSE/ ASE sm 80	FTSE/ ASE 2 140
Jan.	4,710.24	6,861.34	6,196.63	10,108.27	6,739.21	6,683.97	7,329.15	2,564.80	5,576.53	923.36	5,747.91
Feb.	4,503.96	6,582.36	5,788.16	9,667.70	6,790.05	6,364.23	7,255.80	2,437.43	5,547.61	878.29	5,498.19
Mar.	4,643.14	6,733.12	5,726.18	10,029.30	7,514.14	6,856.14	7,151.63	2,488.80	5,827.79	891.56	5,633.98
Apr.	4,736.83	6,806.58	5,677.31	10,382.47	8,035.06	7,389.70	7,2-8.96	2,523.13	6,029.38	947.83	5,737.16
May	4,972.19	7,229.86	6,010.08	10,900.46	8,049.51	7,651.84	7,562.36	2,671.90	6,265.68	1,069.36	6,076.72
Jun.	4,843.78	6,965.51	6,016.00	10,615.45	8,263.34	7,611.82	7,491.72	2,578.00	6,305.76	1,166.33	5,933.79
Jul.	4,917,50	7,241.27	5,873.02	11,228.78	8,373.59	7,524.16	7,015.02	2,619.92	6,594.92	1,148.66	6,040.03
Aug.	4,912.53	7,119.73	5,347.15	10,829.61	7,980.80	7,067.64	6,662.82	2,620.70	6,330.81	1,081.95	5,985.80
Sep.	5,123.36	7,186.33	5,873.98	11,487.40	8,559.79	7,810.35	6,661.70	2,702.02	6,604.30	1,124.39	6,184.55
Oct.	5,334.50	7,751.08	5,649.46	11,880.62	8,648.74	7,873.78	6,729.79	2,841.23	6,807.99	1,156.01	6,476.47
Nov.	5,053.87	7,222.50	5,300.03	10,112.65	7,716.50	7,525.39	5,890.08	2,701.41	6,162.85	1,036.82	6,104.78
Dec.	5,178.83	7,296.42	5,959.38	10,544.95	7.982.01	7,990.73	6,015.79	2,752.48	6,264.66	1,057.38	6,219.28
Max ‘06	5,334.50	7,758.07	6,793.22	12,082.70	9,028.34	8,328.09	7,794.37	2,841.23	6,913.73	1,224.82	6,476.47
Min ’06	4,344.79	6,251.37	4,835.04	8,824.20	6,400.35	6,329.09	5,848.59	2,347.56	5,248.33	837.20	5,285.06

Source: ASE. End of month closing prices

Transaction Value

In 2007, the total annual value of transactions in the stock market of the ASE reached In 2007, the total annual value of transactions in the stock market of the ASE reached 121,279.9 million euros, increased by 42.1% year-on-year. The average daily value of transactions stood at 481.3 million Euros in 2007, as compared to 342.7 million Euros in 2006. The highest average daily value of transactions was observed in November (667.4 million euros), while the lowest average daily value of transactions was observed in May (390.3 million euros).

The annual value of transactions on large capitalization stocks in the ASE reached 111,143.9 million euros in 2007, accounting for 92% of the total annual value of transactions, as compared to 91% in 2006. The annual value of transactions on middle and small capitalization stocks amounted to 9,081.3 million euros, accounting for 7.5% of the total value of transactions performed in 2007, as compared to 8% in 2006. The annual value of transactions on shares of the special financial characteristics category, and shares under probation, accounted for a mere 0.8% of the total annual value of transactions for 2007, as compared to 1% in 2006 (Table 6).

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TABLE 6

The Value of Transactions in the ASE, 2007

Month	Large Capitalization	Sales of Existing Shares	Middle and Small Capitalization	Special Financial Characteristics	Under Probation	Grand Total
Jan.	8,802.30	-	669.80	8.64	29.99	9,510.91
Feb.	8,775.46	-	737.41	6.48	25.47	9,546.73
Mar.	9,275.25	-	528.46	86.45	10.76	9,901.14
Apr.	7,122.40	-	476.86	16.02	8.97	7,624.38
May	7,374.87	-	776.96	23.85	20.27	8,196.19
Jun.	8,543.24	-	1,377.74	32.73	16.37	9,973.04
Jul.	11,954.37	-	1,282.11	59.45	13.89	13,314.37
Aug.	8,560.94	-	755.48	5.02	6.21	9,328.55
Sep.	8,909.01	-	570.07	2.78	5.01	9,487.26
Oct.	11,120.13	-	689.56	7.55	17.34	11,836.36
Nov.	13,383.68	30.07	925.59	333.21	9.82	14,682.43
Dec.	7,322.27	-	291.22	257.17	7.74	7,878.54

Source: ASE

Market Capitalization of Listed Companies

By the end of 2007, the total market capitalization of ASE listed companies amounted to 195,503 million euros, registering a total annual increase of 23.8 %, as compared to a 28.5% increase in 2006 (Tables 7 and 9). Market capitalization growth in 2007 was mainly due to the increase in stock prices, and the increase in the number of new stock public offerings.

In December 2007, the market capitalization of large cap companies reached 166,220.3 million euros (Table 7), increased by 15.7% year-on-year. By the end of 2007, the market capitalization of large cap companies accounted for 85% of the total market capitalization in the ASE, as compared to 91% in 2006. The market capitalization of medium and small cap companies reached 15,119.5 million euros, registering an annualized increase of 41.3%, and accounting for 7.7% of the total market capitalization in the ASE, as compared to 6.8% in 2006. Finally, the market capitalization of shares that fall under the special financial characteristics category accounted for 1.6% of total market capitalization by the end of 2006, as compared to 1.6% by the end of 2006, while the market capitalization of shares under probation and/or suspension accounted for 0.2%.

TABLE 7

Market Capitalisation of the ASE Listed Companies, 2007

Month	Large Capitalization				Middle & Small Cap	Special fin. characteristics	Under Probation	Amount
	Banks, Insurance, Financial Services	Industry - Trade	Other Sectors	Amount				
Jan.	79,318.46	6,199.66	74,765.04	160,283.17	11,103.09	2,453.98	1,055.54	174,895.8
Feb.	75,943.87	6,205.86	71,108.49	153,258.23	10.612.54	2,431.89	1,080.36	167,383.0
Mar.	77,392.59	5,095.81	73,023.29	155,511.68	11,630.02	2,186.42	337.64	169,665.8
Apr.	76,247.26	6,194.50	75,483.48	157,925.24	11,671.48	2,868.83	352.25	172,817.8
May	80,135.34	6,225.86	78,896.02	165,257.21	12,796.57	2,554.00	464.41	181,072.2
Jun.	77,342.49	6,188.36	78,065.53	161,596.39	14,522.25	9,743.48	367.04	186,229.2
Jul.	86,013.36	6,225.61	77,772.57	170,011.54	15,412.49	1,326.91	385.19	187,136.1
Aug.	87,074.38	5,942.45	78,431.31	171,449.14	14,829.41	1,320.17	295.65	187,894.4
Sep.	88,863.44	6,380.05	83,872.79	179,116.28	15,212.33	1,304.20	289.27	195,922.1
Oct.	93,061.03	6,443.01	81,648.23	181,152.27	13,952.96	7,268.37	287.49	202,661.1
Nov.	86,471.08	5,834.80	81,112.98	173,418.87	12,856.85	6,822.62	300.64	193,399.0
Dec.	84,820.74	5,355.91	76,043.68	166,220.33	15,119.49	13,775.00	387.65	195,502.5

Source: ASE.

In 2007, the financial sector (banks, insurance companies, leasing companies, portfolio investment companies) showed an annual market capitalization increase of 28.6%, as compared to 46.3% in 2006, and by the end of the year accounted for 43.4% of total market capitalization in the ASE, as compared to 41.8% in 2006. The industrial-manufacturing sector of the large capitalization category accounted for 2.7% of total market capitalization in the ASE in 2007, as compared to 3.9% in 2006, while the remaining large capitalization sectors (non-financial services, trade, construction, and shipping) accounted for 38.9% of total market capitalization in the ASE, as compared to 45.4% in 2006.

By the end of 2007, Banks featured the largest market capitalization among ASE sectors with a market cap that accounted for 41.6% of total market capitalization in the ASE, as compared to 32.8% in 2006 and 37.4% in 2005, followed by Fixed Line Telecommunications with 6.4%, Gambling with 5.6%, Soft Drinks with 5.5%, Electricity with 5% and Mobile Telecommunications with 4.4% of total market capitalization.

By the end of 2007, the companies with the largest market capitalizations were the following: the National Bank of Greece accounted for 11.4% of total market capitalization in the ASE, followed by Eurobank-Ergasias (6.5%), the Hellenic Telecom Org. (OTE) (6.3%), Coca-Cola HBC (5.5%) and Alpha Bank (5.2%). The capitalization of the ten largest listed companies as a percentage of total market capitalization in the ASE registered a slight increase, and stood at 56.5% by the end of 2007, as compared to 55.9% by the end of 2006.

In 2007, average annual market liquidity did not show any remarkable change, and remained unchanged at the 0.20% level of 2006 (Table 8). In December 2007, the average monthly liquidity index of the Athens Stock Exchange amounted to 0.16%, as compared to 0.18% in December 2006. As far as other categories of stock are concerned, average annual liquidity decreased slightly in the middle and small capitalization category (0.25%), and stood at 0.20% in the large capitalization category.

By the end of 2007, the total market capitalization of ASE-listed companies was equivalent to 85.2% of Greek GDP, as compared to 64.6% in 2006. By the end of the year, the total market capitalization of ASE-listed companies represented 95.0% of Greece's contribution to money supply (M3) in the Euro zone as compared to 91.3% in late 2006, and 98.0% of the total value of commercial deposits and repos, as compared to 94.1% by late 2006 (Table 9).

TABLE 8

Monthly Liquidity Index[1] in the ASE, 2007

Month	Large Capitalization Category	Middle & Small Capitalization Category	Special Characteristics Category	Total markets
Jan.	0.23%	0.27%	0.011%	0.232%
Feb.	0.24%	0.29%	0.014%	0.241%
Mar.	0.21%	0.18%	0.018%	0.206%
Apr.	0.19%	0.22%	0.023%	0.191%
May	0.19%	0.28%	0.028%	0.190%
Jun.	0.17%	0.36%	0.023%	0.180%
Jul.	0.22%	0.35%	0.014%	0.234%
Aug.	0.19%	0.20%	0.018%	0.193%
Sep.	0.18%	0.15%	0.011%	0.175%
Oct.	0.20%	0.20%	0.033%	0.199%
Nov.	0.24%	0.24%	0.019%	0.234%
Dec.	0.18%	0.08%	0.042%	0.164%

Source: ASE

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

Net profits and Dividends of ASE-Listed Companies

In 2006 and 2007, there was a significant increase in listed company profits. According to the published financial results of ASE-listed companies for the period 2006-2007, most companies improved their profitability (Table 10). Total net profits post tax of listed companies, based on their 2006 annual financial statements, amounted to 10.7 billion euros, increased by 89% year-on-year. The dividends distributed out of 2006 profits increased by 145% year-on-year, leading to a dividend payout ratio of 74.9% for 2006, as compared to 57.4% for 2005.

According to the listed companies' published financial results for the nine-months of 2007, their consolidated turnover increased by 8.5% year-on-year. Net profit after taxes and minority interest registered a significant increase of 28.8%.

By the end of 2007, the weighted price to after tax earnings ratio (P/E) for the entire capital market stood at 27.7, as compared to 30.5 in 2006, and 29.4 in 2005. In the banking sector, the weighted price to after tax earnings ratio (P/E) stood at 26.1 in 2007, as compared to 25.2 in 2006 and 34.5 in 2005.

TABLE 9

Market Capitalisation and Macroeconomic Indicators, 1997-2007

End of year	Market Capitalization (% of GDP)	Market Capitalization (% of M3)	Market Capitalization (% of commercial deposits and repos)
2007	85.2	95.0	98.0
2006	73.8	87.6	90.3
2005	61.9	75.3	77.1
2004	49.7	60.5	67.0
2003	49.4	61.5	68.7
2002	41.7	61.6	66.3
2001	66.3	67.4	77.0
2000	130.6	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

Source: ASE, Bank of Greece, National Statistical Service.

TABLE 10

Net Profits and Distributed Dividends of ASE listed Companies, 1996 -2006

Year	Net profits after		Distributed Dividends		Dividend Ratio
	Value (mn €)	Annual Change (%)	Value (mn €)	Annual Change (%)	
2006	10,700.44	88.8	8,014.51	145.2	74.9
2005	5,695.39	6.0	3,268.65	8.9	57.4
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	-	733.38	-	36.5

Source: ASE.

The Fixed-income securities market

The uncertainty that prevailed in financial markets during 2007, as a result of the turmoil in the US subprime mortgage backed securities, affected the international bond market, which exhibited increased price and yield volatility. This turmoil engendered a shift of investor preference towards safer placements in higher-rated securities, and a change in expectations regarding monetary policy fundamentals. In such an environment, Greek fixed-income security yields were affected by the general uncertainty regarding the course of the economy, chiefly in the US, as well as the inflationary risks generated by increased energy and food prices. By the end of the year, the yields of ten-year Euro-zone government bonds had decreased to 4.2% (early December 2007), the yields of the equivalent US securities had decreased to 4%, and as a result the spread between US and European bond yields turned negative for the first time since 2004.

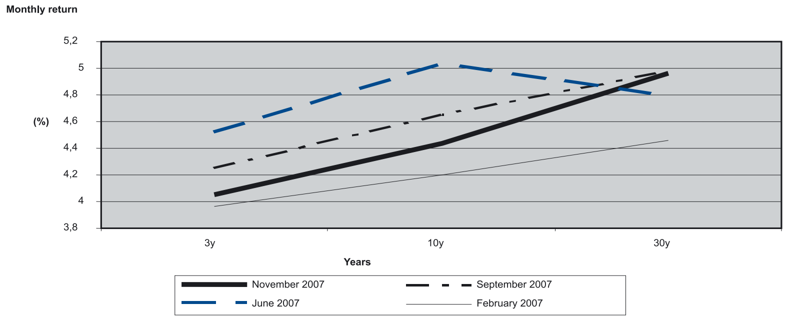
As far as the Euro-zone's fundamentals are concerned, the fear of inflationary pressures had a negative effect on the yield curve of European long-term fixed income securities. In general, Greek Treasury bond yields followed the overall trend of the Euro-zone. In contrast to the 15- and 3-year treasury bonds, the three-year benchmark bond registered the largest decrease in yields (4.05% by late November 2007), while the yield of the 10-year benchmark bond fell at 4.44%. Overall, the slope of the yield curve became steeper, as the spread of the three-year over the 30-year bond rose to 91 basis points. The general shift of investor preferences towards government bonds with higher credit ratings in search of safer placements, led to an increase in the spread of the 10-year Greek Treasury bond over the German reference bond to 32 basis points in November, from 22 bps in June 2007.

On September 30, 2007, fixed rate securities and floating rate securities accounted for 87.1% and 12.9% of the general government debt respectively, while tradable securities accounted for 91% of the debt. The monthly distribution of new bond issues shows that, from January to September 2007, securities with maturities of 10 years or more accounted for 54.4% of total issues, securities with maturities of five years and more accounted for 20.6%, while securities with maturities of 20 years and more accounted for 25%.

In 2007, there were new issues of Greek Treasury securities (Treasury bills with maturities of 13, 26, and 52 weeks, bonds with maturities of three, five and ten years), along with regular bond auctions in the primary market, as well as various syndicated, and special, issues with long-term maturities. The value of transactions on Greek treasury securities in the Electronic Secondary Treasury Bonds Market (IDAT) amounted to 40.35 billion euros in November 2007, as compared to 64.56 billion euros in the same period of the previous year. Owing to disturbances in the international securitizations market, the value of transactions in the IDAT was markedly reduced during the third quarter of the year, falling to 27.43 billion euros in August 2007, as compared to 55.74 billion euros in July 2007 and 42.98 billion euros in August 2006. In 2007, the largest proportion of transactions executed concerned the ten-year benchmark bond, while there was increased interest for the ten-year bond that matures on July 20, 2016.

FIGURE 4

The yield curve for Greek Treasury bonds, 2007



Source: Bank of Greece:

The Derivatives Market

In 2007, the financial derivative products market of the Athens Stock Exchange was marked by the growth of trading activity, an increase in the market shares of derivative products on shares, an increase in the number of shares that constitute underlying assets, and certain institutional amendments.

In 2007, the volume of transactions in the derivatives market was increased, albeit without outpacing transaction value growth in the transferable securities' market of the ASE. The average daily volume of transactions on all traded stock futures and options rose to 26,123 in 2007, from 23,287 contracts in 2006, and 18,792 contracts in 2005. The highest activity was observed in December 2007, when the average daily volume of transactions reached 38,339 contracts. The largest increase in the average daily volume of transactions concerned stock options (514.5%), while the largest decrease in the average daily volume of transactions concerned the futures on the Eurobank Mid Cap Private Sector 50 (79.31%).

In 2007, the average daily volume of transactions on FTSE/ASE 20 futures increased by 4.47%, while the average daily volume of transactions on FTSE/ASE 20 options decreased by 6.87%. The average daily volume of transactions on two derivative products whose underlying instrument is the FTSE/ASE 20 index accounted for 48.31% of the total average daily volume of transactions for the year 2007, as compared to 53.05% in 2006 and 64.69% in 2005 (Figure 5). In the same year, the average daily volume of transactions on futures and options whose underlying instrument is the FTSE/ASE Mid 40 index decreased by 15.06% and 9.83% respectively.

The average daily volume of transactions on all stock futures rose from 9,946 contracts in 2006 to 12,308 contracts in 2007, increased by 23.8% year-on-year. In 2007, the largest average daily volume of transactions concerned the future of Intracom SA (1551 contracts), while the lowest average daily volume of transactions concerned the future of METKA (49 contracts). Similarly, the average daily volume of transactions on stock options rose to 424 contracts in 2007, from 69 contracts in 2006. The increase in the volume of transactions on stock futures improved the share of this type of product in the total average daily volume of transactions in the derivatives market, which stood at 42.71% in 2007, as compared to 42.71% in 2006 and 30.47% in 2005.

The total volume of transactions on Stock Repos rose to 878,101 contracts in 2007, from 517,538 contracts in 2006, while the volume of transactions on Stock Reverse Repos rose to 1,155,102 contracts in 2007, from 796,375 contracts in 2006. Finally, the total volume of transactions on Special Type Repurchase Agreements increased by 711.13%, reaching 355,965 contracts in 2007, as compared to 43,885 contracts in 2006, mainly owing to the establishment of the bilateral repurchase agreement facility (without the participation of the Athens Derivatives Transactions Clearing House-ADECH) for all types of investors.

In 2007, there was an increase in the number of investors activated in the derivatives market. The number of end investor-client accounts amounted to 34,820, as compared to 31,355 accounts in 2006 and 27,399 accounts in 2005, registering an annual increase of 11.05% in 2007. The average monthly number of active accounts stood at 3,584 in 2007, as compared to 3,358 accounts in 2006, and represented 10.81% of the total number of accounts in 2007, as compared to 11.26% in 2006. The ratio of market maker to client transactions for all the products traded in the derivatives market was 42:58 in 2007, as compared to 38:62 in 2006, and 46:54 in 2005 (Table 12). This improvement was mainly due to the activation of market makers in stock option trades, where the ratio of market maker to client transactions stood at 33:66 for 2007, as compared to 0:100 in 2006. Excluding stock options, the ratio for other products fell slightly in 2007, and stood at 44:56, as compared to 46:54 in 2006 and 54:46 in 2005. More specifically, in 2007 there was a reduction in the aforementioned ratio for FTSE/ASE20 futures and options, while there was an increase in the case of FTSE/ASE-Mid 40 futures and options, and stock futures.

The comparison of the value of transactions in the securities market to the value of transactions in the derivatives market of the ASE in 2007 reveals that the average ratio of the value of transactions on futures and options to the total value of transactions in the underlying market decreased from 0.58 in 2006 to 0.54 in 2007 (Table 13). The was also a decrease 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/ASE Mid40, which fell to 0.38 in 2007, from 0.45 in 2006, and 0.64 in 2005.

TABLE 11

Intermediation Agencies in the derivatives market, 2007

	Dec. 2007	Dec. 2006	Dec. 2005	Dec. 2004	Dec. 2003
Trading Members	51	54	55	60	67
New members per year	1	3	2	2	1
Member mergers and deletions	-4	4	-7	-9	-4
Clearing Members (ADECH)	35	37	36	41	47
New members per year	0	3	0	2	2
Member mergers and deletions	-2	-2	-5	-8	-2
- Direct Clearing Members	23	24	24	29	35
- General Clearing Members	12	13	12	12	12
Terminals	295	303	310	405	429
API use agreements	29	32	30	33	35
Client Accounts	34,820	31,355	27,399	24,373	21,256
Products	11	11	11	11	10

Source: ASE.

TABLE 12

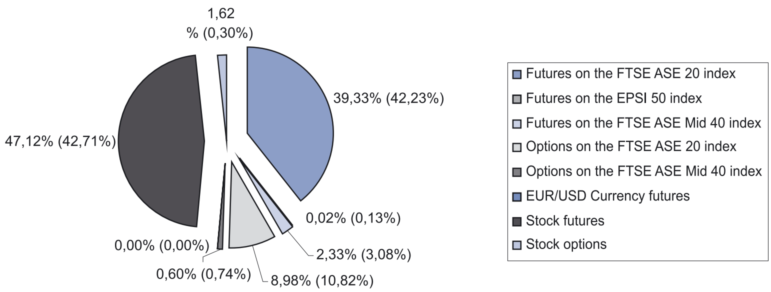
Distribution of Contracts in the Derivatives market, 2005-2007

Derivative financial products of the ASE derivatives market	Distribution of Contracts					
	Average 2007		Average 2006		Average 2005	
	MM	Clients	MM	Clients	MM	Clients
FTSE/ASE- 20 futures	41%	59%	53%	47%	57%	43%
FTSE/ASE Mid 40 futures	32%	68%	29%	71%	40%	60%
FTSE/ASE- 20 futures	49%	51%	56%	44%	59%	41%
FTSE/ASE- 40 options	53%	47%	52%	48%	56%	44%
Stock futures	43%	57%	38%	62%	43%	57%
Future on the Euro/dollar exchange rate	-	-	-	-	68%	32%
TOTAL PRODUCTS 1	44%	56%	46%	54%	54%	46%
Stock options	33%	66%	0%	100%	0%	100%
TOTAL PRODUCTS 2	42%	58%	38%	62%	46%	54%

Source: ASE

FIGURE 5

Distribution of the Volume of Transactions in the derivatives market per product, 2006 -2007



Source: ASE.
Note. The figures for 2006 are shown in brackets

TABLE 13

Value of transactions in the Underlying and Future Derivative Products Market, 2007

Month / Year	Value of transactions on FTSE/ASE20 & MID40 stocks to ASE Stocks	Value of transactions on futures & options to ASE stocks	Value of transactions on futures & options to FTSE/ASE20 & MID40 stocks.	Value of transactions on futures & options to FTSE/ASE20 stocks.	Value of transactions on futures & options to FTSE/ASE20 stocks.
Jan. 2007	86%	58%	39%	47%	39%
Feb. 2007	87%	57%	43%	51%	45%
Mar. 2007	88%	71%	53%	63%	44%
Apr. 2007	81%	62%	34%	42%	42%
May 2007	79%	46%	37%	49%	37%
Jun. 2007	79%	54%	40%	58%	22%
Jul. 2007	74%	34%	27%	36%	42%
Aug. 2007	83%	61%	40%	45%	68%
Sep. 2007	87%	54%	40%	48%	31%
Oct. 2007	86%	37%	25%	29%	27%
Nov. 2007	76%	42%	34%	47%	34%
Dec. 2007	87%	69%	49%	62%	26%
Average 2007	83%	54%	45%	57%	33%
Average 2006	85%	58%	38%	48%	38%

Source: ASE.

In 2007 the call:put ratio for the total of transactions on index options was marginally in favour of put options, reflecting investor concerns about the performance of stock markets. More specifically, the value of the ratio regarding the entire volume of transactions on index options was 0.97 in 2007, as compared to 1.44 in 2006 and 1.49 in 2005. It should be noted that the ratio showed significant monthly fluctuations during 2007 (maximum value: 1.54 in May; minimum value: 0.53 in August) with the average monthly value of the ratio amounting to 1.07 in 2007, as compared to 1.47 in 2006, and 1.57 in 2005. The value of the ratio for the FTSE/ASE20 index is higher than the value of the ratio for the FTSE/ASE Mid40 index (0.97 as compared to 0.91).

In 2007, there were certain changes in the derivatives market, which concerned both the institutional framework, and the traded products. These changes included the repeal of articles 1-14 and 16-32 of the previous Law 2533/1997, in accordance with article 85 of Law 3606/2007. The said articles regulated the operation of the derivatives markets and the operation of the agency responsible for clearing transactions on derivatives. The first issue has now been settled by the provisions of the first part of Law 3606/2007, while the second issue has been settled by the provisions of Chapter A of the second part of Law 3606/2007, which sets the conditions for the granting of operating licenses to the system and the system manager, the conditions for access to the system, the guarantee fund, collaterals, member delinquencies and other matters. Moreover, the Regulation for the Clearing of Transactions on Derivatives was amended by HCMC Rule 34/419/14.3.2007, in terms of the conditions regarding the operational adequacy of ADECH members, the clearing codes and the delegation of duties by the Board of the ADECH to other bodies. Finally, new stock futures listings concerned the shares of Motor Oil, the Greek Postal Savings Bank, Viohalko, Bank of Cyprus, Agricultural Bank of Greece, Hellenic Petroleum, Marfin Popular Bank, Metka, Sidenor and Marfin Investment Group, and new options listings concerned the shares of OPAP SA, and the PPC.

NEW CORPORATE SECURITY ISSUES

In 2007, there was a substantial increase in the issuing activity of listed and new companies in the market, which reversed the decline of the past five-years. In the period 2003-2006, price trends upon initial listing (stable or downwards) were opposite to price trends upon secondary trading (upwards), whereas in 2007 this relation was proportionate. More specifically, four (4) companies proceeded to initial public offerings of tradable stock in the Athens Stock Exchange was amounted to four (4), while twenty-eight (28) companies undertook share capital increases. The value of total funds raised by means of initial public offerings and share capital increases rose dramatically to 10.69 billion euros, from 4.16 billion euros in 2006, mainly as a result of the large share capital increases undertaken by listed companies and, in particular, the 5.19 billion Euro share capital increase performed by the Marfin Investment Group. 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 ASE increased in 2007, as compared to the previous two-years. More specifically, the value of funds raised by newly-listed companies in the ASE accounted for 0.49% of total market capitalization in the ASE by the end of 2007 -or to 10.00%, barring the effect from the share capital increase of the Marfin Investment Group- as compared to 0.46% of total market capitalization of ASE listed companies by the end of 2006, 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.

The participation of new issues to total market capitalization in the ASE decreased to 0.25% in 2007, as compared to 0.46% in 2006. This reduction is due to the increased funds drawn in 2006 through the sale of existing shares of the Postal Savings Bank. This percentage varies over time, from 0.07% in 2005 to 9.8% in 2000, and is mainly affected by the numerator, i.e. the amount of funds raised in the primary market.

Share issues through public offerings

In 2007, there were four 4 initial public offerings altogether in the ASE, as compared to two IPOs in 2006, 8 in 2005, 10 in 2004, and 16 in 2003 (Table 14). The shares of two of these companies were listed in the Large Capitalization Market of the ASE, and the shares of the other two in the Medium and Small Capitalization Market. Despite its increase, the number of initial public offerings remains relatively low in comparison with the beginning of this decade (Table 15), and reflects the limited attractiveness of the stock market as a source of business finance, in an environment of low interest rates. The total amount of funds raised through public offerings of stock and private placements fell to 500.73 million euros in 2007, from 725.25million euros in 2006, decreased by 44.84% year-on-year.

TABLE 14

Share issues through public offerings 2007

Market	2007 Number of IPOs	2007 Capital Raised (mn €)
Large Capitalization	2	465.87
Middle & Small Capitalization	2	34.86
Total	4	500.73

Source: HCMC

TABLE 15

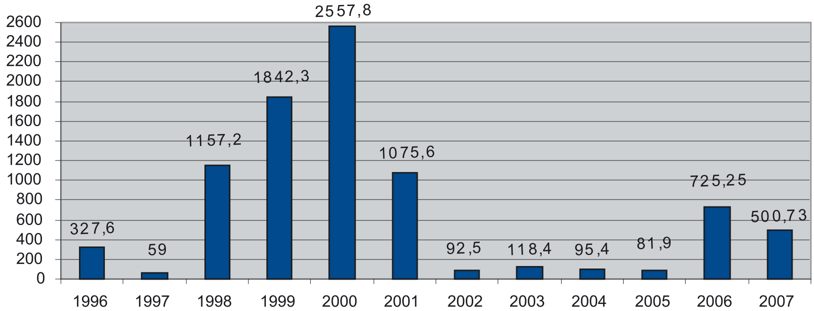
Share issues through public offerings 2000-2006

Year	Total Offerings	Initial Public Offerings			Public offerings by Listed Companies		
		No	Amount (mn €)	% total	No	Amount (mn €)	% total
2007	4	4	500.73	100	0	0	0
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, 2007 (million €)



Source: HCMC

The average amount of funds raised per public offering was 125.18 million euros in 2007, as compared to 362.6 million euros in 2006, 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 2007, 6% (30,066,300 euros) originated from the sale of existing shares, and 94% (470,667,120 million euros) originated from new share issues. This development does not bring about any material change from the previous year's issuing activity. Indeed, after subtracting the effect of the Postal Savings Bank issue, 75.6% of the total amount of funds raised in 2006 (85,957,030 million euros) had been raised through new share issues, and 24.4% (27,768,000 euros) had been raised through the sale of shares by existing shareholders. Similarly, after subtracting the impact of an issue by a state-controlled enterprise (OPAP SA) from the total amount of funds raised in 2005, 73.6% (60,235,152 euros) had originated from the issuance of new shares and 26.4% (21,625,000 euros) from the sale of existing shares.

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 ASE stood at 7.40, as compared to 5.88 (or 8.33 excluding the Postal Savings Bank) in 2006, 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).

The distribution of funds raised per sector of activity in the Athens Stock Exchange during 2007, was the following (Figure 7): Utilities absorbed the largest portion of the funds raised (66%), Airlines absorbed 27%, Real Estate Holding & Development absorbed 5% and, finally, Personal & Household Goods absorbed 2%.

TABLE 16

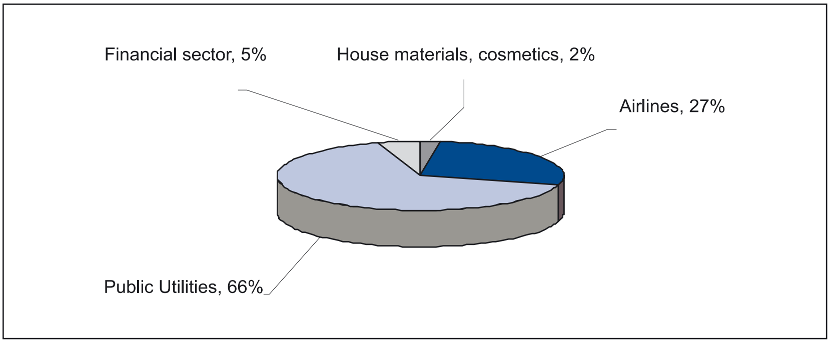
Quarterly distribution of share issues through public offerings 2007

Quarter 2007	Number of issues		Funds Raised (€)	(% of total)	Average weightedover-subscription
1st	1	Average	11,520,000.00		
		Total	11,520,000.00	2.30	11.82
2nd	1	Average	135,237,415.68		
		Total	135,237,415.68	27.00	1.65
3rd	0	Average	0		
		Total	0	0	0
4th	2	Average	76,988,047.70		
		Total	353,976,095.40	70.70	3.25
Total	4	Average	125,183,377.77		
		Total	500,733,511.08	100.0	7.40

Source: HCMC

FIGURE 7

Funds Raised through public offerings per sector of activity in the ASE, 2007



Source: HCMC

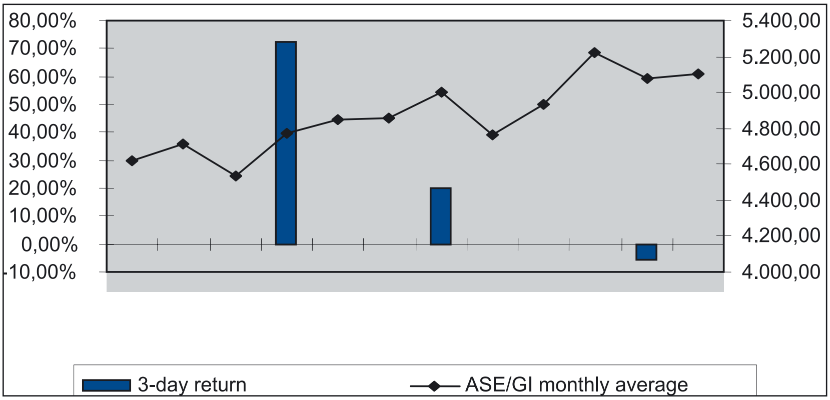
In 2007, the average return realized during the first three days of IPO trading in the ASE was positive and amounted to 28.71%, as compared to 9.93% in 2006, 2.9% in 2005, a negative return of -2.8% in 2004, and positive returns of 2.9% in 2003, 11.0% in 2002, 36.2% in 2001, and 58.4% in 2000. The average return realized in the first day of IPO trading was higher and approached 37.39%, as compared to 10.41% in 2006, 2.22% in 2005, a negative return of -3.56% in 2004, and a positive return of 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 produce an average return that takes into account all differences in returns between smaller and larger capitalization companies caused 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 4.08%, as compared to 10% in 2006, -2.41% in 2005, 5.14% in 2004, and approximately 16.8% in 2003. The greatest return during these first three-days was realized by the share of Korres Natural Products, whose price increased by 72.22% as compared to its listing price. Gains were also registered by the price of Aegean Airlines SA, whose price increased by 19.74%, while the price of Terna Energy decreased by 5.82% as compared to its listing price.

Figure 8 illustrates the monthly return of newly listed shares during the first three trading days and the average monthly value of the ASE General Index during 2007. The monthly returns of newly listed company shares were positive in two cases, and negative in one case. In the first quarter of 2007, there were no new company listings in the stock market, while there was one company listing in each of April, June and November. At the end of the year the share price of Korres Natural Products had registered a 97.5% gain as compared to its listing price, while the share prices of both Aegean Airlines and Terna Energy registered losses of 10.53% and 23.64% respectively, as compared to their listing price. By the end of 2007, the average return of the shares of companies that performed public offerings during the year was positive, and stood at approximately 21.11%, while the capitalization-weighted average return was negative and amounted at approximately -15.20%.

FIGURE 8

Average monthly return of newly-listed shares after the first three trading days, 2007



Source: HCMC

Share capital Increases by ASE-Listed Companies

In 2007, ASE-listed companies showed considerable issuing activity: Twenty nine (29) listed companies proceeded to share capital increases in 2006, as compared to fourteen in 2006, nineteen in 2005, eleven companies in 2004, twelve companies in 2003, and five companies in 2002 (Table 17). The total amount of funds raised reached 10,186.53 in 2007, as compared to 3,438.4 million euros in 2006, increased by 66.25% year-on-year. A percentage of 50.95% of these funds was raised by the Marfin Investment Group. More specifically, four credit institutions, Attica Bank, EFG Eurobank, General Bank, Piraeus Bank and Marfin Investment Group, absorbed 79.8% of the total funds raised by ASE-listed companies through share capital increases. The number of companies that performed share capital increases in 2007 was more than double than that of 2006, while the total value of funds raised reflects an ongoing corporate restructuring effort, the improvement of the companies' investment programs, as well as increased investor interest for placements in capital market securities.

The quarterly distribution of share capital increases in 2007 (Table 18) is the following: in the first quarter there was one share capital increases, with a total value of 1.56 million euros that absorbed 0.02% of the total funds raised throughout the year; in the second quarter there were six increases, with a total value of 329.52 million euros that absorbed 3.23% of the total funds raised; in the third quarter there were fourteen increases of 8,865.41 million euros that absorbed 87.03% of the total funds raised; and in the fourth quarter there were eight increases, with a total value of 990.03 million euros that absorbed the remaining 9.72% of the total funds raised.

TABLE 17

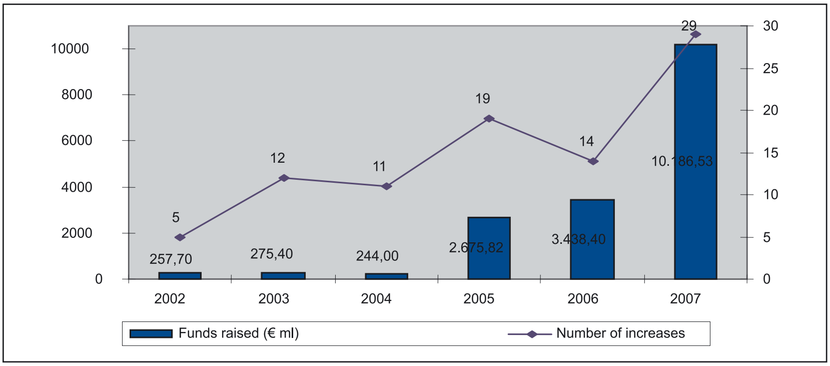
Share capital increases by ASE-listed companies, 2003-2007

2007		2006		2005		2004		2003	
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 €)
29	10,186.53	14	3,438.4	19	2,675.8	11	244	12	275.4

Source: HCMC

FIGURE 9

Funds raised through share capital increases in the ASE, 2002-2007



Source: HCMC

TABLE 18

Quarterly distribution of share capital Increases by ASE Listed Companies 2007

Quarter	Number of Share Capital Increases	Capital Raised (mn €)	(% of total)
1st	1	1.56	0.02%
2nd	6	329.52	3.23%
3rd	14	8,865.41	87.03%
4th	8	990.03	9.72%
Total	29	10,186.53	100.0%

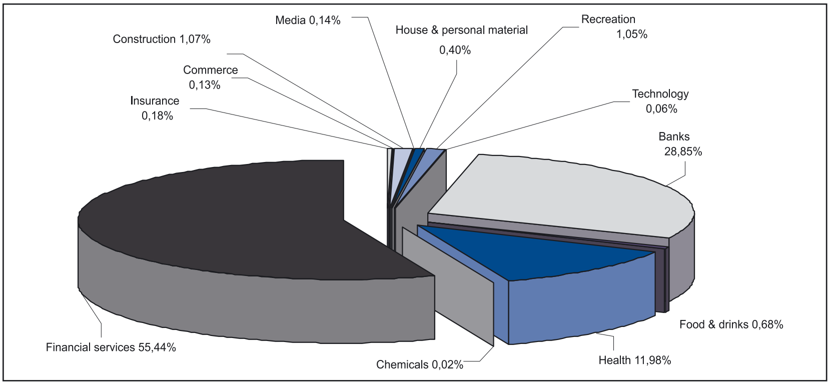
Source: HCMC

In twenty two (22) cases the share capital increase was initially subscribed through the exercise of pre-emptive rights, at rates that ranged from 49.32% to 99.81%, with an average subscription rate of 84.81%, excluding the share capital increase undertaken by the Marfin Investment Group, which was subscribed through the exercise of pre-emptive rights at a rate of 4%. Moreover, in one of these cases the increase was finally subscribed by 83%. The remaining share capital increases were performed either through private placement, or through placement with a strategic investor with abolition of the pre-emptive rights in favour of existing shareholders, while in one other case the share capital increase was performed by a 98.1% contribution in kind. The respective subscription rates for 2006 were 13.11% and 98.44% with an average subscription of 67.2%; in 2005 they were 29.61% and 99.21%, with an average subscription of 76.58%; and in 2004 they were 7.7% and 85.7% respectively, with an average subscription of 37.11%

The distribution of funds raised through share capital increases per sector of activity in 2007 is the following (Figure 10). The Financial Services sector performed three increases, absorbing 5,647.77 billion euros that account for 55.44% of the total funds raised. More specifically, banks performed four share capital increases, absorbing funds of 2,938.70 billion euros that account for 28.85% of the total funds raised. The Health Care sector performed six share capital increases, absorbing almost 1,220.81 billion euros that account for 11.98% of the total funds raised. The remaining sectors absorbed 3.73% of the total funds shares, with individual percentages that ranged from 0.02% to 1.07%. From the companies that performed share capital increases, fifteen belong to the Large Capitalization category, nine to the Small and Medium Capitalization category, one belongs in the Special Financial Characteristics category, and three are under probation (Ikona-Ihos SA, Praxitelio Hospital SA, PC Systems).

FIGURE 10

Funds raised through share capital increases per sector, 2007



Source: HCMC

The Fixed-income securities market.

In 2007, there were two fixed income security issues by ASE-listed companies. Nireus SA, from the Farming & Fishing sector, and Ygeia, from the Health Care sector issued corporate bonds in 2007, as compared to two issues in 2006, one issue in 2005, five issues in 2004 and four issues in 2003. The total value of funds raised amounted to 320.01 million euros are compared to 53.43 million euros in 2006, 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 2007, there was extensive M&A activity among listed and non-listed companies (Table 19). During the year, there were 31 corporate restructuring deals.

These deals included 4 mergers among ASE-listed companies from the of Clothing & Accessories, Pharmaceuticals, Non-Ferrous Metals and Heavy Construction sectors, 24 absorptions of non-listed by listed companies, 2 absorptions of listed by non-listed companies, and 1 listed company spin-off.

TABLE 19

Mergers & acquisitions, spin-offs, and branch transfers, 2007 (parts A, B, C & D)

	LISTED COMPANY	SECTOR	TARGET COMPANY	SECTOR
	A. Mergers among ASE listed Companies			
1	UNITED TEXTILES SA	Clothing & Accessories	FANCO SA	Clothing & Accessories
2	VETERIN SA	Pharmaceuticals	LAMDA DETERGENT SA	Commodity Chemicals
3	MYTILINEOS HOLDINGS SA	Nonferrous Metals	EVIK SA ALUMINIUM OF GREECE	Aluminium
4	HELLENIC TECHNODOMIKI TEV	Construction	PANTECHNIKI SA	Construction
	B. Mergers among listed and non-listed companies			
1	LAMDA DETERGENT SA	Commodity Chemicals	LAMDA COSMETICS SA	Non-listed
2	VETERIN SA	Pharmaceuticals	ELPHARMA SA	Non-listed
3	SELONDA AQUACULTURES SA	Farming & Fishing	EUROFISH HELLAS-ASTARTI SELANA FISHFARMING SA	Non-listed
4	GENERAL COMMERCIAL & INDUSTRIAL SA	Industrial Suppliers	VIOMOTOR SA	Non-listed
5	SFAKIANAKIS SA	Retail Trade	SFAKIANAKIS SA	Non-listed
6	HATZIOANNOU SA	Clothing & Accessories	VERTICAL SA INFOTRUST SA	Non-listed
7	EGNATIA BANK	Banks	POPULAR BANK SA MARFIN BANK SA	Non-listed
8	SPACE HELLAS SA	Telecoms Equipment	SPACEPHONE SA	Non-listed
9	NICK GALIS YOUTH CENTERS & ASSISTED LIVING SA.	Recreational Services	SAOS ANE SAMOTHRAKI	Non-listed
10	VIVERE ENTERTAINMENT SA	Specialty Retailers	CASINO & XENIA THRACE SA	Non-listed
11	KRE.KA. SA	Farming & Fishing	G. DELLAS & P. TSAKANIKAS MEAT TRADING SA	Non-listed
12	NATIONAL BANK OF GREECE	Banks	NATIONAL FIN	Non-listed
13	KLOUKINAS-LAPPAS SA	Construction	NET STYLE SA	Non-listed
14	IMPERIO SA	Transportation Services	ARGO GRUPAZ SA HELLAS MOVERS CONS SA	Non-listed
15	F.H.L. H. KYRIAKIDIS MARBLES-GRANITES SA	Building Materials & Fixtures	FHL WHITE MARBLE TRADING	Non-listed
16	BANK OF ATTICA SA	Banks	ATTIKIS LEASING	Non-listed

Source: HCMC

17	GREGORY'S MICROGEVMATA SA	Food Products	GEVMATA SYNTAGMATOS SA ASIAN RESTAURANTS SA	Non-listed
18	SELONDA AQUACULTURES SA	Farming & Fishing	PARKO PERDIKA FISHFARMING ACHAIAN	Non-listed
19	AXON SA HOLDING	Health Care Providers	ADVANCED TECHNOLOGY IND	Non-listed
20	NAFPAKTOS TEXTILE INDUSTRY	Clothing & Accessories	VIOPOL SA	Non-listed
21	UNISYSTEMS SA	Computer Services	DESICIO SYSTEM INTEGRATION SA	Non-listed
22	EUROMEDICA SA	Health Care Providers	GENERAL CLINIC SALONICA ADVANCED TECH. MEDICAL INSTITUTE CRETE SA ADVANCED TECH. MEDICAL INSTITUTE MACED SA	Non-listed
23	KEGO SA	Farming & Fishing	ENALIOS SA	Non-listed
24	MICHANIKI SA	Construction	MICHANIKI PROPERTIES SA	Non-listed
	C. Mergers among non-listed and listed companies			
1	TRAMOUNTANA HOLDING SA	Non-listed	NOTOS COM HOLDING	Broad line Retailers
2	DIONYSOS LEISURE SA	Non-listed	REGENCY ENTERT/MENT SA	Gambling
	D. Spin-offs and branch transfers of ASE listed companies			
1	INFO-QUEST SA	Computer Services	UNISYSTEMS SA	Computer Services

Source: HCMC

PART THREE

CAPITAL MARKET INTERMEDIARIES

INVESTMENT FIRMS

General Overview

In 2007, fifty nine (59) investment firms ASE-members, six (6) credit institutions ASE-members, and twenty two (22) investment firms non-ASE members were active in the Greek capital market. More specifically, in 2007 the Hellenic Capital Market Commission granted an operating license to one (1) investment firm non-ASE member, approved the involvement of three (3) investment firms-ASE members in commodity derivatives trading, revoked the license of one (1) investment firm ASE-member, and approved corporate objective changes for two (2) investment firms-ASE members. Moreover, the HCMC granted licenses for the establishment of new branches and representative offices to two (2) investment firms-ASE members and two (2) investment firms-non ASE members. In 2007 one (1) investment firm-ASE member was absorbed by one (1) credit institution, one (1) investment firm-ASE member was absorbed by one (1) investment firm-ASE member, one (1) investment firm-non ASE member was absorbed by one (1) investment firm-ASE member, and three (3) investment firms-non ASE members were absorbed by Mutual Fund Management Firms. Finally, the HCMC granted a community passport for activation in other European Union states to four (4) investment firms-ASE members.

In 2007, the Hellenic Capital Market Commission proceeded to the implementation of measures aimed at upgrading the quality and range of the services offered in the market. More specifically, the Commission regulated matters pertaining to the calculation of capital requirements for investment firms, the code of conduct for investment firms, as well as the organizational requirements for their operation, along with issues pertaining to transaction reporting and information recording obligations. Moreover, in 2007 the institutional framework was fortified with the addition on Laws 3606/2007 and 3601/2007, which transpose the corresponding MiFID and CAD III (Basel II) EU Directives.

The utilization rate of the facility concerning the provision of credit by ASE members to their clients for the purchase of securities (margin account) was satisfactory. By the end of 2007, the number of active margin account contracts was 14,436, and the total value of security portfolios for margin account trading amounted to 1.998 billion euros. In December 2007, the number of short term credit contracts amounted to 30.958. The short term credit facility was established by the Hellenic Capital Market Commission by means of HCMC Rule 8/370/26.01.2006, and became effective in April 2006.

In 2007, the Common Guarantee Fund was set to approximately 168,797 million euros, and the minimum contribution for investment firms-ASE members was set to 704,328.7 euros.

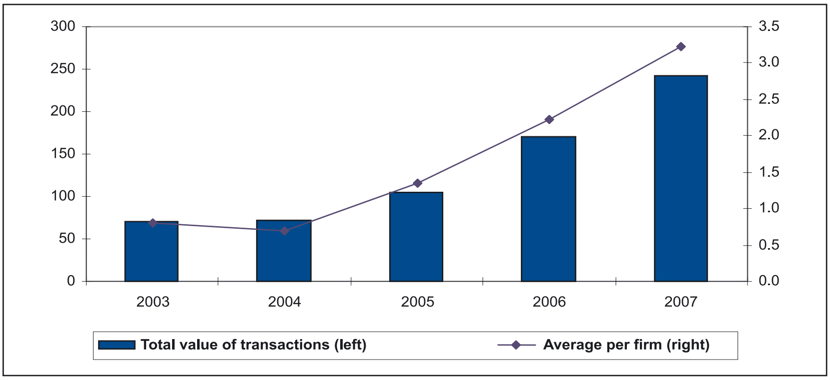
Trading activity

The improvement of investor sentiment during 2007 boosted trading activity in the ASE. The total value of transactions (purchases and sales) by investment firms-ASE members was 242.6 billion euros in 2007, registering an annualized increase of 42.0% (Figure 11). The average value of transactions per investment firm-ASE member was 3.234 billion euros in 2007, as compared to 2.216 billion euros in 2006. Only nine investment firms-ASE members, which accounted for 12% of the total, outperformed this average, against ten firms in 2006, which represented 13% of the total.

The value of transactions performed through the Thessalonica Stock Exchange Centre rose to almost 5.5 billion euros in 2007, as compared to 3.9 billion euros in 2006. The ratio of transactions in the Thessalonica Exchange Centre to the total value of transactions in the ASE stood at 4.53% in 2007, as compared to 4.56% in 2006.

FIGURE 11

Value of transactions by investment firms-ASE members and average value per member, 2003-2007 (billion €)



Source: HCMC

Restructuring activity in the investment services sector contributed to the increase in the concentration of transactions executed by investment firms-ASE members. The share of the four investment firms-ASE members with the largest value of transactions as a percentage of the total value of transactions rose to 55% in 2007, from 51% in 2006, while the top ten investment firms-ASE members executed 84.2% of the total value of transactions.

Investment firms-ASE members that are subsidiaries of credit institutions executed 49.34% of total transactions in 2007, as compared to 55% in 2006. Eleven investment firms-ASE members were subsidiaries of credit institutions, including 2 members of the Cyprus Stock Exchange that operated as remote members of the ASE for the first time during 2006. Credit institution subsidiaries that were only ASE members, and are activated in the ASE, represented 15% of all investment firms-ASE members, as compared to 13% in 2006.

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

TABLE 20

Analysis of the value of transactions by investment firms-ASE members, 2004-2007 (,000 €)

Transaction analysis (purchases & sales)	2004	2005	2006	2007	Diff% 07/06
Total Transaction Value	71,284,505	105,131,605	170,679,388	242,559,704	42%
Share of the first 4 brokerage firms	46.59%	52.45%	50.75%	55%	8.37%
Average value per brokerage firm	838,641	1,347,841	2,216,615	3,244,129	46%
Maximum transaction value per brokerage firm	10,919,536	18,495,383	29,143,882	43,090,565	47.85%
Minimum transaction value per brokerage firm*	1,650	338,303	13,361	193,990	1,352%
Share (%) of transaction value by Bank subsidiaries	51.38%	65.05%	55.34%	49.34%	-10.84%

Source: HCMC

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

TABLE 21

Market Share Concentration of Investment Firms-ASE members, 2004-2006

Classification of firms according to market share	2007	% change 06/05	2006	2005	2004
1-10	84.2	0.05	80.3	78.8	70.9
11-25	9.1	-0.23	11.7	12.2	14.6
26-45	4.4	-0.19	5.5	5.8	8.4
46-78	2.3	-0.06	2.5	3.2	6.1

Source: Hellenic Capital Market Commission.

Margin Account Trading

In 2007, there was an increase in the value of credit extended by investment firms-ASE members to their clients for the purchase of securities (margin account trading). Such credit may be provided by investment firms-ASE members, which possess the appropriate operational and organizational capacity, and have submitted the relevant notification to the Hellenic Capital Market Commission. A prerequisite for the provision of credit is the conclusion of an agreement between the investment firm-ASE member and the client, and the pledging of the client's security portfolio with the investment firm-ASE member. The maximum credit that can be extended for each new purchase of shares is limited by the percentage of the initial margin requirement, and the maximum credit limit per client. In 2007, the maximum limit per client concerning the provision of credit by members of the Athens Stock Exchange (ASE) and credit institutions-non members of the ASE, was abolished. 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.

Table 22 presents the development of margin account trading for the year 2007, according to data submitted by investment firms-ASE members to the Hellenic Capital Market Commission on the last trading day of each month. Out of the investment firms-ASE members that submitted the relevant notification to the Commission, an average of 58 firms became active in this field. The average number of active margin account contracts increased from 14,017 in 2007 to 13,649 in 2006. Total debit balances in margin accounts increased in average from 256 million Euro in 2006 to 318 million Euro in 2007, and reached their highest level in July 2007 (353 million Euro). The average value of security portfolios increased in average from 1.125 million Euro in 2006 to 1.714 million euros in 2007. This increase was largely due to the utilization of the short-term credit facility by investment firm clients. These developments show that margin account trading remains a key instrument for increasing liquidity in the market.

TABLE 22

Margin Account Trading, 2007

Month	Notifications by ASE 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.	56	50	14,436	30,958	323,238,918	1,997,757,096
Nov.	57	51	14,188	30,448	328,897,355	1,803,574,195
Oct.	57	51	13,971	29,769	329,502,914	1,884,946,465
Sep.	57	51	13,671	26,728	321,351,586	1,730,665,935
Aug.	57	50	13,615	26,047	318,654,365	1,699,994,025
Jul.	57	51	13,409	25,545	353,603,316	1,849,932,884
Jun.	57	51	13,485	24,644	326,796,633	1,700,486,578
May	59	53	14,050	24,353	290,818,735	1,660,337,472
Apr.	59	53	13,583	22,462	307,980,321	1,564,487,090
Mar.	60	54	14,644	22,153	286,609,259	1,516,010,569
Feb.	60	54	14,427	20,701	325,459,507	1,589,374,756
Ιαv.	60	54	14,722	19,495	305,227,212	1,573,512,270
Avg. value	58	52	14,017	25,275	318,178,343	1,714,256,611

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

Developments in the Greek mutual fund market

The main features of the Greek mutual funds market during 2007 were the marginal reduction in total mutual fund assets, despite the rise of the stock market and the changes in the market shares of different MF types. The total number of mutual fund management firms fell to 22 in 2007, as compared to 26 firms in 2006, and 25 in 2005. The total number of mutual funds under management rose to 329 in 2007, as compared to 269 in 2006, and 258 in 2005. The 2007 increase is due to the inclusion of foreign market mutual funds (69 in total) to the total number of mutual funds under management. The distribution of mutual funds by investment at the end of 2007 was the following: 26 money market funds, 62 bond funds, 93 equity funds 49 mixed (or balanced) funds, 30 "funds of funds" and 69 foreign market mutual funds.

In 2007, the institutional framework of the mutual fund market was upgraded through the amendment of Law 3283/2004, whose main purpose was to regulate the listing of mutual fund shares in a regulated market, operating in Greece. Moreover, the Hellenic Capital Market Commission issued Rule 2/435/12.7.2007 on exchange traded funds, which sets the minimum requirements and the procedure for the listing of mutual fund shares for trading, the obligations of the management company, as well as trading transparency obligations. Finally, the HCMC issued Rules 3/435/12.7.2007 and 1/438/1.8.2007, which regulate the reproduction of stock market indices by mutual funds and the contribution of transferable securities for the acquisition of shares in mutual funds.

TABLE 23

Net assets and Number of Mutual Funds, 2004-2007

MF Classification	31.12.2007		31.12.2006		31.12.2005		31.12.2004	
	Value (mn €)	No. of M/F	Value (mn €)	No of M/F	Value (mn €)	No. of M/F	Value (mn €)	No of M/F
Money Market	7,968.91	26	5,894.31	30	4,938.86	32	15,429.90	39
Bond	4,347.09	62	6,222.15	66	13,578.09	66	7,621.92	62
Equity	5,197.85	93	6,351.56	105	5,994.18	105	5,168.35	116
Mixed	2,722.31	46	2,492.43	46	2,623.45	44	3,427.14	45
Funds of Funds	1,439.27	30	2,950.00	22	809.40	11	-	-
Foreign Market M/Fs	2,843.24	69	-	-	-	-	-	-
Total	24,518.67	326	23,910.45	269	27,943.98	258	31,647.31	262

Source: Union of Greek Institutional Investors, HCMC.

TABLE 24

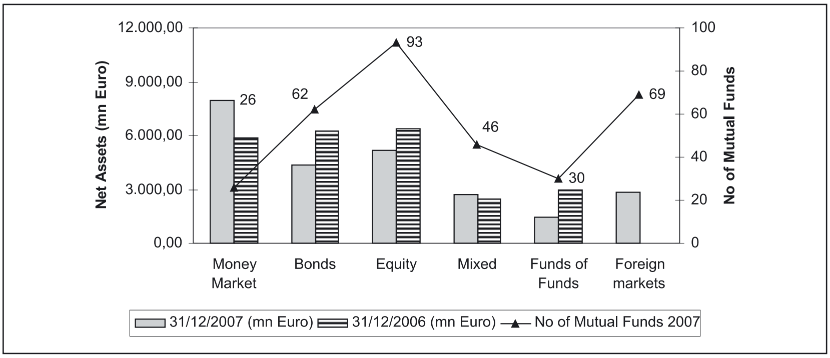
Net Mutual Funds Assets and macroeconomic aggregates, 1991-2007

Date	Commercial Bank Deposits (mn €)	ASE Capitalization (€ million)	Net Mutual Funds Assets (mn €)
Dec. 2007	-	390.825,42	24.518,7
Oct. 2007	236,382.4	398,160.21	26,191.6
Dec. 2006	211,062.3	349,477.5	23,910.5
Dec. 2005	187,585.5	301,958.6	27,944.0
Dec. 2004	159,854.5	250,045.2	31,647.3
Dec. 2003	140,029.7	219,766.6	30,398.8
Dec. 2002	133,848.7	180,329,5	25,385.1
Dec. 2001	135,732.7	178,129.8	26,795.0
Dec. 2000[1]	117,825.9	194,898.0	30,887.7
Dec. 1999	67,172.4	274,397.4	35,021.3
Dec. 1998	58,910.9	133,938.4	26,405.6
Dec. 1997	57,974.8	69,099.9	21,497.6
Dec. 1996	52,816.1	68,905.6	11,367.3
Dec. 1995	46,268.8	61,946.0	7,202.1
Dec. 1994	40,344.8	45,250.5	3,943.4
Dec. 1993	32,530.0	35,817.5	2,543.8
Dec. 1992	29,784.3	27,049.2	655.6
Dec. 1991	27,097.6	22,555.8	503.3

Source: Bank of Greece, ASE, Union of Greek Institutional Investors, 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 12

Net assets and Number of Mutual Funds per MF classification 2007



By the end of 2007, the total net assets of mutual funds amounted to 24.52 billion euros, as compared to 24.77 billion euros by the end of 2006. This marginal reduction (1%) is due to a 4.54 billion Euro decrease in the net assets of bond funds, funds of funds, and equity funds, which overcompensated for the 4.29 billion Euro increase in the total net assets of money market, foreign market and mixed mutual funds.

The net assets of bond funds plummeted by 30.14% year-on-year, because of the large outflows from both domestic bond M/Fs (964.5 million euros), and foreign bond M/Fs (928.8 million euros). The net assets of bond funds continued to fall throughout the year, with the exception of July, and the largest drop was observed in the period November-December (19.15%).

The net assets of equity funds registered an annual decrease of 18.16%, in spite of share evaluation increases, and owing to net outflows of 1.95 billion euros. Foreign equity funds suffered the largest decrease in net assets (37.05%), followed by domestic equity funds, whose net assets decreased by 13.78%. The average annual return of domestic equity M/Fs was 15.36% in 2007, while during the same year the General Index of the ASE increased by 17.86%, the FTSE/ASE 20 increased by 15.79%, and the FTSE/ASE Mid 40 and FTSE/ASE 80 indices increased by 19.45% and 20.08% respectively.

In 2007, the net assets of mixed mutual funds increased by 9.22%. This increase was mainly the result of total net inflows towards foreign mixed funds, which amounted for 120.2 million euros for the whole year, as well as of the average annual return of domestic mixed funds, which stood at 7.48%. The largest net asset increases for foreign and domestic mixed funds were observed in May, and amounted to 4.25% and 3.65% respectively. The average annual return of foreign mixed mutual funds stood at 1.20%.

In 2007, the net assets of money market mutual funds increased by a spectacular 35.20%. The net assets of domestic money market M/Fs decreased by 28.15%, while the net assets of foreign money market M/Fs increased by 55.08%. The largest decrease in the net assets of domestic money market mutual funds was recorded in September (5.4%), while the largest increase in the net assets of foreign money market mutual funds was recorded in June (6.98%). Domestic money market M/Fs suffered net outflows of 432.3 million euros, while foreign money market M/Fs received net inflows of 2,283.2 million euros.

The net assets of "Funds of funds" registered a major loss of 51.21% in 2007, falling to 1.44 billion euros. This type of mutual funds suffered substantial outflows during 2007, the largest being those of mixed "Funds of funds", which amounted at 1,166 million euros. It should be noted that the average annual returns of equity M/Fs and "funds of funds" in 2007 were 1.47% and -0.26% respectively.

The net assets of foreign market mutual funds increased by a spectacular 232.40% in 2007, and jumped to 2.84 billion euros. Annual net inflows in this category amounted to 1,908.1 billion euros, while the average annual return stood at 1.76%.

In the first three quarters of 2007, the total net assets of Greek mutual funds increased by 6.31%, as compared to a 7.0% increase in the total net assets of European UCITS mutual funds. More specifically, the net assets of Greek equity mutual funds and funds of funds followed a downward trend, in contrast to the net assets of European equity mutual funds, which moved upwards (decrease of 8.0% and 39.06% for the Greek funds respectively, as compared to increases of 6.9% and 6.4% for European equity funds and funds of funds respectively). The net assets of Greek money market and mixed mutual funds followed a similar, albeit much more spectacular, growth pattern with the net assets of the corresponding mutual funds of Europe (increases of 33.9% and 9.1%, as compared to increases of 11.4% and 10.2% respectively). During the same period, the net assets of Greek bond M/Fs decreased by 17.6%, as compared to a marginal 0.7% decrease for European bond MFs.

In 2007, the mutual funds of the Greek market received a total net inflow of 1,517.0 million euros. Foreign mutual funds, money market mutual funds and mixed mutual funds enjoyed net inflows (1,908.1 million euros, 1850.9 million euros and 120.6 million euros respectively), while all other categories suffered net outflows: 1,951.3 million euros for equity M/Fs, 1893.3 million euros for bond M/Fs, and 1,551.9 million euros for funds of funds. The largest net inflow of capital was observed in foreign money market M/Fs and amounted to 2,283.2 million euros, while the largest net outflow was sustained by domestic equity M/Fs and amounted to 1,491.5 million euros.

By the end of 2007, the structure of the mutual fund market had undergone changes in comparison to 2006 (see Table III of the Appendix). The market share of bond mutual funds fell to 17.73% from 25.12% in 2006, while foreign bond mutual funds improved their market share against domestic bond M/Fs (with domestic/foreign ratios of 33.01%:66.99% in 2007, as compared to 38.38%:61.62% in 2006). By the end of 2007, there were 62 bond mutual funds, of which 24 were domestic and 38 foreign. The market share of equity mutual funds was also reduced in 2007, falling to 21.20% from 25.65%. By the end of the year there were 93 equity mutual funds, of which 58 were domestic and 35 foreign.

The market share of “funds of funds” decreased substantially to 5.87%, as compared to 11.91% in 2006. By the end of 2007, there were 30 “funds of funds” of which 10 were equity, 17 were mixed and 3 were bond MFs. In 2007, money market mutual funds raised their market share to 32.50%, as compared to 23.80% in 2006. By the end of the year, there were 26 money market mutual funds, of which 21 were domestic and 5 were foreign. The share of mixed mutual funds remained largely unchanged, and stood at 11.1% by the end of 2007, as compared to 10.06% in 2006. At year-end, there were 49 mixed mutual funds, of which 28 were domestic and 21 foreign. Finally, foreign mutual funds boosted their market share to 11.60% by the end of 2007, as compared to 3.45% in 2006. At year-end, there were 69 foreign mutual funds.

Figure 14 correlates the quarterly change in total mutual fund assets with the corresponding ratio of equity funds to total assets. During the first semester of 2007, total net mutual fund assets increased by 6.44%, while the General Index of the ASE rose by 10.23%, and during the second semester of 2007, total net assets of mutual funds decreased by 6.99%, while the General Index of the ASE rose by 6.92%. More specifically, inflows towards foreign, money market and mixed mutual funds during the first half of 2007 overcompensated for the outflows suffered in the same period by equity mutual funds, bond mutual funds and “funds of funds”, and in conjunction with the substantial positive returns generated by equity mutual funds led to an increase in the total net assets of mutual funds. In the second half of 2007, the persistence of outflows from equity and bond mutual funds, in conjunction with the abatement of inflows towards money market and foreign mutual funds, as well as the diminution of positive returns generated by equity funds, led to a decrease in the total net assets of mutual funds that was proportionate to the increase of the first half.

The concentration of mutual fund assets increased in 2007. By the end of the year, the three largest mutual fund management firms had funds under management of 19.23

billion euros, which accounted for 78.44% of total mutual fund assets, as compared to assets of 18.05 billion euros, and a corresponding portion of 75.50% in 2006. The five largest mutual fund management firms had funds under management that accounted for 86.50% of total mutual fund assets in 2007, as compared to 85.45% in 2006 (see Table II of the Appendix).

In 2007, the Hellenic Capital Market Commission approved the cessation of operations of one existing MFMF due to dissolution, and granted licenses for the transfer of shares of three MFMFs, the formation and operation of fourteen (14) new mutual funds, the merger of seventeen (17) mutual funds, and the amendment of internal regulations for seventy-two (72) mutual funds. Moreover, nine (9) 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 2007 the Commission approved the sale of shares from two hundred and six (206) new mutual funds of foreign UCITS.

TABLE 25

Net Assets and Units of Mutual Funds, 2007

MF Classification	Type of M/F	Net Assets 31.12.2007 (€)	Annual Change (%)	No. of shares 31.12.2007	Annual Change (%)
	Domestic	1,011,540,631		253,214,333	
Money market	Foreign	6,957,364,537		748,632,260	
	Total	7,968,905,168	35.20	1,001,846,593	26.80
	Domestic	1,434,982,599		224,483,851	
Bond	Foreign	2,912,104,204		513,706,553	
	Total	4,347,086,803	-30.14	738,190,403	-35.70
	Domestic	4,444,822,560		359,942,061	
Equity	Foreign	753,032,088		159,808,268	
	Total	5,197,854,649	-18.16	519,750,329	-23.11
	Domestic	1,578,512,041		212,213,314	
Mixed	Foreign	1,143,800,676		150,901,952	
	Total	2,722,312,717	9.22	363,115,266	2.59
Funds of Funds	Total	1,439,270,778	-51.21	290,250,594	-62.44
Foreign Market M/Fs	Total	2,843,242,030	232.40	2,049,263,433	282.20
TOTAL		24,518,672,144	-1.00	4,962,416,618	16.02

Source: Union of Greek Institutional Investors, HCMC.

FIGURE 13

Mutual Fund Assets, ASE Capitalization and the ASE General Index, 2007

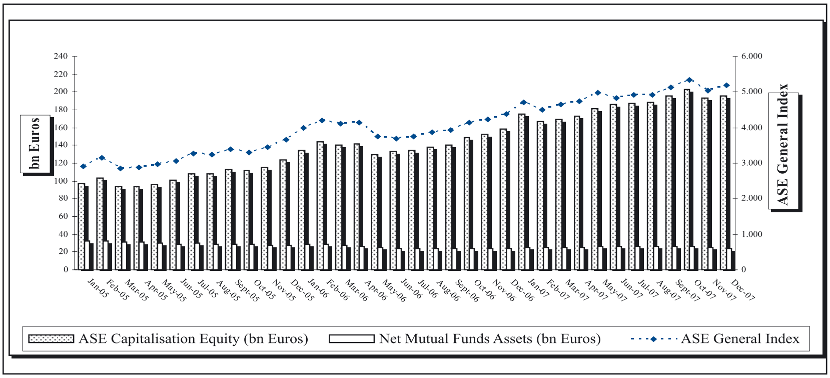


FIGURE 14

Net Assets and Structure of the Mutual Fund Market, 2003-2007

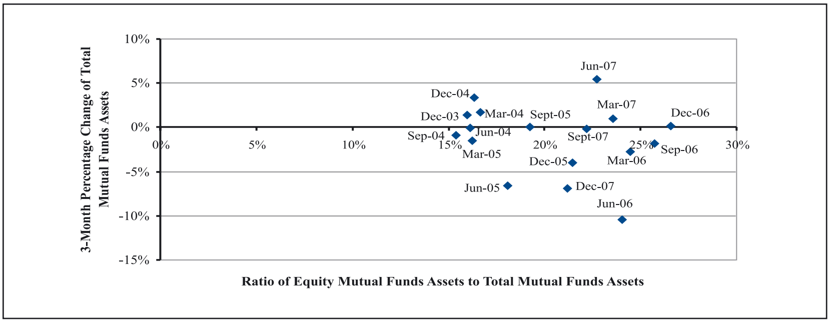


TABLE 26

New Foreign UCITS in the Greek market, 2007

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
2007	9	206	0	0
2006	6	328	0	0
2005	5	159	0	0
2004	12	92	0	0
2003	4	115	2	2
2002	6	246	0	0
2001	18	316	3	11

Source: HCMC

Developments in the European mutual fund market

According to statistics of the European Fund & Asset Management Association (E.F.A.M.A.), the total net assets of mutual funds in European markets increased by 7.4% during the first nine-months of 2007. During the same period, the total net assets of UCITS mutual funds increased by 7.0%, mainly because of the increase in the total assets of mixed mutual funds by 10.2% and in the total assets of equity funds by 6.9%. There was also a 9.1% increase in the net assets of money market funds, and a 6.4% increase in the net assets of "funds of funds". During the first three quarters of 2007, net sales reached 130.5 billion euros, and were positive in the case of mixed and money market mutual funds, and negative in the case of equity and bond mutual funds. Mixed mutual funds enjoyed the largest inflows (65.6 billion euros), while equity mutual funds suffered the largest outflows (30.2 billion euros). In terms of net sales, the best quarter for all UCITS mutual funds was the first (107 billion euros).

The changes in net assets during the first three quarters of 2007 did not cause any differentiation in the market shares of European UCITS mutual funds, which were the following: The market shares of equity mutual funds, mixed mutual funds, "funds of funds", as well as money market mutual funds remained at 41%, 15%, 2% and 16% respectively, while the market share of bond funds rose to 23% from 22% in 2006. 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 51.1% in the first nine-months of 2007, followed by the United Kingdom, Ireland and Italy with market shares of 11.2%, 10.2% and 4.7% respectively. The largest year-on-year net asset increases were achieved by the UCITS mutual funds of Poland (43.2%), followed by those of Hungary (30.0%), while the largest decrease was suffered by the UCITS mutual funds of Italy (12.9%). The non-UCITS markets are dominated by four product types: 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 2007, the total net assets of non-UCITS mutual funds increased by 9.0%; Luxemburg's non-UCITS mutual funds, and Special Mutual Funds, which are exclusively addressed to institutional investors, registered the largest net asset increases with 10.4% and 9.9% respectively.

TABLE 27

Net assets of UCITS mutual funds, 2006-2007

M/F Classification	30.9.2007			30.6.2007	31.3.2007	31.12.2006
	Total net assets (bn €)	% of Total	Percentage Change 9.06-12.05	Total net assets (bn €)	Total net assets (bn €)	Total net assets (bn €)
Equity	2,340	41.0%	5.64%	2,401	2,275	2,215
Mixed	858	15.0%	10.00%	862	819	780
Funds of Funds	105	1.8%	8.25%	108	97	97
Bond	1,241	21.7%	-0.72%	1,287	1,291	1,250
Money Market	918	16.1%	9.16%	932	901	841
Other	244	4.3%	36.31%	235	214	179
Total[1]	5,706	100.0%	6.42%	5,824	5,596	5,362
Incl. Ireland	6,355		6.90%	6,478	6,213	5,945

Source: EFAMA

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

TABLE 28

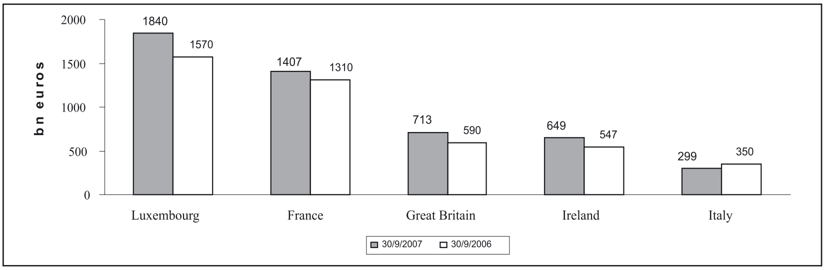
Net mutual fund assets of UCITS from the top five (5) EU member-states, 30/09/2007

Country	30.9.2007			31.12.2006	
	Total net assets (bn €)	% of the total in the EU market	Percentage change 09.06-12.05	Net assets (billion Euros)	% of the total in the EU market
Luxembourg	1,840,279	28.96%	10.76%	1,661,563	27.97%
France	1,407,000	22.14%	4.73%	1,343,400	22.61%
Un. Kingdom	712,669	11.21%	18.37%	602,051	10.13%
Ireland	649,211	10.22%	11.41%	582,747	9.81%
Italy	299,432	4.71%	-12.91%	343,810	5.79%
Total	4,908,591	77.24%	8.27%	4,533,571	76.31%
Total Europe	6,355,063		6.97%	5,940,954	

Source: EFAMA

FIGURE 15

Net mutual fund assets of UCITS from the top five (5) EU member-states, 2007



Portfolio Investment Companies

By the end of 2007, the shares of eight (8) Portfolio Investment Companies (PICs) were traded in the Athens Stock Exchange, with a total market capitalization of 328.7 million euros, as compared to 320.9 million euros for eight (8) listed companies by the end of 2006, and 569.9 million euros for fourteen (14) companies listed by the end of 2005.

At the end of the year, the total net asset value of these eight PICs amounted to 413.55 million euros, as compared to 384.77 million euros in 2006, and 354.68 million euros in 2005. PIC shares traded at an average weighted discount of 20.49%, as compared to a discount of 16.87% by the end of 2006, and 13.19% at the end of 2005. In 2007, the average annual weighted return of portfolio investment companies was 15.03% and the average return was 10.08%. In 2007, there were no substantial changes in either the operating framework, or the structure, of the PIC market.

The dematerialized securities system (DSS), is used for the registration of dematerialized securities and for monitoring the transfers of their ownership by means of the investors' trading and securities accounts kept with it.

In 2007, HCMC Rule 3/403/8.11.2006 enacted the option to create Joint Investment Accounts, based on the joint bank account model. By December 2007, 1,177 Joint Investment Accounts had been created, of which 346 by members domiciled in Greece for tax purposes, 3 by members domiciled abroad for tax purposes, and 828 members with no registered tax domicile. Moreover, HCMC Rule 4/438/1.8.2007 amended the Regulation for the Dematerialized Securities System (DSS), in order to include the exchange traded funds provided for by article 24a, Law 3283/2004.

In 2007, 41,238 new accounts were opened, as compared to 56,667 accounts opened in 2006 (a 27.3% decrease), while 3,929 accounts were deactivated, as compared to 336,429 deactivations in 2006. By the end of the year, the total number of trading accounts in the DSS amounted to 2,038,319, reduced by 5.1% year-on-year (Table 29). The number of accounts with balances decreased to 964,171 by the end of 2007, from 1,137,056 in December 2006.

In 2007, the year-end participation of foreign investors to the market capitalization of the ASE rose to 51.8%, from 46.6% in 2006, and 40.3% in 2005. This increase resulted from the increased participation of foreign institutional investors, which accounted for 39.7% of total market capitalization in the ASE for 2007, as compared to 35.1% for 2006. The positions of domestic investors accounted for 47.7 % of the total market capitalization of ASE-listed companies, as compared to 53.1% in 2006, and 59.4% in the end of 2005, while the positions of private domestic investors accounted for 19.4% of the total market capitalization of ASE-listed companies, as compared to 22.6% in 2006 and 24.5% by the end of 2005.

TABLE 29

Number of new Stock Trading Accounts in the DSS by month, 2001-2007

Month / Year	2007	2006	2005	2004	2003	2002	2001
January	4,013	3,223	3,661	4,427	1,663	2,156	3,330
February	2,297	2,564	1,459	18,352	36,441	2,243	4,604
March	3,685	3,229	1,526	1,861	2,503	2,776	4,245
April	2,974	3,260	3,836	2,372	2,390	1,942	2,954
May	2,122	9,892	1,108	1,961	16,728	1,408	4,129
June	9,153	14,662	1,873	1,322	3,659	1,489	2,829
July	3,605	5,027	7,146	1,784	4,744	1,826	3,146
August	3,331	2208	2,362	1,066	2,573	1,131	2,116
September	1,939	2869	1,511	1,611	15,330	1,342	2,898
October	3,031	4709	2,623	5,230	3,446	1,604	2,151
November	2847	2982	1,600	1,473	10,207	1,739	6,758
December	2,221	2042	2,107	1,409	1,399	2,476	3,620
Total new accounts	41,218	56,667	30,812	42,868	101,083	22,132	42,780
Account deactivations	3,929	336,429	6,626	3,743	3,142	4,495	6,467
Total accounts	2,079,077	2,038,008	2,321,550	2,297,364	2,258,239	2,160,298	2,142,661

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2007

TABLE 30

Distribution of trading accounts in the Athens Stock Exchange, 31.12.2007

	Accounts with balances		Capitalization	
	No	Percentage (%)	Value (mn €)	Percentage (%)
I. Domestic Investors	941,773	97.68	93,737.01	47.73
- Private domestic	938,302	97.32	37,996.60	19.35
- Private financial 1	539	0.06	11,025.83	5.61
- Private non-financial	2,292	0.24	19,952.99	9.98
- Public Sector	639	0.07	25,121.55	12.79
- Other domestic investors	1	0.00	0.04	0.00
II. Foreign Investors	19,029	1.97	101,699.95	51.78
- Private-foreign	11,131	1.15	873.72	0.44
- Legal Entities	1,203	0.12	16,595.75	8.45
Institutional Investors	6,452	0.67	77,976.74	39.71
- Other legal entities	243	0.03	6,253.74	3.18
III. Other Investors	3,369	0.35	953.11	0.49
Total I +II + III	964,171	100.0	196,390.07	100.0

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2007

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 2007, the Board of Directors of the Hellenic Capital Market Commission, having obtained the necessary authorization, issued many rules and regulations. There rules and regulations were directed towards the enhancement of service quality and investor protection, the safeguarding of the normal operation of the market, the protection of the trading and clearing system, market transparency and the assurance of the smooth functioning of the market. The following rules are regulations were issued:

Quality of services and investor protection enhancement

- HCMC Rule 1/452/1.11.2007 (Gazette B/2136/1.11.2007), "Code of Conduct for Investment Firms". This rule aims at incorporating articles 2, 3, 26 to 50, and 52 of Community Directive 2006/73/EC, which specifies the implementation of Community Directive 2004/39/EC (MiFID), concerning the code governing the conduct of Investment Firms towards their clients, and the market at large.
- HCMC Rule 2/452/1.11.2007 (Gazette B/2137/1.11.2007), "Organizational Requirements for the Operation of Investment Firms". This rule incorporates articles 2, 5 to 25, 51 and 52 of Community Directive 2006/73/EC, which specifies the implementation of Community Directive 2004/39/EC (MiFID), concerning the organizational requirements and terms of operation for investment firms.
- HCMC Rule 3/452/1.11.2007 (Gazette B/2138/1.11.2007), "Evaluation of Qualifying Holdings". This rule incorporates articles 10a and 10b, of Community Directive 2004/39/EC (MiFID), as specified by article 3 of Directive 2007/44/EC, concerning the procedural regulations and the criteria for the preventive evaluation of the acquisition, and increase, of participations in the share capital of financial sector firms.
- HCMC Rule 4/452/1.11.2007 (Gazette B/2138/1.11.2007) "Fitness test applied to managers and directors of entities licensed under Directives in the financial field". This rule specifies the criteria taken into consideration for assessing the qualifications of managers and directors of Investment Firms, Financial Intermediation Firms, Mutual Fund Management Firms, Portfolio Investment Companies and Real Estate Investment Trusts.
- HCMC Rule 5/452/1.11.2007 (Gazette B/2138/1.11.2007), "Registration of tied agents in the public register". This rule specifies that the HCMC shall keep a public register of tied agents, which shall be posted on its website, and sets the conditions for the registration of agents in it, the organizations requirements they must fulfil, and the terms of de-registration.
- HCMC Rule 8/452/1.11.2007 (Gazette B/2138/1.11.2007), "Conditions for the

authorization of regulated markets". This rule sets the conditions for the provision of operation licenses for organized markets, subjects that must be included in the rulebooks of organized markets, as well as the necessary documentation for the provision of the operation license.

- HCMC Rule 3/435/12.7.2007 (Gazette B/1497/17.08.2007), "Reproduction of Stock Exchange indices by Mutual Funds". This rule sets the conditions for the reproduction of stock market indices by mutual funds and exchange traded funds.
- HCMC Rule 6/413/8.2.2007 (Gazette B/477/05.04.2007) "Approval of the training program for individuals involved in the distribution of mutual fund units." This rule approves the training program implemented in 2007 for persons involved in the distribution of mutual funds units, in accordance with the syllabus established by HCMC Rule 13/330/2.3.2005.

Improvement of Capital Market Transparency

- HCMC Rule 6/452/1.11.2007 (Gazette B/2138/1.11.2007), "Exemptions from transparency requirements". This rule specifies the exemptions from the obligations regarding pre- and post-trading transparency.
- HCMC Rule 7/452/1.11.2007 (Gazette B/2138/1.11.2007), "Transaction reporting and information recording obligations". This rule specifies the manner and content of transaction reporting, as well as the exemptions from these obligations.
- HCMC Rule 9/452/1.11.2007 (Gazette B/2138/1.11.2007), "Bookkeeping obligations for Financial Intermediation Firms". This rule specifies the bookkeeping obligations of Financial Intermediation Firms.
- HCMC Rule 7/448/11.10.2007 (Gazette B/2092/29.10.2007) "Additional information and data contained in the annual and semi-annual financial reports and the annual and semi-annual reports of the Board of Directors". This rule specifies the additional information and data contained in the annual and semi-annual financial reports and the annual and semi-annual reports of the Board of Directors.
- HCMC Rule 6/448/11.10.2007 (Gazette B/2092/29.10.2007) "Data and information that arise from quarterly and semi-annual financial statements". This rule specifies the data and information that arise from quarterly and semi-annual financial statements.
- HCMC Rule 1/434/3.7.2007 (Gazette B/1222/17.7.2007) "Specification of periodic and continuous information obligations in accordance with Law 3556/2007". This rule aims at the adaptation of the regulatory framework to Directive 2007/14/EC and specifies certain obligations concerning the provision of periodic and continuous information in accordance with Law 3556/2007, concerning issuers whose securities have been listed for trading in regulated markets, and have Greece as their home member-state.
- HCMC Rule 17/427/9.5.2007 (Gazette B/773/15.5.2007) "Procedure and method for calculating the price of compulsory bids in case of corporate restructuring". This rule specifies the contents of the prospectus, the timing of the restructuring, the minimum price, the valuator, the fair value, and the price of compulsory bids in case of corporate restructuring.

Safeguarding the Normal Operation, Liquidity and Security of the Capital Market

- HCMC Rule 4/443/6.09.2007 (Gazette B/1904/14.9.2007) "Approval of Multilateral Trading Facility". This rule approves the operation of a multilateral trading facility under the management of the Athens Stock Exchange.
- HCMC Rule 2/438/1.08.2007 (Gazette B 1904/14.9.2007) "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 26.4.2007 and 26.7.2007 meetings of its Board of Directors.
- HCMC Rule 1/438/1.8.2007 (Gazette B/1904/14.9.2007), "Contribution of transferable securities for the acquisition of shares in Mutual Funds". This rule specifies the terms and conditions for the acquisition of shares in mutual funds through the contribution of transferable securities.
- HCMC Rule 2/435/12.7.2007 (Gazette B/1497/17.08.2007), "Exchange Traded Funds". This rule specifies the procedure for the listing and trading of Exchange Traded Funds in organized markets.
- HCMC Rule 18/427/9.5.2007 (Gazette B 835/29.5.2007) "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 9 of the Board of Hellenic Exchanges SA, held on 26.4.2007.
- HCMC Rule 4/418/7.3.2007 (Gazette B 606/24.4.2007) "Increase of the investment limit provided for by paragraph 1 of article 24 of Law 3283/2004 for mutual funds that reproduce the composition of the FTSE-ASE 20 index". This rule stipulates that mutual funds that reproduce the composition of the FTSE-ASE 20 index are allowed to invest their net assets in the share of the "National Bank of Greece SA", in proportion to the weight of this share in the aforementioned stock market index and up to 35%.

Improvement of company solvency, transaction security and market infrastructure efficiency

- HCMC Rule 1/459/27.12.2007 (Gazette B/2455/31.12.2007), "Rules for the calculation of the capital adequacy requirements of investment firms". This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and specifies the rules for the calculation of capital adequacy requirements of investment firms.
- HCMC Rule 2/459/27.12.2007 (Gazette B/2457/31.12.2007), "Specification of Own Funds of Investment Firms domiciled in Greece". This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and specifies the own funds of investment firms domiciled in Greece.
- HCMC Rule 3/459/27.12.2007 (Gazette B/2463/31.12.2007), "Calculation of the investment firms' minimum capital adequacy requirements for credit risk in accordance with the standardized approach". This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the calculation of the investment firms' capital adequacy requirements against credit risk.

- HCMC Rule 4/459/27.12.2007 (Gazette B/2453/31.12.2007), “Calculation of the investment firms’ capital adequacy requirements of market risk”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the calculation of the investment firms’ capital adequacy requirements against market risk.
- HCMC Rule 5/459/27.12.2007 (Gazette B/2454/31.12.2007), “Counterparty risk”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation on counterparty risk.
- HCMC Rule 6/459/27.12.2007 (Gazette B/2456/31.12.2007), “Capital adequacy requirements of investment firms against operational risk”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the investment firms’ capital adequacy requirements against operational risk.
- HCMC Rule 7/459/27.12.2007 (Gazette B/2456/31.12.2007), “Supervision and monitoring of Large Financial Exposures of Investment Firms”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the supervision and monitoring of Large Financial Exposures of Investment Firms.
- HCMC Rule 8/459/27.12.2007 (Gazette B/2456/31.12.2007) “Internal assessment of the investment firms’ capital adequacy and its prudential supervision and assessment by the Capital Market Commission”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the internal assessment of the investment firms’ capital adequacy and its prudential supervision and assessment by the Capital Market Commission.
- HCMC Rule 9/459/27.12.2007 (Gazette B/2457/31.12.2007) “Disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks”. This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks.
- HCMC Rule 3/438/1.08.2007 (Gazette B/1904/14.9.2007) “Amendment of 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’”. The rule amends articles 1, 10, 11, 14, 15, 16, 17, 19, 21, 23, 24, 25 of Rule 1/392/26.7.2006, in order to incorporate the operation of ETFs and the operation of the multilateral trading facility of the Athens Stock Exchange.
- HCMC Rule 5/443/6.9.2007 (Gazette B 1904/14.9.2007) “Amendment of the Regulation for the Clearing and Settlement 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 30.7.2007 at meeting No. 164 of the ATHEX.
- HCMC Rule 4/438/1.08.2007 (Gazette B/1904/14.9.2007) “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." The rule amends articles 1, 3, 10, 15, 21, 45, 46, 48, adds article 16a, and replaces Part D of Rule 3/304/26.7.2006, in order to incorporate the operation of ETFs and the operation of the multilateral trading facility of the Athens Stock Exchange.

- HCMC Rule 34/419/14.3.2007 (Gazette B 922/8.6.2007) "Amendment of the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities". This rule ratifies the amendments adopted on Match 12, 2007, at meeting No. 157 of the ATHEX.
- HCMC Rule 1/417/2.3.2007 (Gazette B 477/5.4.2007) "Size of the Common Guarantee Fund for the year 2007". This rule sets the size of the Common Guarantee Fund for the year 2007 to 168,796,882.73 euros, setting the minimum contribution of investment firms to 704,328.69 euros.

LICENSING

The work of the Hellenic Capital Market Commission in the field of licensing during 2007 includes the following:

Investment Firms
Firms-members of the Athens Stock Exchange

- Revoked the license of one (1) investment firm-ASE member.
- Approved the merger through absorption of an investment firm-ASE member by a credit institution in one (1) instance.
- Approved the merger through absorption of an investment firm-non ASE member by an investment firm-non ASE member in one (1) instance.
- Approved of share capital increases of five (5) investment firms-ASE members.
- Approved the share capital decrease of one (1) investment firm-ASE member.
- Approved the operation of a branch of one (1) investment firm-ASE member.
- Approved the new composition of the board of directors of investment firms-ASE members in twelve (12) cases.
- Approved the share ownership of seven (7) investment firms-ASE members.
- Approved the modification of the charters of three (3) investment firms-ASE members.
- Approved the replacement of the head of an investment firm-ASE member branch/representative office in two (2) cases.
- Approved the appointment of stock exchange representatives of investment firms-ASE members in twelve (12) cases.
- Granted Community Passports/approved the activation of investment firms-ASE members in non-EU member-states in two (2) cases.
- Approved the involvement of two (2) investment firms-ASE members with commodity derivatives.

Firms-non members of the Athens Stock Exchange

- Granted an operating license to one (1) investment firm-non ASE member.
- Approved the merger through absorption of an investment firm-non ASE member by a mutual fund management company in three (3) cases.
- Approved the merger through absorption of an investment firm-non ASE member by an investment firm-ASE member in one (1) case.
- Approved of changes in the purpose of two (2) investment firms-non ASE members.
- Approved of share capital increases of two (2) investment firms-non ASE members.
- Approved the share capital decrease of one (1) investment firm-non ASE member.
- Approved the operation of branches of two (2) investment firms-non ASE members.
- Approved the new composition of the board of directors of investment firms-non ASE members in ten (10) cases.
- Approved the share ownership of two (2) investment firms-non ASE members.
- Approved the modification of the charters of three (3) investment firms-non ASE members.
- Approved the modification of the charters of four (4) investment firms-non ASE members.
- Approved the replacement of the head of an investment firm-non ASE member branch/representative office in one (1) case.

Brokerage Firms (members of the Athens Stock Exchange)

- Approved of the share capital increase of one (1) brokerage firm.
- Approved the new composition of the board of directors of brokerage firms in four (4) cases.
- Approved the share ownership of one (1) brokerage firm.
- Approved the involvement of one (1) brokerage firm with commodity derivatives.
- Approved the establishment of the branch of one (1) brokerage firm.
- Granted Community Passports/approved the activation of brokerage firms in non-EU member-states in two (2) cases.
- Approved the modification of the charter of one (1) brokerage firm.
- Approved the appointment of new stock market representatives of brokerage firms in three (3) cases.

Financial Intermediation Firms

- Granted Financial Intermediation Firm licenses to sixty one (61) Firms for the Transmission and Receipt of Stock Exchange Orders that submitted conversion applications.
- Granted operating license to one (1) new FIF.
- Banned the operation of fourteen (14) FIFs for the receipt and transmission of orders.
- Revoked the operating license of four (4) FIFs.
- Approved of share capital increase of three (3) FIFs.
- Approved of the share capital decrease of seventeen (17) financial intermediation firms.
- Approved the modification of the charter of seven (7) FIFs.

• Approved the new composition of the board of directors of FIFs in seventeen (17) cases.
• Approved the share ownership of nine (9) FIFs.
• Approved the establishment of the branch of two (2) FIFs.
• Approved of the replacement of the head of one (1) financial intermediation firm branch.
• Granted license for the provision of investment advice services to one (1) FIF.

Mutual Fund Management Firms

• Revoked the license of one (1) MFMF.
• Approved the regulations and creation of mutual funds in fourteen (14) cases.
• Approved of the modification of mutual fund internal regulations in seventy two (72) cases.
• Granted licenses for mergers between mutual funds in seventeen (17) cases.
• Approved the modification of the charter of six (6) MFMFs.
• Approved of share capital changes of mutual fund management firms in three (3) cases.
• Approved the new composition of the board of directors of mutual fund management firms in seventeen (17) cases.
• Approved of the transfer of shares of MF management firms in three (3) cases.
• Granted licenses for the placement of mutual fund assets in listed company bonds in one (1) case.

Portfolio Investment Companies

• Approved the modification of the charter of two (2) PICs.
• Approved the new composition of the board of directors of PICs in five (5) cases.
• Granted licenses for the amendment of the share capital of PICS in three (3) cases.

Real Estate Investment Companies

• Approved the new composition of the board of directors of REITs in three (3) cases.
• Approved the modification of REIT charters in one (1) case.

Foreign UCITS

• Approved the sale of shares in new foreign UCITS in nine (9) cases.
• Approved the sale of new mutual funds of foreign UCITS in two hundred and six (206) cases.

Approval of public offering prospectuses

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

- Approved the Prospectus and the initial public offering of shares of four (4) new companies in the Securities Market of the ASE.

Prospectuses on corporate transactions of listed companies

- Approved the prospectuses of twenty one (21) companies, concerning share capital increases by payment of cash and the public offering of their shares in the securities market of the ASE.
- Approved the prospectus of one (1) company, concerning a share capital increase with contribution in kind and the issuance of corporate bond through public offering, with listing of the new shares and bonds in the securities markets of the ASE.
- Approved the prospectus of one (1) company, concerning a share capital increase by payment of cash and the public offering of their shares in the securities market of the ASE, and the issuance of a convertible bond in favour of existing shareholders, non-negotiable in the Athens Stock Exchange.
- Approved the supplementary prospectuses of sixteen (16) companies, concerning share capital increases through the public offering of their shares in the securities market of the ASE.

Prospectus for public offerings without listing

- Approved the prospectuses of seven (7) companies, concerning share capital increases and the public offering of their shares, without listing in the securities market of the ASE.

Prospectus for the listing of securities without public offering

- Approved the prospectuses of five (5) companies, concerning share capital increases by payment of cash without the public offering of their shares and their listing in the securities market of the ASE.

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

- Briefing of the Board of the Hellenic Capital Market Commission on the contents of the document provided for by article 4, Law 3401/2005 in the case of seven (7) companies intending to increase their share capitals due to merger with other companies.
- Notification to the HCMC of seventy five (75) forms provided for by article 4 of Law 3401/2005 concerning share capital increases through the conversion to shares of stock options offered to company employees.
- Notification to the HCMC of thirty one (31) 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 eleven (111) forms, in implementation of the community framework regarding cross-border public offerings, in accordance with articles 17 and 18 of Law 3401/2005, concerning the approval certificates issued by the competent authorities of the home member-state.

Forced sale of listed company shares

Forced sales

The granting of licenses for forced sales and the appointment of ASE-members for the forced sale of pledged or seized shares, continued in 2007. Law 3152/2003 (article 13 ΛΛ 1 and 2) transferred these responsibilities to the Hellenic Capital Market Commission.

• The total volume of stock for sale reached 2,053,212 shares in 2007, as compared to 4,514,024 shares in 2006, while the total volume of the stock finally sold reached 344,712 shares in 2007, (as compared to 3,381,702 in 2006. The total value of shares sold amounted to 1,232,370 euros in 2007, as compared to 7,625,524 euros in 2006.

The data concerning the requests that were submitted, and the sales that took place, during 2007 show that:

• The sale with the largest volume of shares concerned 75,000 shares, issued by “Vell Group SA” (ex Tassoglou SA).
• The sale with the lowest volume of shares concerned 10 shares, issued by “BIOTER SA”, whose value amounted to 11.30 euros and was the lowest for 2007.
• The sale with the largest value of shares sold, concerned the forced sale of 66,666 shares of “Minoan Lines” SA, and amounted to 349,585 euros.
• The average volume of sold stock amounted to 13,258 shares in 2007.
• The average value of forced sales was €47,399.

In 2007, 19 requests were submitted for the execution of 27 sales (each share corresponds to one sale), as compared to 34 requests for 76 sales in 2006. Since the transfer of competence concerning the forced sale of shares, and till the end of 2007, the HCMC had received 116 requests in total for the forced sale of pledged or seized shares.

Sale of fractional balances of shares

By means of Law 3371/2005 (article 53 ΛΛ 1) article 44a was added to Law 2396/1996. Paragraph 2 of the said article, which states that the fractional balances resulting from the share capital increase of a listed company can be sold under the care of the issuing company after 6 months, authorizes the HCMC to issue rules for settling every specific issue and detail, concerning the implementation of this paragraph.

On the basis of the aforementioned authorization, the HCMC issued Rule 13/375/17.3.2006 concerning the “Sale of indisposed 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 sale of fractional balances, the provision of selling licenses by the HCMC (whenever necessary) and the appointment of the ASE-member that will perform the sale, as well as the method for notifying the beneficiaries of the fractional balances about the sale, and the collection of the product from the sale.

Based on the above, the HCMC received 15 requests for the sale of fractional balances in 2007, as compared to 16 requests in 2006. The total volume of stock for sale amounted to 116,751 shares in 2007, as compared to 91,622 in 2006, while the total volume of stock finally sold amounted to 116,732 shares, as compared to 46,290 in 2006. The value of the shares sold rose to 1,697,424 euros in 2007, from 414,630 euros in 2006.

Moreover, the data concerning the requests that were submitted and the sales that took place during 2007 show that:

- The sale with the largest number of shares concerned 52,079 shares issued by "Piraeus Bank SA", whose value amounted to 1,298,850 euros.
- The sale with the lowest number of shares concerned 13 shares issued by "Betanet SA", whose value amounted to 33.80 euros and was the lowest for 2007.
- The average volume of sales was 8,338 shares.
- The average value of shares sold was 372,845 euros.

Sales of tangible shares

In accordance with paragraph 2 of article 53 of Law 3371/2005, any tangible registered shares that have not been submitted for dematerialization are sold through the Athens Stock Exchange. This article authorizes the HCMC to issue rules to regulate any relevant issue and detail concerning the implementation of this paragraph. Paragraph 2 of article 32 of Law 3556/2007 amended the aforementioned provision in order to include shares that have been issued in dematerialized form in favour of the beneficiaries of the tangible registered shares that have not been submitted for dematerialization, and have resulted from corporate transactions, such as share capital increases with or without payment of cash, the distribution of free shares, share splits or reverse splits, or conversion of preferred stock to common stock and vice-versa.

On the basis of the aforementioned authorization, the HCMC issued Rule 1/380/4.5.2006 on the "Sale of tangible registered shares that have not been submitted for dematerialization". This rule specifies the details concerning the procedure for the sale of tangible registered shares, the provision of selling licenses by the HCMC (whenever necessary) and the appointment of the ASE-member that will perform the sale, as well as the method for notifying the beneficiary shareholders about the sale, and the collection of the product from the sale.

In implementation of the above provisions, the HCMC received 25 requests for the sale of tangible registered shares in 2007, as compared to 56 requests in 2006, while the total volume of stock for sale rose to 3,730,249 shares from 2,902,664 shares in 2006. Given that the sales concerning the requests that had been submitted in 2006 were finally performed in 2007, the total volume of stock finally sold amounted to 5,844,013 shares, and the value of shares sold stood at 270,798,173 euros.

The data concerning the requests that were submitted and the sales that took place during 2007, show that:

- The sale with the largest number of shares concerned 1,270,795 shares issued by the "National Bank of Greece" whose value amounted to 56,240,750 euros.
- The request with the lowest number of shares concerned 35 shares issued by "Balkan

Export Trade-Mines-Industries SA", whose value amounted to 125.30 euros and was the lowest for 2007.

- The average volume of sales was 73,975 shares.
- The average value of shares sold was 1,925,164 euros.

ENFORCEMENT AND COMPLIANCE

For the purpose of supervision of market entities, the Hellenic Capital Market Commission monitors and analyses the developments in the capital market and intervenes whenever deemed necessary.

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

During 2007, the Hellenic Capital Market 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 2007 covered all capital market entities. There were multiple audits on investment firms, mutual fund management firms, financial intermediation firms, listed companies, and stock exchange transactions.

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

Revocation of License

- The HCMC revoked the license of one (1) investment firm in implementation of article 4, paragraph 5, case (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.
- Revoked the license of one (1) mutual fund management firm, following a decision by the firm's extraordinary General Meeting.
- Revoked the license of one (1) Financial Intermediation Firm, in implementation of article 30b paragraph 1 case (b) of Law 2396/1996.
- Revoked the licenses of three (3) Financial Intermediation Firms, in implementation of the provisions of paragraphs 1 and 2 of article 21 of Law 2690/1999.
- The HCMC banned the operation of fourteen (14) firms for the receipt and transmission of orders, in implementation of article 42, paragraphs 1 and 2 of Law 3371/2005.
- The HCMC de-listed the shares of six (6) companies from the ASE, in implementation of paragraph 3, article 17 of Law 3371/2005.
- The HCMC de-listed the shares of five (5) companies from the ASE, in implementation of paragraph 5, article 17 of Law 3371/2005.

Fines

Investment firms and Brokerage firms

• Fines were levied on six (6) investment firms 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 one (1) Investment Firm and two (2) Brokerage Firms for violating article 8 of Law 2396/1996, concerning the keeping and submission of information about the transactions performed.

• Fines were levied on five (5) investment firms and two (2) brokerage firms for violating paragraph 1, article 6 of Law 2396/1996 that prohibits the exploitation of client funds for own benefit.

• A fine was levied on one (1) investment firm for violating paragraph 1 of article 18 of Law 3340/2005 concerning the protection of the capital market from the actions of persons that posses privileged information (insider trading) and from market manipulation.

• A fine was levied on one (1) investment firm for violating paragraph 4 of article 18 of Law 3340/2005 concerning the protection of the capital market from the actions of persons that posses privileged information (insider trading) and from market manipulation.

• A fine was levied on one (1) brokerage firm for violating paragraph 6 of article 6 of law 2579/1998 concerning its tax obligations.

• Fines were levied on nine (9) investment firms and five (5) brokerage firms for violating HCMC Rule 2/306/22.06.2004 concerning the segregation of client and investment firm funds.

• Fines were levied on eight (8) investment firms and two (2) brokerage firms for violating HCMC Rule 6160/86/15.10.1996 (subject c) concerning the bookkeeping obligations of investment firms.

• A fine was levied on two (2) investment firms for violating HCMC Rule 86/15.10.1996 (subject 6b) concerning the terms and conditions for the granting of operating licenses to investment firms.

• Fines were levied on one (1) Investment firm and one (1) brokerage firm for violating Ministerial Decision 12/1998/B1257 concerning the Underwriters' Regulation.

• A fine was levied on two (2) investment firms for violating ministerial decision 6280/B.508/17.5.1989 on the statutory bookkeeping obligations of ASE members.

• Fines were levied on two (2) investment firms for violating HCMC Rule 3/356/26.10.2005 on bookkeeping requirements concerning the provision of investment services.

• A fine was levied on two (2) investment firms for violating HCMC Rule 104/8.4.1997 (subject 6c), on the supervision and monitoring of Large Financial Exposures of Investment Firms.

• A fine was levied on one (1) investment firm for violating HCMC Rule 104/8.4.1997 (subject 6a) concerning the investment firms' own funds.

- A fine was levied on one (1) investment firm for violating HCMC Rule 104/8.4.1997 (subject 6d) concerning the capital adequacy of investment firms.
- Fines were levied on six (6) investment firms and four (4) brokerage firms for violating HCMC Rule 2/213/28.03.2001 concerning the provision of credit by ASE members.
- A fine was levied on one (1) brokerage firm for violating HCMC Rule 5/108/27.5.1997 on money laundering.
- A fine was levied on one (1) investment firm for violating HCMC Rule 2/363/30.11.2005 concerning the provision of credit by ASE members.
- A fine was levied on one (1) investment firm for violating HCMC Rule 8072/123/20.1.1998 concerning the terms of cooperation between ASE-members and firms that act as their representatives.
- Fines were levied on sixteen (16) investment firms and five (5) brokerage firms for violating the Code of Conduct for investment firms.

Mutual Fund Management Firms and Portfolio Investment Companies

- A fine was levied on one (1) MFMF for violating article 22 of Law 3283/2004 concerning the investment limits for mutual funds.
- Fines were levied on two (2) MFMFs for violating article 33 of Law 3283/1991 concerning the investment limits for mutual funds.
- Fines were levied on two (2) MFMFs and one (1) PIC 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 8/335/6.4.2005 concerning the simplified prospectus of mutual funds.
- Fines were levied on five (5) mutual fund management firms for violating the Code of Conduct for MFMFs and PICs.

Financial Intermediation Firms

- A fine was levied on one (1) financial intermediation firm for violating paragraph 3 of article 30 of Law 2396/1996 concerning the obligation to communicate to the HCMC information about companies subject to publicity requirements, in accordance with the provisions of article 7a of Law 2190/1920.
- Fines were levied on three (3) financial intermediation firms for violating the Code of Conduct.

Listed Companies

- Fines were levied on three (3) 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.
- Fines were levied on two (2) listed companies for violating PD 348/1985 concerning the terms of the preparation, audit and dissemination of prospectuses.
- A fine was levied on one (1) listed company for violating the provisions of P.D.

51/1992 on the information that must be disclosed upon the acquisition and sale of major shareholdings in ASE-listed companies.

- A fine was levied on one (1) listed company for violating paragraph 1 of article 13 of Law 3340/2005 concerning the protection of the capital market from the actions of persons that posses privileged information (insider trading) and from market manipulation.
- A fine was levied on two (2) listed companies for violating paragraph 3 of article 13 of Law 3340/2005 concerning the protection of the capital market from the actions of persons that posses privileged information (insider trading) and from market manipulation.
- A fine was levied on one (1) listed company for violating paragraphs 1 and 2c of article 7 of Law 3340/2005 that prohibit market manipulation.
- A fine was levied on one (1) listed company for violating paragraph 6b of article 6 of Law 3283/2004, in conjunction with the provision of paragraph 7 article 3 of law 1806/1988 concerning qualifying holdings in mutual fund management firms.
- A fine was levied on one (1) listed company for violating HCMC Rule 8072/123/20.1.1998 concerning the terms of cooperation between ASE-members and firms that act as their representatives.
- Fines were levied on three (3) 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 paragraph 1 of article 4 in conjunction with verse 1a(aa) of article 2 of Law 2396/1996 and paragraph 2 of article 36 of Law 3283/2004 concerning the persons eligible for providing investment services or distributing UCITS shares in Greece.
- Fines were levied on two (2) legal entities for violating paragraph 1 of article 13 of Law 3340/2005 concerning the protection of the capital market from the actions of persons that posses privileged information (insider trading) and from market manipulation.
- A fine was levied on one (1) legal entity for violating HCMC Rule 2/258/05.12.2002 on take-over bids.

Individuals

- Fines were levied on five (5) individuals for violating the provisions of P.D. 51/1992 on the information that must be disclosed upon the acquisition and sale of major shareholdings in ASE-listed companies.
- Fines were levied on two (2) individuals for violating PD 53/1992 concerning the activities of persons that possess inside information.
- Fines were levied on thirty six (36) 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 seven (7) individuals for violating article 4 of Law 2396/1996 concerning the persons eligible for providing investment services.

• Fines were levied on three (3) individuals for violating paragraph 5 of article 3 of Law 1806/1988 that prohibit the participation in the share capital of brokerage firms of directors of companies listed in the ASE, their spouses and first degree relatives.

• Fines were levied on three (3) individuals for violating the Code of Conduct.

During 2007, the Hellenic Capital Market Commission levied fines of a total worth of 3,824,805 euros. The allocation of fines among market entities is presented in Table 31.

TABLE 31

Fines Levied per Supervised Entity, 2007

Number of Fines	Entity	Fines (€)
89	Investment firms	1,263,600
11	Mutual Fund Management Firms	51,000
1	Portfolio Investment Companies	500
4	Financial Intermediation Firms	15,000
15	Listed Companies	449,500
4	Other Legal Entities	50,000
56	Individuals	1,995,205
Total: 180		Total: €3,824,805

Source: HCMC

Indictments to courts

• An indictment was submitted against the representatives of two (2) investment firms, in relation to the findings of an audit of trades on Greek treasure bonds.

• An indictment was submitted against the representatives of one (1) investment firm, in order to ascertain the possible commitment of crimes concerning trades executed on behalf of a supplementary insurance fund.

• An indictment was submitted against the directors of a listed company, and against any other person responsible, for violations of paragraph 8 of article 76 of Law 1969/1991 concerning the submission of information to the HCMC.

SUPERVISION & MONITORING OF THE BEHAVIOUR OF LISTED COMPANIES

According to article 10 of Law 3340/, the issuers of shares listed in the ASE 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 by HCMC Rule 3/347/2005.

Pursuant to its duties concerning the supervision of listed company compliance with the provisions of the aforementioned law, in 2007 the competent department of the HCMC sent almost 25 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.

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

Pursuant to its duties concerning the supervision of listed company compliance with the Rule, in 2007 the competent department of the HCMC sent almost 110 letters to companies, requiring them to confirm, or deny, unverified information, in accordance with the aforementioned provisions. The number of these letters is decreasing year after year (2006: 150 letters), and demonstrates increasing issuer compliance with the said obligations. The investigation of the few cases that 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 ASE-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 rumours, or the leakage of information about impeding developments pertaining to the company's business activity, which might affect the prices of its share.

Moreover, in 2007 the HCMC levied a fine of 150,000 euros for violations of article 7 paragraph 1 in conjunction with paragraph 2 case c) of Law 3340/2005. The issuer on which the fine was imposed had made announcements in the ASE Daily Bulletin that were tantamount to market manipulation through the dissemination of misleading information, since the issuer was aware that this information was false and misleading, thus affecting the smooth operation of the market and the provision of correct and reliable information to investors. It is noted that the investigation of the case did not produce any evidence that the legal entity exhibiting the aforementioned illegal behaviour, actually aimed at artificially affecting the price and tradability of its shares.

PD 51/1992, effective till 29.06.2007, provided for the submission of announcements concerning major changes in corporate voting rights. More specifically, the said presidential decree referred to the information that must be disclosed upon the acquisition and transfer of a substantial percentage of the total voting rights of an ASE-listed company. It should be noted that, in accordance with the Law, the HCMC had been appointed as the competent authority for the receipt and review of these announcements, as well as for the daily monitoring of compliance with the provisions of PD 51/1992. This Presidential Decree has been repealed, and the relevant provisions of Law 3556/2007, which transposes the European Directive on Transparency (2004/104) into Greek legislation, came into effect since 30.06.2007. The new provisions made certain amendments to the obligations concerning the announcement and disclosure of major holdings, expanded the list of persons subject to disclosure obligations, and the items subject to disclosure, changed the announcement models, and expanded the obligation to disseminate the disclosed information, which is also treated as “regulated information”.

During 2007, shareholders and other responsible persons submitted more than 1,180 announcements (increased by 18% year-on-year) concerning major changes in corporate ownership, as a percentage on the total voting rights of ASE-listed companies. 594 of these announcements were made in accordance with PD 51/1992 and 590 in accordance with the new Law 3556/2007. These announcements were reviewed by the HCMC, and were released to investors either by the HCMC (in accordance with the previously applicable PD 51/1992) or by the issuers themselves (in accordance with Law 3556/2007). The submitted announcements led to the detection of 200 cases, which are currently under investigation for possible violations owing to deviation from the obligations set by PD 51/1992 and Law 3556/2007. The year-on-year increase in the number of cases (+48%) should be attributed to the (launching of) the implementation of the new provisions of Law 3556/2007, which, as mentioned above, increased the number of supervised persons, and the number of cases concerning changes in voting right structures that should be disclosed.

In 2007, the Board of Directors of the Hellenic Capital Market Commission imposed sanctions on 6 individuals or legal entities, for 12 investigated cases that revealed violations of the announcement obligations provided for by the Presidential Decree; the total fines levied amounted to 64,000 euros. In the previous year, the Hellenic Capital Market Commission focused on the smooth transition to the new provisions, with the aim of ensuring the timely and reliable provision of information to market participants. In this vein, apart from the relevant rules issued, the HCMC informed the listed companies and their shareholders through the issuance of a circular and explanatory note. Finally, in July 2007, officials of the Hellenic Capital Market Commission presented the new provisions to the issuers, and the minutes of the meeting where distributed to all companies.

In 2007, 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. The relevant audits reveal a significant degree of compliance with the provisions on corporate governance, especially since 2005. The HCMC continues to investigate a large number of cases concerning the fiscal years 2005-2007, which show indications of possible violations of the aforementioned Law.

In 2007, Law 3461/2006 on take-over bids was fully implemented for the first time. The comprehensive upgrading of the relevant institutional framework, in conjunction with the growing trend for mergers & acquisitions observed in the global and national levels, led to the submission of nineteen (19) takeover bids for securities listed in the ASE (Table 32). This is the highest number of take-over bids in the history of the Greek capital market. Moreover, the Hellenic Capital Market Commission received five (5) requests for the execution of squeeze-out rights, i.e. the right of the Acquirer that, after the end of the bid, possesses transferable securities representing at least ninety percent (90%) of the Target Company's voting rights, to demand the acquisition of all the remaining transferable securities of the Target Company. More specifically, the following requests were submitted during 2007:

1 The request from the bidder "Alpha Bank" for the execution of the squeeze-out right on the shares of (target) company "Alpha Leasing SA". Approval was granted on 08.03.2007.
2 The request from the bidder "COSMOHOLDING CYPRUS LTD" for the execution of the squeeze-out right on the shares of (target) company "GERMANOS SA". Approval was granted on 08.03.2007.
3 The request from the bidder "TRAMOUNTANA HOLDING SA" for the execution of the squeeze-out right on the shares of (target) company "NOTOS COM HOLDING". The request was approved by the Board of the HCMC on 28.6.2007.
4 The request from the bidder "INFO-QUEST SA" for the execution of the squeeze-out right on the shares of (target) company "UNISYSTEMS SA". Approval was granted on 19.10.2007.
5 The request from the bidder "National Bank of Greece" for the execution of the squeeze-out right on the shares of (target) company "ETHNIKI SA General Insurance". Approval was granted by the HCMC on 29.11.2007.

As far as take-over bids are concerned, the Hellenic Capital Market Commission has managed, on the basis of its seven-year experience, to upgrade its supervisory function, 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, and also ensuring the timely provision of the necessary administrative licenses, as well as the fast completion of the entire process.

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 ASE, but also after requests of the companies themselves for the de-listing of their chases, in 2007 the HCMC reviewed information pertaining to nineteen (19) companies. Based on this review, and after the completion of the applicable procedure, the Board of the Hellenic Capital Market Commission decided to de-list the shares of twelve (12) companies (see Table X of the Appendix). More specifically, following the completion of the take-over bid and squeeze-out procedures, five (5) companies submitted requests to the HCMC, concerning the de-listing of their shares from the Athens Stock Exchange in accordance with article 17 paragraph 5 of Law 3371/2005, as applicable:
1 "Delta Ice Cream SA" submitted a request on 14.2.2007. The relevant request was approved by the Board of the HCMC on 2.3.2007.
2 "Phoenix Metrolife SA" submitted a request on 15.2.2007. The relevant request was approved by the Board of the HCMC on 2.3.2007.
3 Germanos Ind. & Com.Co" submitted a request on 14.2.2007. The relevant request

was granted by the Board of the HCMC on 9.5.2007.
4 "Alpha Leasing SA" submitted a request on 27.4.2007. The request was granted by the Board of the HCMC on 17.5.2007.
5 "Notos Com Holding SA" submitted a request on 1.8.2007. The request was approved by the Board of the HCMC on 9.8.2007. Moreover, the HCMC decided to stop the procedure for de-listing the shares of two (2) companies since there was no relevant cause, and to continue the procedure for the five (5) companies.

TABLE 32

Take-over bids in the capital market, 2007

Rank	Date of submission	Type of bid	Bidder	Target company	Date of Approval	Acceptance period	% shares prior to the bid	% of shares after the bid
1	21.12.06	VOLUNTARY	INFO - QUEST	UNISYSTEMS	08.02.07	13.02.07-13.03.07	32.98%	48.92%
2	06.03.07	VOLUNTARY	INFO – QUEST[1]	UNISYSTEMS	08.03.07	13.02.07-13.03.07		
3	17.01.07	COMPULSORY	MICHANIKI SA	BALKAN EXPORT SA	08.02.07	13.02.07-13.03.07	50.45%	51.66%
4	16.02.07	COMPULSORY	NORTHERN GREECE CEREALS SA	KATSELIS SONS SA	14.03.07	16.03.07-13.04.07	34.32%[4]	88.51%
5	21.02.07	COMPULSORY	ASBAVEL TRADING LIMITED	TASSOGLOU SA - DELONGHI	30.03.07	03.04.07-30.04.07	38.00%	38.00%
6	14.03.07	COMPULSORY	NIREFS SA	KEGO SA	30.03.07	04.04.07-02.05.07	40.00%	40.00%
7	11.04.07	VOLUNTARY	TRAMOUNTANA II HOLDING	NOTOS COM HOLDING	09.05.07	14.05.07-11.06.07	87.55%	92.42%
8	22.06.07	COMPULSORY	J&P AVAX SA	ATHENA SA	26.07.07	31.07.07-10.09.07	56.45%	75.92%
9	28.06.07	COMPULSORY	HOMERIC DEPARTMENT STORES HOLDING	ELMEC SPORT SA	12.07.07	17.07.07-14.08.07	51.83%	51.84%
10	20.07.07	COMPULSORY	INFO - QUEST	UNISYSTEMS	31.07.07	03.08.07-14.09.07	61.29%	90.04%
11	06.08.07	COMPULSORY	MARFIN INVESTMENT GROUP	VIVARTIA	06.09.07	11.09.07-08.10.07	59.12%	91.47%
	27.09.07	COMPULSORY	MARFIN INVESTMENT GROUP[2]	VIVARTIA	28.09.07	11.09.07-08.10.2007		
12	10.09.07	COMPULSORY	DIONYSOS LEISURE SA	REGENCY ENTERTAINMENT SA.	27.09.07	02.10.07-20.11.07	81.61%	82.01%
13	24.09.07	VOLUNTARY	NATIONAL BANK OF GREECE	ETHNIKI SA GENERAL INSURANCE	11.10.07	16.10.07-13.11.07	76.92%	99.23%
14	11.10.07	COMPULSORY	SELONDA AQUACULTURES + WISE MANAGEMENT	PERSEFS SA	02.11.07	07.11.07-05.12.07	80.85%	84.14%
15	18.10.07	COMPULSORY	REMCO HOLDINGS SA	ELVIEMEK SA	15.11.07	20.11.07-18.12.07	63.79%	73.05%
16	22.10.07	COMPULSORY	HELLENIC DUTY FREE SHOPS SA	ELMEC SPORT SA	15.11.07	20.11.07-18.12.07	54.74%	90.22%
17	23.10.07	COMPULSORY	MIG SHIPPING SA	ATTICA HOLDINGS	29.11.07	03.12.07-02.01.08	52.26%	91.08%
18	23.10.07	COMPULSORY	MIG SHIPPING SA	BLUE STAR SHIPPING SA	29.11.07	03.12.07-02.01.08	48.85%	84.45%
19	09.11.07	VOLUNTARY	OTE SA	COSMOTE MOBILE TELECOMS SA	29.11.07	04.12.07-29.01.08	67.83%	98.59%
	13.12.07	VOLUNTARY	OTE SA3	COSMOTE MOBILE TELECOMS SA	27.12.07	04.12.07-29.01.08		

Source: HCMC

LEGISLATIVE AND REGULATORY INITIATIVES

A major initiative undertaken in 2007 was the transposition of EU Directive on Markets in Financial Instruments 2004/39/EC (MiFID) into Greek legislation by means of Law 3606/2007. Overall, the legislative work of the European Commission is incorporated in a) the Directive on Markets in Financial Instruments 2004/39/EC (henceforth MiFID), b) Directive 2006/73/EC (level II measures) on the implementation of MiFID, and Regulation 1287/2006 on the implementation of MiFID. 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 latter 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, enabling 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 from exercising 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.

Under the mandate of Law 3606/2007 the Commission issued nine regulations, which incorporate the executive measures laid out by MiFID and include the code of conduct for investment firms (1/452/1.11.2007), the minimum organizational requirements for Investment firms (2/452/1.11.2007), the evaluation of qualifying holdings (3/452/1.11.2007), the fitness test applied to managers and directors of entities licensed under Directives in the financial field (4/452/1.11.2007), the registration of tied agents in the public register (5/452/1.11.2007), the exemptions from the transparency requirements (6/452/1.11.2007), the transaction disclosure and information recording obligations (7/452/1.11.2007), the conditions for the authorization of regulated markets (8/452/1.11.2007), and the bookkeeping obligations of Financial Intermediation Firms (9/452/1.11.2007).

Another significant initiative undertaken in 2007 was the transposition of EU Directives 2006/48/EC and 2006/49/EC on the capital adequacy of credit institutions and investment firms into Greek legislation, by means of Law 3601/2007. Under the mandate of law 3601/2007, the Commission issued six regulations, which incorporate the Directive's executive measures, and establish the rules for the calculation of the capital adequacy requirements of investment firms (1/459/27.12.2007); the own funds of investment firms incorporated in Greece (2/459/27.12.2007); the calculation of the investment firms' minimum capital adequacy requirements for credit risk in accordance with the standardized approach (3/459/27.12.2007); the investment firms' capital adequacy requirements for market risk (4/459/27.12.2007); the investment firms' capital adequacy requirements for counterparty risk (5/459/27.12.2007); the investment firms' capital adequacy requirements for operational risk (6/459/27.12.2007); the monitoring and control of large exposures of investment firms (7/459/27.12.2007); the internal assessment of the investment firms' capital adequacy, and its prudential supervision and assessment by the Capital Market Commission (8/459/27.12.2007), as well as the disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks (9/459/27.12.2007).

The new capital adequacy regime for credit institutions and investment firms is based on the new regulatory approach of the Basle Committee and, in effect, comprises two concepts: First, to increase sensitivity in the calculation of minimum capital requirements against first pillar risks assumed by companies, with the aim of mitigating regulatory divergence. Inherent in this concept is the belief that supervised companies are able to measure themselves the risks they assume. Second, to adopt a more qualitative approach that places greater emphasis on supervision in general, and less on strict adherence to rules. The Basle Committee justifies the approach it adopted, claiming that it provides an effective response to the challenges posed by increased complexity and technological change in the modern global financial environment. A main feature of the new approach is the emphasis placed on supervision in general, and the encouragement of financial intermediation firms to use their own risk measurements, based on the assumption that it is possible to reach a common understanding of capital requirements between companies and regulators, and that the new regulatory approach is beneficial for all.

The main objectives of the revised Basle Accord are: (i) the best possible alignment of the financial intermediation firms' own capital to the credit risk actually inherent in each financial exposure; (ii) the expansion of regulatory recognized and allowed means and techniques for hedging or transferring credit risks; (iii) the definition of capital requirements against credit risk; (iv) the encouragement of financial intermediation firms to use internal credit risk measurement and management systems; (v) the definition of the main principles and criteria employed by regulators for the evaluation of the financial intermediation firms' policies and mechanisms for ensuring capital adequacy, where such evaluation will take into account the extent of the supervised firms' activities, as well as the kind and magnitude of the assumed risks and (vi) the enhancement of the discipline imposed on financial intermediation firms by the market itself, through the obligatory announcement of qualitative and quantitative data that enable the objective evaluation of capital adequacy and risk management system efficiency by the market.

Moreover, in 2007 another important initiative was the transposition into Greek legislation by means of the law 3556/2007 of the EU Directive 2004/109/EC regarding the transparency requirements for the provision of information regarding issuers whose transferable securities have been admitted to trading. The law modernizes and concentrates the periodic and continuous obligations for the provision of information to investors regarding issuers whose securities have been admitted to trading on regulated markets and their shareholders, making such information more useful and updated.

More specifically, the law 3556/2007 introduces provisions for the timely disclosure of precise information for issuers incorporated in Greece. The law provides for the obligations for the provision of information regarding economic performance and evolution of the issuers following the end of the financial year as well as every six months. The law also provides for disclosure obligations related to changes in shareholdings aiming at the provision of improved information of investors and the raising of the transparency level of the market.

Finally, a major advance for the year 2007 has been the enactment of the framework for the operation of Exchange Traded Funds (ETF). The overall institutional framework includes the regulation of Exchange Traded Funds (2/435/12.7.2007), the means of contributing transferable securities for the acquisition of shares in mutual funds (1/438/1.8.2007), the method for reproducing a stock exchange index from mutual funds (3/435/12.7.2007), and the increase of the investment limit provided for by paragraph 1 of article 24 of Law 3283/2004 for mutual funds that reproduce the composition of the FTSE-ASE 20 index (4/418/7.3.2007).

ACTIVITIES OF THE LEGAL SERVICE

In 2007, the Directorate of Legal Services of the HCMC dealt with hundreds of court cases, either by its own means, or by assigning them to associate lawyers. Moreover, the Directorate handled hundreds of cases in front of Greek courts, employing its own legal force. 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 Directorate prepared the briefs for, and followed up, dozens of other cases that had been assigned to lawyers. Finally, it prepared the briefs of many criminal cases, without appearing in front of penal courts.

In 2007, the Directorate 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.

The Directorate of Legal Services offered its legal assistance for the preparation of proposals to the Board and the Executive Committee 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 Financial 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 Financial Intermediation Firms.

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 implementation 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, Financial Intermediation Firms, Mutual Fund Management Firms, and Portfolio Investment Companies, which have been licensed, and are supervised, by the Hellenic Capital Market Commission, to employ for the provision of services regarding the reception, transmission and execution of orders, investment advice, asset management and analyses' preparation 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 products.

(b): Provision of investment advice concerning transferable securities, shares in collective investment undertakings, and money market instruments, derivative products, and structured financial products.

(b1): Provision of investment advice concerning transferable securities, shares in collective investment undertakings, and money market instruments.

(c): Client asset management.

(d): Preparation of analyses on financial instruments or issuers.

The Certificate is bestowed by the HCMC if the applicant has successfully sat in certification exams or attended certification seminars, or is the holder of a CFA (Series 3) or CIIA (Final) degree, or equivalent professional adequacy certificates issued by the competent authorities, or agencies, recognized by the competent authorities of EEA member-states, the US, Canada and Australia. Apart from taking the tests, certification will be provided in case certain criteria regarding the acceptability of each individual are fulfilled, such as: (a) the fulfilment of minimum personal reliability requirements that are specified by the Rule; (b) the fulfilment, 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 are held at least once a year by "Hellenic Exchanges SA Holding" and the Hellenic Banking Institute (HBI) of the Hellenic Bank Association. The certification exams comprise two independent and distinct sections. The first section covers a syllabus which refers to the general institutional framework of the capital market and is titled "The institutional framework of the capital market". The second section covers a syllabus that comprises specialized subjects, according to the type of services or activities which are certified, 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.

The Rule provides certain executives with the opportunity to be certified without sitting at the exams, provided that they fulfil certain criteria. More specifically, if the applicants fulfil 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 can get the Certificate without sitting at the exams.

A similar certification requirement has been established for credit institution executives, under similar terms and conditions, which are specified by the joint Decision 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.

In implementation of the above, 1,043 professional adequacy certificates were granted during 2007, without participation in the exams: 413 certificates in area (a1), 23 certificates in area (a2), 320 certificates in area (b1), 118 certificates in area (b), 127 certificates in area (c) and 42 certificates in area (d).

In addition, after sitting at the exams or attending the seminars conducted during November and December 2007, market agents received 1,111 professional adequacy certificates. More specifically, 33 certificates were granted for the institutional framework, 102 certificates in area (a1), 40 certificates in area (a2), 48 certificates in area (b1), 40 certificates in area (b), 32 certificates in area (c) and 39 certificates in area (d).

INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

Notifications for the Provision of Investment Services in Greece

According to European Investment Services Directive 93/22 (ISD), and the revised Directive 2004/39/EC (MiFID), which came into effect on November 1st, 2007, investment firms intending to provide investment services in any EU member state (host member state), are obliged to notify this intention to the competent authorities of the home member state. Such notification must always be accompanied by a complete business plan. Thereafter, the competent authorities of the home member-state inform their counterparts in the host member-state accordingly.

In the context of the implementation of the aforementioned European Directives during the period 1995-2007, the Hellenic Capital Market Commission has received notifications from 1,687 overseas firms wishing to provide investment services in Greece by means of the "European Passport" (Table 33). These notifications remain active in 1,258 cases.

The distribution of notifications by country is the following: 1,426 companies come from the UK, 48 from of Ireland and the Netherlands, 28 from France and Austria, 26 from Cyprus, 21 from Norway, 15 from Germany, 12 from Belgium, 9 from Sweden, 5 from each of Denmark, Spain and Italy, 4 from Finland Luxemburg, and 1 company from each of Portugal, Slovenia and Malta.

Furthermore, in 2007, 322 new companies coming from the UK submitted notifications regarding the provision of investment services in the Greek capital market, 10 from Norway, 6 from Ireland, 4 from the Netherlands, 4 from Cyprus, 4 from Germany, 3 from France, 1 from Luxemburg and 1 from Sweden.

TABLE 33

Notifications for the Provision of Investment Services in Greece, 2005-2007

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Austria	28	28	28	7	7	6	21	21	22
Belgium	12	12	12	2	2	2	10	10	10
Denmark	5	5	5	0	0	0	5	5	5
France	28	25	22	5	1	1	23	24	21
Germany	15	11	9	1	1	1	14	10	8
Ireland	48	40	38	10	9	9	38	31	29
Italy	5	5	5	0	0	0	5	5	5
Spain	5	5	4	0	0	0	5	5	4
Cyprus	26	22	11	1	0	0	25	22	11
Luxembourg	4	3	3	1	1	1	3	2	2
Malta	1	1	1	0	0	0	1	1	1
Norway	21	11	8	0	0	0	21	11	8
Netherlands	48	44	38	10	8	7	38	36	31
Portugal	1	1	1	0	0	0	1	1	1
Slovenia	1	1	0	0	0	0	1	1	0
Sweden	9	8	7	6	5	5	3	3	2
Finland	4	4	4	0	0	0	4	4	4
Britain	1,426	1,104	997	386	351	325	1040	753	672
Total	1,687	1,330	1,193	427	385	357	1,260	945	836

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:

<u>1996</u>

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

<u>1998</u>

• 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

- 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);
- a bilateral Memorandum of Understanding with the Securities Commission of Poland, (August 1st, 2003).

2005

- A bilateral Memorandum of Understanding with the Securities Commission of Bulgaria (March 28th, 2005);
- A bilateral Memorandum of Understanding with the Securities Commission of Slovakia (June 28th, 2005);
- A bilateral Memorandum of Understanding with the Capital Markets Commission of Israel (September 27th, 2005);
- A bilateral Memorandum of Understanding with the securities commission of Serbia

(December 3rd, 2005).

2007

- A bilateral Memorandum of Understanding with the Capital Markets Commission of Dubai (September14th, 2007);
- A bilateral Memorandum of Understanding with the Securities Commission of Egypt (November 20th, 2007).

The Hellenic Capital Market Commission and the CESR

The 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 Directorate.

Permanent Committees: CESR-Pol and CESR-Fin.

Two CESR committees that are in constant operation are the CESR-Pol and the CESR-Fin. 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), and consists of staff members from regulator-members of the CESR, responsible for supervision and exchange of information. 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, through the formation of working groups designed to promote the closer co-operation, and ensure the consistent and effective implementation of key European Union Directives, and especially the Market Abuse Directive (MAD).

In July 2007, announced its new work programme, with new issues for elaboration in the context of the Market Abuse Directive. The purpose of the work programme demonstrates that the CESR continues its efforts for ensuring the consistent and convergent implementation of the Market Abuse regime by its members. Two major steps in this process have been the publication of the first and second set of CESR guidance and information on the common operation of the Market Abuse Directive in May 2005 and July 2007. Many of the issues included in the work programme of the CESR have been pointed out by market participants during the consultation process of 2006. Other issues emerged through the mapping exercise, carried out by the CESR's Review Panel, regarding the implementation of the Market Abuse Directive. The topics that require further elaboration include:

- The provision of assistance to the European Commission for drawing the list of sanctions (administrative and criminal) and measures applicable under the Market Abuse Directive, in order accommodate order and transparency concerns about the diversity of measures and sanctions applied by member-states.
- The harmonization of requirements for insiders lists.
- The reporting of suspicious transactions: Guidance not only concerning the authority to which the reports are submitted, but also whether the CESR can produce further guidance on expectation as regards reporting.
- The Stabilization Regime at level 3 (the objectives and limits of Regulation 2273/2003, and its diverging application by supervisors in relation to Accepted Market Practices, do not provide sufficient legal certainty).
- The further analysis of the twofold notion of inside information: definition of insider information and delay of public disclosure, requirement not to mislead the public in case of delay in public disclosure.
- Mapping of the existing thresholds that imply disclosure obligations, and other practices of CESR Members, such as stock option programmes, the persons responsible for publishing directors' dealings, the notification of transactions by persons discharging managerial responsibilities.
- The development of guidance, to the extent possible, on the definition of inside information with regard to commodity derivatives.

In November 2007, the CESR published, after consultation with its members, a Report on Administrative Measures and Sanctions, as well as on Criminal Sanctions, following the entry into force of the Market Abuse Directive (MAD 2003/6/EC), with the purpose of informing the European Union and market participants about the different legal frameworks for the imposition of sanctions and the application of administrative measure throughout the European Union. According to the provisions of the Market Abuse Directive, it is left to the national discretion of member-states to decide on the amount of pecuniary fines and the types of administrative measures applicable in market abuse cases.

CESR-Fin consists of staff members from Securities Commissions-members of the CESR, responsible for the supervision and the proper implementation of rules concerning the publication of financial results and compliance with transparency requirements. The main role of the CESR-Fin is to co-ordinate the work of the CESR on the endorsement and observance of the International Accounting Standards and other transparency requirements concerning financial results in the European Union, in the context of its strategy for the adoption of a single financial reporting framework. CESR-Fin provides CESR observers with appropriate 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 have already been adopted, and to submit proposals to the International Accounting Board, concerning the proposals of the EU member-state regulators before their final adoption. The CESR-Fin Subcommittee on International Accounting Standards Enforcement provides a framework for the exchange of opinions and experience concerning the effective supervision of listed companies on the basis of the rational, valid and timely monitoring of their financial results.

These new challenges mainly include the enhancement of co-operation among European Union regulators regarding the implementation and enforcement of the International Financial Reporting Standards, and the need to promote the worldwide preparation of financial statements in accordance with the IFRS.

The CESR-Fin continues to exert influence on the European and international levels, always playing an active role in European approvals of accounting standards and their interpretations that are published by the IASB and the IFRIC, as well as the future legislative developments regarding audit procedures. This presupposes that the 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.

In November 2007, the CESR-Fin published a report on its review of the activities of CESR members and other related regulators (European or other), in their capacities as enforcers of the IFRS in the consolidated accounts of issuers. The report refers to the regulators' experience with the enforcement of the IFRS during the first year of their compulsory use in consolidated accounts, and records regulator compliance with the Standards on Enforcement established by the CESR.

The aim of the report is to (i) provide and overview of the implementation status of enforcement activities in relation to 2005 IFRS financial statements within each member-state; (ii) present findings and tentative conclusions concerning the enforcement of the IFRS; and (iii) provide some observations about the implementation of the IFRS and its impact on European Union markets.

The key findings of the report are the following: (i) 20 out of 27 member-states had introduced a sufficient enforcement mechanism by 2006. Moreover, 11 member-states had introduced enforcement mechanisms that fully met the requirements laid down by the CESR. These 11 member-states represent approximately 60% of all issuers in European Markets. In 9 member states most CESR standards on enforcement were in place. (ii) A Competent Authority has been established for the monitoring of the Transparency Directive in 24 member-states. In 6 of those member-states (Czech Republic, Denmark, Ireland, Germany, Iceland and the UK) accounting enforcement is carried out in cooperation with other authorities designated under national legislation. (iii) The number of issuers where a review of the 2005 financial statements was carried out varies from one member-state to the other. In 2006, scheduled reviews covered almost 23% of all issuers that had adopted the IFRS, and almost 85% of those reviews were in fact completed. Those scheduled, albeit not completed, were replaced by unplanned reviews of financial statements, as part of the prospectus vetting procedures in the countries concerned. (iv) EU Enforcers agree that the implementation of IFRS in the consolidated accounts of over 7,000 EU issuers has presented a very significant challenge to auditors and regulators alike, which has been met without major disruption to the markets, attesting to the market's confidence during the transition period. (v) EU Enforcers believe that the move to IFRS has improved the quality of financial reporting in their jurisdiction, mainly owing to the increased transparency of disclosures and greater comparability between issuers. (vi) European Union regulators identify a number of areas in financial statements, where the level of compliance could be improved. (vii) Regulators report that their experience with the European Enforcement Coordination Sessions organized by the CESR was generally positive. (viii) The cases discussed by the EECS are first entered in a confidential CESR database, which is accessible by all regulators. As of August 2007, a total of 85 decisions had been entered into the database by 13 jurisdictions. (ix) In April 2007, the CESR published extracts from this database, in order to promote the consistent application of the IFRS in the European Union. The CESR will publish further extracts from the database at regular intervals. (x) Progress is being made towards a mutual understanding of trigger points between the CESR and the US Securities and Exchanges Commission, regarding the exchange of information.

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 CESR launched a mapping exercise, which assessed the supervisory powers that had been given to its members, following the entry of the Market Abuse and Prospectus Directives into force. The CESR feels that the capacity to act on an equal footing in regard to cross-border investigatory, supervisory and sanctioning activities is a precondition for the existence of a reliable supervisory system in the European Union, and instrumental for achieving supervisory convergence. The findings of this exercise have been forwarded by the CESR to the Financial Services Committee (FSC), which was requested (see the Conclusions of the ECOFIN, May 16, 2007) to monitor the convergence of supervisory powers and ensure that it is at a satisfactory level.

CESR Expert Groups

Expert Group on Transparency

In July 2007, the CESR made a "Call for evidence" on the possible CESR level 3 work on the Transparency Directive.

Expert Group on Prospectuses

In June 2007, the CESR published a report titled: "CESR's report on the supervisory functioning of the Prospectus Directive and Regulation". The aim of this report was to assess the extent to which the new prospectus regime is achieving the objectives of protecting investors, reducing the cost of capital, and contributing to the development of a single European market for securities. The findings of the report will also contribute to the evaluation of the Lamfalussy process. Most market participants express their satisfaction with the new European legislation, as they believe that the Prospectus Directive and Regulation are a step in the right direction for achieving a single market. They highlighted the value of the passport mechanism as a useful tool in the development of a single market, and also identified certain provisions in the Prospectus Directive and Regulation that are causing practical difficulties, asking the CESR to propose the necessary amendments to the European Commission.

Expert Groups on the Directive on Markets in Financial Instruments - MiFiD
In February 2007, the CESR announced the launching of the fifth round of public consultation concerning its Level 3 Work Programme on the Markets in Financial Instruments Directive (MiFID) (following record keeping, market data consolidation, inducements and passporting). The main consultation topics were the following:
<u>Best execution</u>
Best Execution is a cornerstone of the MiFID regulatory architecture, and has been identified as a key priority in CESR's MiFID Level 3 work programme. MiFID's best execution requirements establish a new standard, designed to promote two of CESR's most important objectives: market efficiency and investor protection.

The CESR intends to issue a number of recommendations to its members that will set out a common approach in relation to the best execution requirements under MiFID, with a view to fostering supervisory convergence. This consultation paper sets out a number of practical proposals and questions for a common approach regarding the following issues:
• Contents of execution policy and arrangements;
• Disclosure to clients;
• Client consent;
• Relationships between firms in chains of execution;
• Review and monitoring;
• Execution quality data.

Nevertheless, the paper does not address, at least at this stage, questions regarding the best execution requirements' scope of application, and all related issues. The CESR has asked the European Commission for clarification, and awaits further guidance. After receiving a formal response from the Commission, the CESR will publish an addendum to the consultation paper.
<u>Transaction reporting</u>
The CESR has addressed certain practical issues, in order to promote the smooth operation of MiFID's transaction reporting mechanism. The consultation paper covers guidance concerning the reporting obligations of investment firm branches, and includes further details on what constitutes the execution of a transaction, and the approval of reporting channels.

As far as branch reporting is concerned, the CESR has found out that, although specified by the MiFID Level 2 Regulation, there may be cases where branches of investment firms would need to split the reporting of transaction between various competent authorities. In order to limit the burden on reporting firms, the CESR is proposing a practical solution, where under some conditions a branch could report to the host competent authority all transactions it has carried out. The exchange system will ensure that all relevant information is available to all relevant authorities. The CESR has also proposed guidance on transaction reporting in cases where several intermediaries are involved in the execution of a transaction. The CESR is proposing to harmonise the core content of reporting in such cases. According to the proposal, CESR members shall agree to collect (and exchange when needed) information about the transactions which are conducted by the immediate market-facing counterparty, and transactions undertaken by investment firms on their own account. Finally, the CESR is proposing to simplify the process of approving the reporting channels, in cases where such a channel is willing to operate in several Member States. CESR members will take into account whether another CESR member has already approved a given reporting channel, and limit its process to those factors, which are linked to national specificities of the reporting regime.

In February 2007, the CESR published its first set of Level 3 Guidelines and Recommendations on the smooth application of MiFID, which concerned Market Data Consolidation and Record Keeping. This guidance will facilitate the methodical implementation of the provisions, without imposing further obligations on investment firms, multilateral trading facilities and regulated markets, but will also set out the content of the list of minimum records that the competent authorities must draw up in accordance with Article 51 (3) of the MiFID Level 2 Implementing Directive.

In May 2007, the CESR published the last set of guidance, adopting recommendations on passporting and a protocol on notifications, questions and answers on best execution, recommendations on inducements, as well as guidelines on transaction reporting.

In July 2007, the CESR published a list of "liquid shares", as well as all shares listed in regulated markets of the European Union. The MiFID Implementing Regulation requires competent authorities to calculate and publish a set of information about all shares that have been listed for trading in a regulated market. The information contained in this database allows market participants to identify liquid shares (which trigger the obligations for systemic internalisers), and to determine the block sizes for waivers from pre-trade transparency requirements and delayed post-trade publication.

In August 2007, the CESR published two additional document regarding two requests from the European Commission for technical advice on non-equities transparency, and a compilation of responses by CESR members to the European Commissions request for initial assistance on issues pertaining to commodity and "exotic" derivatives. Both requests are intended to assist the Commission in preparing two reports concerning the need to extend the MiFID's transparency requirements to non-equities (bonds), and to incorporate a regulatory framework for commodity and "exotic" derivatives into the MiFID.

Non-Equities Transparency:

The CESR has not detected any evident market failure regarding market transparency that would warrant a mandatory enhancement of transparency for bonds, although it deems that some redistribution of the existing transparency information could be useful to retail investors. The CESR acknowledges that there have been market-driven initiatives towards this direction, and proposes to follow-up these initiatives and evaluate their effects.

Commodity derivatives:

The CESR is preparing a progress report to the European Commission, concerning the current state of the regulation and operation of commodity and "exotic" derivatives in Member States. In particular, the report will include the application of the exemptions provided for by article 38 of the MiFID, which establishes requirements related to persons exercising significant influence over the management of a regulated market.

In November 2007, the CESR published a list of identification codes for Regulated Markets, Multilateral Trading Facilities (MTFs) and other Central Counterparties. Market participants will need to use the information provided in this list in their transaction reports, in order to indicate the counterparty to the transaction. The European Commission is expected to publish the official list of regulated markets in the European Economic Area. The CESR and the European Commission are working together in order to ensure the coherence of the information published by both bodies.

The MiFID introduces obligations not only applicable to market participants, but also to regulators and the CESR. In order to fulfil its own obligations, the CESR has launched a series of systems and databases to promote (i) the flow of transaction reports amongst its members, and (ii) the publication of a consolidated list of systemic internalisers.

In order to enable regulators to monitor the behaviour of investment firms and ensure the integrity of the market, the CESR announced that its network of Transaction Reporting Systems (TRM), which links all its Members, has been operational since November 1st, 2007. On the basis of this network each CESR member (i) requires investment firms that execute transactions in financial instruments listed in a regulated market to report the details of such transactions to the regulator of the investment firm's home state and (ii) exchanges transaction reports with other CESR members through the Transaction Reporting Exchange Mechanism (TREM). This mechanism has now come on-stream and ensures that —for informational and regulatory control purposes— the competent authority of the most relevant market in terms of liquidity for traded financial instruments, as well as the regulator of the investment firm's home state in case of branches, receives information about the transaction.

The CESR also published, based on data from the member-states competent authorities, the European list of investment firms that are considered systemic internalizers, which is updated at least annually.

Expert Group on Investment Management

In March 2007, the CESR published its final Level 3 guidelines on the eligible assets of UCITS, while in July it published the final Level 3 guidelines on the classification of hedge fund indices as financial indice. The guidelines complement the obligations laid down by the Level 2 Implementing Directive (Directive 2007/16/EC).

In October 2007, the CESR published a consultation paper on the "content and form of Key Investor Information disclosures for UCITS", as part of its ongoing work for the revision of the UCITS Directive, whose main axis is the replacement of Simplified Prospectuses with a document that will be more meaningful to retail investors. In this context, the CESR has studied the factors that are likely to increase the usefulness of product information to retail investors. This information includes: (i) the objectives and scope of Key Investor Information, which should contain only the essential elements required for investment decision-making; (ii) the format and general content, in a single document, in fixed order and hierarchy, and harmonized contents; (iii) the risk reward, which should include either a synthetic risk-reward indicator, or improved narrative disclosure; (iv) the past performance, which shall include quantitative information and the characterization of a mutual fund as managed against a benchmark; and (v) the charges, in the form of an improved version of the existing simplified prospectus disclosure, or as a supplement to this information.

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

The European Central Bank (ECB) and the CESR have jointly approved a report titled "Standards for clearing and settlement of transactions of transferable securities in the European Union" prepared by their joint expert Group. Following the publication of the report, which, nevertheless, had no practical application, 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 an evaluation methodology, (b) the analysis of pending issues, and (c) the main counterparty.

CESR - Econet

For the past few years, an ad hoc group of economists (financial economists' network) have been meeting on a regular basis, in order to discuss issues pertaining to the collection and processing of statistical data, for the purpose of preparing reports on current financial trends in securities markets that would be submitted to the Economic and Financial Committee.

The CESR formed a new expert group, called Econet, in order to facilitate its ability to stand up to an increasing number of reporting commitments that require the input of financial economists. The objectives of CESR-Econet are to (i) enhance CESR's capability to perform economic analyses of market trends and to identify the key risks in securities markets, and (ii) to develop a regulatory impact assessment methodology.

CESR-Tech

In order to ensure the implementation of the Markets in Financial Instruments Directive (MiFID), the CESR formed a work group mandated to analyze the interconnection of the CESR-members' IT systems. The main objectives of the group are (i) 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; (ii) to specify technical options for the exchange of reports on transactions through IT systems; and (iii) 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.

Expert Group on Credit Ratings Agencies

In January 2007, the CESR published its first report to the European Commission on the compliance of credit rating agencies with the IOSCO Code. The report, which constitutes work in progress regarding the "IOSCO Code of Conduct for Credit Rating Agencies", presented the progress in analyzing the credit ratings of structured financing. The work is continued, and the final report will be presented in 2008.

The turmoil in international capital markets, in consequence of the problems in the US securitizations market, and the additional requests of the European Commission for further information, led the CESR to collect additional data for its report, and for the future expression of opinions on the following structure finance-related areas: (i) transparency of raging processes and methodologies; (ii) credit rating agency staff resourcing; (iii) monitoring of rating performance and (iv) conflicts of interest (organization of the compensation of credit rating agencies).

Takeover Bids Network

In March 2007, representatives from member-state authorities on takeover bids met to discuss practical issues on the application of Directive 2004/25/EC on Takeover bids (TOD) The participants considered that a network between competent authorities on takeover bids should set up by CESR, with a view to discussing experiences and future developments.

The Takeover Bids Directive covers two separate areas: company law aspects and securities, or market-related, issues. Given that the authorities composing the network do not, in principle, have powers in relation to company law issues, the object of the network is limited to securities, or market-related, issues

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 role of this Group 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 189 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, 41 IOSCO members have signed the multilateral MOU. The Hellenic Capital Market 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 for the year 2007, the Multilateral Memorandum of Understanding was signed by the regulators of Bermuda (Bermuda Monetary Authority), the British Virgin Islands (Financial Services Commission of the British Virgin Islands), China (China Securities Regulatory Commission), Luxembourg (Commission de Surveillance du secteur financier of Luxembourg), and Malaysia (Securities Commission of Malaysia).

According to the procedures of the Multilateral Memorandum of Understanding, IOSCO members that cannot fulfil 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. Fifteen members have been committed in accordance with the terms of Appendix B of the MoU; recently the Financial Supervisory Commission of Chinese Tapei, the Securities and Exchange Commission of Ghana, the Conseil du Marche financier of Tunisia and the Superintendencia General de Valores of Costa Rica were 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.

Since 2005, the IOSCO adopted a schedule, according to which all regulators-members that have not signed the Memorandum will be 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 member evaluation Programme

IOSCO places great emphasis on encouraging its members to comply with the principles and standards it establishes. In order to fulfil 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, the implementation of which is still underway.

Education

In 2007, 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 2007 in Madrid.

Annual Conference

The world's securities and derivatives regulators and other members of the international financial community met in Mumbai, India, from April 9 to April 12, 2007, on the occasion of the 32nd 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 of IOSCO

The European Regional Committee of I.O.S.C.O. comprises 43 supervisory authorities, including the 27 supervisory authorities of European Union member-states. This Committee deals with the in-depth study of: the developments in the capital markets in its member states; the progress of the implementation of IOSCO's regulatory and supervisory standards by member-states; the activities of off-shore financial centres, and the harmonization of the regulatory standards in accordance with European Directives.

Two meetings of the European Regional Committee of IOSCO were held in 2007. The first was held during the Annual Conference in Mumbai, India, in April 2007. The main issues that were discussed during the Conference were the following: (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) a presentation of CESR's operations. The second meeting of the European Regional Committee was held in Madrid, Spain, in October 2007.

APPENDICES

APPENDIX 1

RULES AND REGULATIONS ISSUED BY THE HELLENIC CAPITAL MARKET COMMISSION IN 2007

No. Of Rule / Gazette	Title	Summary
1/459/27.12.2007 (Gazette B/2455/31.12.2007)	RULES FOR THE CALCULATION OF THE CAPITAL ADEQUACY REQUIREMENTS OF INVESTMENT FIRMS	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and specifies the rules for the calculation of capital adequacy requirements of investment firms.
2/459/27.12.2007 (Gazette B/2457/31.12.2007	SPECIFICATION OF OWN FUNDS OF INVESTMENT FIRMS DOMICILED IN GREECE	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and specifies the own funds of investment firms domiciled in Greece.
3/459/27.12.2007 (Gazette B/2463/31.12.2007)	CALCULATION OF THE INVESTMENT FIRMS' MINIMUM CAPITAL ADEQUACY REQUIREMENTS FOR CREDIT RISK IN ACCORDANCE WITH THE STANDARDIZED APPROACH	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the calculation of the investment firms' capital adequacy requirements against credit risk.
4/459/27.12.2007 (Gazette B/2453/31.12.2007)	CALCULATION OF THE INVESTMENT FIRMS'S CAPITAL ADEQUACY REQUIREMENTS OF MARKET RISK	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the calculation of the investment firms' capital adequacy requirements against market risk.
5/459/27.12.2007 (Gazette B/2454/31.12.2007)	COUNTERPARTY RISK	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation on counterparty risk.
6/459/27.12.2007 (Gazette B/2456/31.12.2007)	CAPITAL ADEQUACY REQUIREMENTS OF INVESTMENT FIRMS AGAINST OPERATIONAL RISK	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the investment firms' capital adequacy requirements against operational risk.

7/459/27.12.2007 (Gazette B/2456/31.12.2007)	SUPERVISION AND MONITORING OF LARGE FINANCIAL EXPOSURES OF INVESTMENT FIRMS	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the supervision and monitoring of Large Financial Exposures of Investment Firms.
8/459/27.12.2007 (Gazette B/2456/31.12.2007)	INTERNAL ASSESSMENT OF THE INVESTMENT FIRMS' CAPITAL ADEQUACY AND ITS PRUDENTIAL SUPERVISION AND ASSESSMENT BY THE CAPITAL MARKET COMMISSION	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the internal assessment of the investment firms' capital adequacy and its prudential supervision and assessment by the Capital Market Commission.
9/459/27.12.2007 (Gazette B/2457/31.12.2007)	DISCLOSURE BY INVESTMENT FIRMS OF PRUDENTIAL INFORMATION REGARDING CAPITAL ADEQUACY, THE RISKS ASSUMED AND THE MANAGEMENT OF THOSE RISKS	This rule was issued under the mandate of law 3601/2007 (Gazette A 178/1.8.2007) and incorporates community legislation concerning the disclosure by investment firms of prudential information regarding capital adequacy, the risks assumed and the management of those risks.
1/452/1.11.2007 (Gazette B/2136/1.11.2007)	CODE OF CONDUCT FOR INVESTMENT FIRMS	This rule aims at incorporating articles 2, 3 to 26, 50 and 52 of Community Directive 2006/73/EC, which implements the implementation of Community Directive 2004/39/EC (MiFID), concerning the organizational requirements and terms of operation for investment firms.
2/452/1.11.2007 (B/2137/1.11.2007)	ORGANIZATIONAL REQUIREMENTS FOR THE OPERATION OF INVESTMENT FIRMS	This rule aims at incorporating articles 2, 5 to 25, 51 and 52 of Community Directive 2006/73/EC, which implements the implementation of Community Directive 2004/39/EC (MiFID), concerning the organizational requirements and terms of operation for investment firms.

3/452/1.11.2007 (Gazette B/138/1.11.2007)	EVALUATION OF QUALIFYING HOLDINGS	This rule incorporates articles 10a and 10b, of Community Directive 2004/39/EC (MiFID), added by article 3 of Directive 2007/44/EC, concerning the procedural regulations and the criteria for the preventive evaluation of the acquisition, and increase, of participations in the share capital of financial sector entities.
4/452/1.11.2007 (Gazette B/2138/1.11.2007)	FITNESS TEST APPLIED TO MANAGERS AND DIRECTORS OF ENTITIES LICENSED UNDER DIRECTIVES IN THE FINANCIAL FIELD	This rules specifies the criteria taken into consideration for assessing the fitness of managers and directors of Investment Firms, Financial Intermediation Firms, Mutual Fund Management Firms, Portfolio Investment Companies and Real Estate Investment Trusts.
5/452/1.11.2007 (Gazette B/2138/1.11.2007)	REGISTRATION OF TIED AGENTS IN THE PUBLIC REGISTER	This rule specifies that the HCMC shall keep a public register of tied agents, which shall be posted on its website, and sets the conditions for the registration of agents in it, the organizations requirements they must fulfil, and the terms of de-registration.
6/452/1.11.2007 (Gazette B/2138/1.11.2007)	EXEMPTIONS FROM TRANSPARENCY REQUIREMENTS	This rule specifies the exemptions from the obligations regarding pre- and post-trading transparency.
7/452/1.11.2007 (Gazette B/2138/1.11.2007)	TRANSACTION REPORTING AND INFORMATION RECORDING OBLIGATIONS	This rule specifies the manner and content of disclosures, as well as the exemptions from these obligations.
8/452/1.11.2007 (Gazette B/2138/1.11.2007)	CONDITIONS FOR THE AUTHORIZATION OF REGULATED MARKETS.	This rule sets the conditions for the provision of operation licenses for organized markets, subjects that must be included in the rulebooks of organized markets, as well as the necessary documentation for the provision of the operation license.
9/452/1.11.2007 (Gazette B/2138/1.11.2007)	BOOKKEEPING REQUIREMENTS OF FIFs	This rule specifies the bookkeeping obligations of Financial Intermediations Firms.

7/448/11.10.2007 (Gazette B/2092/29.10.2007)	ADDITIONAL INFORMATION AND DATA CONTAINED IN THE ANNUAL AND SEMI-ANNUAL FINANCIAL REPORTS AND THE ANNUAL AND SEMI-ANNUAL REPORTS OF THE BOARD OF DIRECTORS	This rule specifies the additional information and data contained in the annual and semi-annual financial reports and the annual and semi-annual reports of the Board of Directors.
6/448/11.10.2007 (Gazette B/2092/29.10.2007)	DATA AND INFORMATION THAT ARISE FROM QUARTERLY AND SEMI-ANNUAL FINANCIAL STATEMENTS	This rule specifies the data and information that arise from quarterly and semi-annual financial statements.
4/443/6.09.2007 (B/1904/14.9.2007)	APPROVAL OF MULTILATERAL TRADING FACILITY	This rule approves the operation of a multilateral trading facility under the management of the Athens Stock Exchange.
2/438/01.08.2007 (B/1904/14.9.2007)	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 26.4.2007 and 26.7.2007 meetings of its Board of Directors.
3/438/1.08.2007 (Gazette B/1904/14.09.2007)	AMENDMENT OF 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	The rule amends articles 1, 10, 11, 14, 15, 16, 17, 19, 21, 23, 24, 25 of Rule 1/392/26.7.2006, in order to incorporate the operation of ETFs and the operation of the multilateral trading facility of the Athens Stock Exchange.
5/443/6.9.2007 (Gazette B/1904/14.09.2007)	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 30.7.2007 at meeting No. 164 of the ATHEX.
4/438/1.08.2007 (Gazette B/901/16.6.2004)	AMENDMENT OF HCMC RULE 3/304/10.06.2004 ON THE REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM	The rule amends articles 1, 3, 10, 15, 21, 45, 46, 48, adds article 16a, and replaces Part D of Rule 3/304/26.7.2006, in order to incorporate the operation of ETFs and the operation of the multilateral trading facility of the Athens Stock Exchange.

1/438/1.8.2007 (Gazette B/1904/14.09.2007)	CONTRIBUTION OF TRANSFERABLE SECURITIES FOR THE ACQUISITION OF SHARES IN MUTUAL FUNDS	This rule specifies the terms and conditions for the acquisition of shares in mutual funds through the contribution of transferable securities.
2/435/12.7.2007 (Gazette B/1497/17.08.2007)	EXCHANGE TRADED FUNDS	This rule specifies the procedure for the listing and trading of Exchange Traded Funds in organized markets.
3/435/12.7.2007 (Gazette B/1497/17.08.2007)	REPRODUCTION OF STOCK EXCHANGE INDICES BY MUTUAL FUNDS	This rule sets the conditions for the reproduction of stock market indices by mutual funds.
1/434/3.7.2007 (Gazette B 1222/17.07.2007)	SPECIFICATION OF PERIODIC AND CONTINUOUS INFORMATION OBLIGATIONS IN ACCORDANCE WITH LAW 3556/2007	This rule aims at the adaptation of the regulatory framework to Directive 2007/14/EC and specifies certain obligations concerning the provision of periodic and continuous information in accordance with Law 3556/2007, concerning issuers whose securities have been listed for trading in regulated markets, and have Greece as their home member-state.
34/419/14.3.2007 (Gazette B 922/08.06.2007)	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DEMATERIALIZED SECURITIES	This rule ratifies the amendments adopted on Match 12, 2007, at meeting No. 157 of the ATHEX.
18/427/9.5.2007 (Gazette B 835/29.05.2007)	AMENDMENT OF THE RULEBOOK FOR THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at meeting number 9 of the Board of Hellenic Exchanges SA, held on 26.4.2007.
17/427/9.5.2007 (Gazette B 773/15.05.2007)	PROCEDURE AND METHOD FOR CALCULATING THE PRICE OF COMPULSORY BIDS IN CASE OF CORPORATE RESTRUCTURING	This rule specifies the contents of the prospectus, the timing of the restructuring, the minimum price, the valuator, the fair value, and the price of compulsory bids in case of corporate restructuring.

4/418/7.3.2007 (Gazette B 606/24.04.2007)	INCREASE OF THE INVESTMENT LIMIT PROVIDED FOR BY PARAGRAPH 1 OF ARTICLE 24 OF LAW 3283/2004 FOR MUTUAL FUNDS THAT REPRODUCE THE COMPOSITION OF THE FTSE-ASE 20 INDEX	This rule stipulates that mutual funds that reproduce the composition of the FTSE-ASE 20 index are allowed to invest their net assets in share of the “National Bank of Greece SA” in proportion to the weight of this share in the aforementioned stock market index and up to 35%.
1/417/2.3.2007 (Gazette B 477/05.04.2007)	SIZE OF THE COMMON GUARANTEE FUND FOR THE YEAR 2007.	This rule sets the size of the Common Guarantee Fund for the year 2007 to 168,796,882.73 euros, setting the minimum contribution of investment firms to 704,328.69 euros.
6/413/8.2.2007 (Gazette B 477/05.04.2007)	APPROVAL OF THE TRAINING PROGRAM FOR INDIVIDUALS INVOLVED IN THE DISTRIBUTION OF MUTUAL FUND UNITS.	This rule approves the training program for the year 2007, for persons involved in the distribution of mutual funds units, in accordance with the syllabus established by HCMC Rule 13/330/2.3.2005.

APPENDIX 2

PARTICIPATION IN INTERNATIONAL CONFERENCES, FORA AND MEETINGS IN 2007

- January 8-9, 2007, Copenhagen, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- January 12, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- January 12-12, 2007, Lapland, Finland, Conference of the CESR Review Panel,
- January 17, 2007, Paris , Meeting of the CESR Working Group on Prospectuses;
- January 19, 2007, Paris, Meeting of CESR-ECOnet,
- January 19, 2007, Rome, Meeting of the CESR Working Group on investment management;
- January 24, 2007, Brussels, MiFID transposition
- January 30-31, 2007, Paris, CESR Summit;
- February 1-2, 2007, Rome, Meeting of IOSCO's Implementation Task Force;
- February 13, 2007, Brussels, Meeting of the EU Committee for the prevention of money laundering and terrorist financing;
- February 15, 2007, Helsinki, Meeting of CESR-Pol sub-committee on Surveillance and Intelligence;
- February 21, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- February 27, 2007, Paris, CESR's TREM Seminar;
- February 27, 2007, Paris, ECONET Meeting;
- February 28, 2007, Amsterdam, CESR-Fin Meeting
- March 2, 2007, Rome, Meeting of the CESR Working Group on investment management;
- March 2-3, 2007, Brussels, Meeting on shareholder rights;
- March 6-8, 2007, Berlin, Meeting of the Standing Committee IV, and the Screening Group of IOSCO.
- March 16, 2007, Madrid, Meeting of the Level 3 MiFID CESR Working Group;
- March 18-20, 2007, Copenhagen, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- March 21-23, 2007, London, CESRPol Meeting
- March 30, 2007, Lisbon, Conference of the CESR Review Panel;

- April 02, 2007, Paris, CESR's ECONET Meeting;
- April 3, 2007, Madrid, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- April 10-14, 2004, Mumbai, IOSCO Summit;
- April 16-17, 2007, Paris, OECD Steering Group Meeting on Corporate Governance;
- April 18-20, 2007, Brussels, Meeting of the Committee on Money Laundering and Terrorist Financing;
- April 24, 2007, Paris , Meeting of the CESR Working Group on Prospectuses;
- May 3, 2007, Madrid, Meeting of the joint CESR-ECB group on Clearing and Settlement, concerning main counterparties.
- May 04, 2007, Bilbao, Meeting of the Level 3 MiFID CESR Working Group;
- May 9-11, 2007, Wilton Park International Enforcement Conference;
- May 10, 2007, Paris, CESR-Tech Meeting;
- May 11, 2007, Rome, Meeting of the CESR Working Group on investment management;
- May 14-15, 2007, Istanbul, Meeting with the Capital Markets Board of Turkey;
- May 14, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- May 15-17, 2007, Paris , FATF Meeting;
- May 21, 2007, Brussels, Meeting on shareholder rights;
- May 24-25, 2007, Dresden CESR Summit
- June 4, 2007, Madrid, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards (EECS);
- June 5, 2007, Madrid, CESR-Fin Meeting;
- June 6, 2007, Bucharest, Participation in a seminar concerning the TREM system;
- June 08, 2007, Paris, CESR's ECONET Meeting;
- June 19, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- June 22, 2007, Brussels, Meeting on shareholder rights;
- June 25-30, 2007, Paris, Meeting of the Plenary of OECD's Financial Action Task Force (FATF);
- June 27-29, 2007, Berlin, Meeting on Corporate Governance;

- July 4, 2007, Luxembourg, Meeting on market abuse issues;
- July 5-6, 2007, Paris , CESR Summit;
- July 5-6, 2007, Paris, Meeting of the CESR Review Panel;
- July 5-6, 2007, Paris , ECONET Meeting;
- July 10, 2007, Washington, Meeting of IOSCO's Implementation Task Force;
- July 18, 2007, Paris, CESR-Tech Meeting;
- July 20, 2007, Budapest, Meeting of the joint CESR-ECB group on Clearing and Settlement, concerning main counterparties;
- July 21, 2007, Rome, Meeting of the CESR Working Group on investment management;
- July 23, 2007, Brussels, Meeting with the European Commission;
- July 25, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- August 14, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- September 10, 2007, Amsterdam, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards;
- September 11, 2007, Amsterdam, CESR-Fin Meeting;
- September 12, 2007, Lublin, World Bank seminar;
- September 13, 2007, London, CESR-Tech Meeting;
- September 14, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- September 18, 2007, Rome, Meeting of the CESR Working Group on investment management;
- September 20, 2007, Madrid, Meeting of the Level 3 MiFID CESR Working Group;
- September 20-21, 2007, Lisbon, Meeting of the CESR Review Panel;
- September 25-26, 2007, Madrid, CESRPol Meeting;
- September 26, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- September 27, 2007, Paris, Meeting of the CESR Working Group on Transparency;
- October 1-5, 2007, Cape Town, Meeting of IOSCO's Standing Committee IV and Screening Group;
- October 7-12, 2007, Paris , FATF Plenary Meeting;
- October 16-17, 2007, Lisbon, CESR Summit;
- October 20-23, 2007, Washington, Annual Conference of the World Bank and the

International Monetary Fund;

- October 22, 2007, Barcelona, Meeting of CESR-Pol subgroup on Market Abuse;
- October 25, 2007, Paris, Meeting of the CESR Working Group on Prospectuses;
- October 29, 2007, Budapest, Meeting of the joint CESR-ECB group on Clearing and Settlement, concerning main counterparties;
- November 5-6, 2007, Paris, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards;
- November 5-11, 2007, Washington, Annual Seminar of the US Securities and Exchanges Commission;
- November 08, 2007, Frankfurt, Meeting of CESR-Pol sub-committee on Surveillance and Intelligence;
- November 8-9, 2007, Vienna, CESRPol and FESE Meeting;
- November 13-15, 2007, Sofia, World Bank seminar;
- November 15, 2007, Brussels, Meeting on shareholder rights;
- November 20-21, 2007, Cairo, Visit for the signing of a Bilateral Memorandum of Understanding with the Securities Commission of Egypt;
- November 26, 2007, Brussels, Meeting of Level 3 committees for the financial sector;
- November 26-30, 2007, Bohn, Meeting of OECD's Financial Action Task Force (FATF);
- November 27, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group on regulated markets;
- December 3, 2007, Brussels, Presentation to the European Securities Committee;
- December 03, 2007, Amsterdam, CESR-Fin Meeting;
- December 4, 2007, Paris, Meeting of the CESR Working Group on Transparency;
- December 04, 2007, Paris, Meeting of the Level 3 MiFID CESR Working Group;
- December 07, 2007, Paris, ECONET Meeting;
- December 11, 2007, Paris, Meeting of CESR-Pol subgroup on Market Abuse;
- December 12, 2007, Paris, Conference of the CESR Review Panel;
- December 13, 2007, Paris, Meeting of CESR-Pol Deregulation Sub-group;
- December 14, 2007, Paris, CESR-Tech Meeting;
- December 18, 2007, Paris, Conference of the CESR Review Panel.

TABLE I

Developments in Selected International Stock Exchanges, 2007

Stock Exchange	Stock Exchange Indices		Market Capitalization		Value of transactions[1]		Tradability index[2]	No. of listed companies
	Closing price.	Annualized Change (%)	Amount (bn. USD)	Annualized Change (%)	Amount (bn. USD)	Annualized Change (%)	(%)	
London	6,456.91	3.80%	3,851.71	1.5	10,324.33	36.1	268.05%	3,307
Germany	8,067.32	22.29%	2,105.20	28.6	4,323.68	57.7	205.38%	866
Euronext[3]	N/A	N/A	4,222.68	13.9	5,648.46	48.4	133.76%	1,155
Paris	5,614.08	1.31%	-	-	-	-	-	-
Switzerland	8,484.46	-3.43%	1,271.05	4.8	1,886.10	35.1	148.39%	341
Amsterdam	515.77	4.12%	-	-	-	-	-	-
Italy	29,402.00	-7.81%	1,072.53	4.5	2,311.83	44.8	215.55%	307
Madrid4	1,642.01	5.60%	1,781.13	34.6	2,970.62	53	166.78%	N/A
Stockholm5	351.84	-6.04%	1,242.58	10.7	1,863.31	39.8	149.95%	850
Brussels	4,127.47	-5.95%	-	-	-	-	-	-
Athens	5,178.83	17.86%	264.96	27.2	169.41	57	63.94%	283
Vienna	4,512.98	1.11%	236.45	22.7	130.08	58.2	55.01%	119
NYSE	9,740.32	5.95%	15,650.83	1.5	29.21	34	0.19%	2,273
NASDAQ	2,652.28	9.81%	4,013.65	3.8	15,320.13	29.7	381.70%	3,069
Tokyo	15,307.78	-11.13%	4,330.92	-6.1	6,475.77	11.2	149.52%	2,414
Hong-Kong	27,812.65	39.31%	2,654.42	54.8	2,138.70	156.9	80.57%	1,241

Source: World Federation of Exchanges

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

TABLE II

Market Share, Number and Total Assets of Mutual Funds, by Mutual Fund Management Firm, 2005-2007

Management Firm	31.12.2007				31.12.2006				31.12.2005			
	Number of M/F	Assets (€ mil.)	Market Share	% Annual Change.	Number of M/F	Assets (€ mil.)	Market Share	% Annual Change.	Number of M/F	Assets (€ mil.)	Market Share	% Annual Change.
ALICO AIG	25	480.66	1.96%	-0.19	18	452.20	1.89%	0.13	17	490.58	1.76%	0.11
ALLIANZ	10	232.23	0.95%	-0.11	10	262.31	1.10%	-0.14	10	346.36	1.24%	0.26
ALPHA ASSET MAN	32	5,647.66	23.03%	-6.04	27	4,208.08	17.60%	-1.05	27	5,205.19	18.63%	3.84
ALPHA TRUST	11	325.14	1.33%	-0.11	11	356.91	1.49%	0.20	12	361.95	1.30%	0.18
ASPIS INT'L	7	115.46	0.47%	-0.08	10	137.10	0.57%	-0.17	10	206.23	0.74%	-0.09
EFG	69	5,949.94	24.27%	-5.76	33	6,914.55	28.92%	-1.57	35	8,538.36	30.56%	-2.55
HSBC (HELLAS)	11	407.86	1.66%	-0.02	10	416.79	1.74%	-0.46	10	615.47	2.20%	0.37
ING	7	249.40	1.02%	-0.09	8	275.58	1.15%	-0.72	-	-	-	-
ING PIRAEUS	-	-	-	-	-	-	-	-	9	603.72	2.16%	-0.23
INTERNATIONAL	7	87.13	0.36%	-0.01	7	90.87	0.38%	0.05	7	92.63	0.33%	-0.01
MARFIN GLOBAL AM	11	228.83	0.93%	0.37	8	28.60	0.12%	0.03	9	25.71	0.09%	0
MILLENNIUM	9	136.33	0.56%	0.19								
PROFUND	3	33.96	0.14%	0.02	3	28.63	0.12%	0.04	3	23.29	0.08%	0.01
PROTON	7	43.23	0.18%	-0.03	3	20.03	0.08%	0.02	3	16.44	0.06%	0.01
SOCIAL SECURITY FUNDS	2	974.00	3.97%	0.28	2	913.71	3.82%	0.87	2	823.38	2.95%	0.66
ATE	11	389.32	1.59%	-0.24	11	454.28	1.90%	-0.31	10	616.58	2.21%	-0.61
ATTIKI	6	98.95	0.40%	0.01	6	96.20	0.40%	0.10	6	84.77	0.30%	0.19
GENIKI	-	-	-	-	-	-	-	-	-	-	-	-
DIETHNIKI	60	7,635.71	31.14%	1.77	28	6,929.74	28.98%	4.34	21	6,880.60	24.62%	-2.3
EGNATIA	-	-	-	-	7	128.75	0.54%	0.07	8	131.53	0.47%	0.06
ELLINIKI TRUST	-	-	-	-	8	80.39	0.34%	-0.07	8	114.15	0.41%	-0.17
EMPORIKI ASSET M	10	1,003.76	4.09%	-1.83								
ERMIS	-	-	-	-	12	1,465.21	6.13%	-2.20	12	2,324.33	8.32%	1.74
EVROPAIKI PISTI	9	66.79	0.27%	-0.01	10	69.89	0.29%	0.05	8	68.22	0.24%	0.04
CYPRUS	6	128.97	0.53%	0.11	5	102.89	0.43%	0.06	5	103.54	0.37%	-1.45
LAIKI	-	-	-	-	4	46.88	0.20%	0.04	4	44.80	0.16%	0.01
P & K	-	-	-	-	12	117.17	0.49%	0.01	12	133.52	0.48%	-0.07
PIRAEUS ASSET M,	12	231.65	0.94%	-0.06	5	234.89	0.98%	0.69	-	-	-	-
PSB GREEK POST	4	57.69	0.21%	0.03	3	45.37	0.19%	-0.01	3	54.51	0.20%	0.1
OMEGA	-	-	-	-	8	33.41	0.14%	0.00	7	38.11	0.14%	-0.1
TOTAL	329	24,518.67			269	23,910.45	100.00%		258	27,943.98	100.00%	-

Source: Union of Greek Institutional Investors.

Note.: The companies' total net assets include the net assets of the Foreign Mutual Funds that they manage, and which are recorded as of 01.01.07.

1. On 01.01.07, ALICO AIG MFMF undertook the management of the MFs of ELLINIKI TRUST.

2. On 14.05.07, P&K MFMF changed its name to MILLENNIUM.

4. On 28.06.07, DIETHNIKI MFMF undertook the management of 4 MFs of MILLENNIUM MFMF.

5. On 20.07.07, MARFIN Global Asset Management MFMF changed its name from MARFIN MFMF and absorbed EGNATIA MFMF, and LAIKI MFMF.

6. On 25.10.07, PROTON MFMF absorbed OMEGA MFMF.

TABLE III

Net assets of Mutual Fund Management Firms per MF classification 31.12.2007

Mutual Fund Management Firms	Bond			Money market			Mixed			Equity			Funds of Funds			
	Domestic	Foreign	Total	Domestc	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Equity	Mixed	Bond	Total
ALICO AIG	4.55%	25.30%	29.85%	9.09%	2.29%	11.38%	1.13%	13.70%	14.83%	34.74%	2.67%	37.41%	5.21%	1.32%		6.53%
ALLIANZ	11.67%	0.39%	12.06%	4.97%		4.97%	40.61%		40.61%	37.83%	4.53%	42.36%				
ALPHA ASSET M	3.19%	17.76%	20.95%	2.91%	37.65%	40.55%	4.32%	8.55%	12.87%	17.84%	1.32%	19.16%	3.39%	0.55%	2.53%	6.47%
ALPHA TRUST	6.75%	4.47%	11.22%	4.09%		4.09%	5.96%		5.96%	73.14%	1.15%	74.28%	4.44%			4.44%
ASPIS INTERN'L	32.56%	0.64%	33.20%	36.64%		36.64%				26.97%	3.19%	30.16%				
EFG	4.65%	9.41%	14.06%		2.86%	2.86%	1.11%	6.55%	7.66%	15.80%	6.88%	22.68%	2.90%	6.96%	0.34%	10.20%
HSBC (HELLAS)	3.54%	0.67%	4.20%	12.59%		12.59%	18.59%		18.59%	43.58%	14.12%	57.70%		6.92%		6.92%
ING				8.80%		8.80%	10.65%		10.65%	60.14%	17.84%	77.98%				
INTERNATIONAL	22.40%		22.40%	3.88%		3.88%	19.96%	2.71%	22.66%	51.05%		51.05%				
MARFIN Global		8.18%	8.18%	8.94%		8.94%		5.79%	5.79%	59.09%	5.99%	65.07%	8.47%	3.55%		12.02%
MILLENNIUM	5.22%		5.22%	7.60%		7.60%				57.44%	3.54%	60.97%		26.20%		26.20%
PROFUND	17.43%		17.43%	32.87%		32.87%				49.70%		49.70%				
PROTON	28.68%		28.68%				28.95%	19.22%	48.17%	23.15%		23.15%				
SOCIAL SECURITY FUNDS	36.03%		36.03%				63.97%		63.97%							
ATE	18.35%	2.74%	21.09%	14.61%		14.61%	10.37%	10.64%	21.01%	39.19%	2.75%	41.94%	1.34%			1.34%
ATTIKI	3.26%	25.00%	28.25%	14.70%		14.70%	8.96%	27.23%	36.20%	20.85%		20.85%				
DIETHNIKI	2.64%	13.87%	16.51%	0.36%	60.90%	61.26%	2.64%	1.48%	4.12%	9.23%	1.24%	10.47%	0.48%	2.74%	0.55%	3.76%
EMBORIKI	11.33%	5.29%	16.62%	48.40%		48.40%	5.17%		5.17%	28.99%		28.99%		0.83%		0.83%
EVROPAIKI PISTI	2.19%	36.06%	38.24%				11.48%		11.48%	31.59%	18.68%	50.27%				
CYPRUS	10.98%	14.40%	25.38%	5.38%		5.38%	17.61%		17.61%	51.63%		51.63%				
PIRAEUS ASSET	18.01%		18.01%	6.58%		6.58%	14.27%		14.27%	44.44%		44.44%		12.25%		12.25%
PSB GREEK POST	23.16%		23.16%	20.58%		20.58%	53.66%		53.66%	2.60%		2.60%				
MARKET SHARES	5.85%	11.88%	17.73%	4.13%	28.38%	32.50%	6.44%	4.67%	11.10%	18.13%	3.07%	21.20%	1.89%	3.14%	0.84%	5.87%

Source: Union of Greek Institutional Investors.

TABLE IV

Mutual Fund Returns, 2003-2007

M/F Classification	Annual return					Annual return*				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
BOND										
Domestic	1.58%	0.57%	0.89%	2.45%	2.27%	1.58%	0.57%	0.89%	2.53%	2.41%
Foreign	-1.61%	-0.68%	4.05%	3.32%	-1.42%	-1.93%	-0.90%	4.63%	3.32%	-1.87%
International		-	-	1.03%	-1.61%		-	-	1.03%	-2.21%
MONEY MARKET										
Domestic	2.87%	1.92%	1.12%	1.72%	2.12%	2.87%	1.92%	1.12%	1.77%	2.18%
Foreign	1.06%	0.47%	4.55%			1.06%	0.47%	7.45%		
International		-	-	1.01%	-2.26%		-	-	-0.95%	-3.34%
EQUITY										
Domestic	15.36%	26.40%	29.21%	9.81%	23.09%	15.76%	26.55%	29.48%	10.23%	23.40%
Foreign	3.44%	10.63%	20.02%	2.82%	9.26%	4.03%	11.14%	19.79%	2.67%	11.03%
International		-	-	5.90%	14.70%		-	-	5.90%	13.92%
MIXED										
Domestic	7.48%	11.19%	14.03%	8.07%	12.19%	7.72%	11.19%	14.03%	8.64%	12.67%
Foreign	1.20%	4.59%	6.49%	0.41%	2.40%	1.14%	4.25%	7.82%	0.41%	3.98%
International		-	-	3.06%	2.46%		-	-	2.86%	2.25%
FUNDS OF FUNDS										
Equity	1.47%	10.21%	7.05%			1.47%	10.97%	-		
Mixed	-0.26%	5.40%	5.60%			2.05%	6.11%	-		
Bond	-0.07%	1.12%	-			-0.07%	-	-		

Source: Union of Greek Institutional Investors.

*Note. *: Excluding mutual funds that started operating during 2007*

TABLE V

Monthly distribution of mutual fund assets, 2005-2007

Month / Year	Total Assets (mn €)	Bond Funds		Domestic Equity Funds		Domestic Mixed Funds		Domestic Money Market Funds	
		Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change
Dec-07	24,518.67	4,347.09	-4.52%	4,444.82	1.04%	1,578.51	1.23%	1,011.54	-5.06%
Nov-07	25,025.59	4,553.10	-7.32%	4,399.10	-9.79%	1,559.35	-3.66%	1,065.44	-5.23%
Oct-07	26,191.57	4,912.76	-4.24%	4,876.39	-1.41%	1,618.65	0.99%	1,124,22	-4.23%
Sep-07	26,327.72	5,130.47	-4.58%	4,945.88	1.96%	1,602.85	1.61%	1,173.93	-5.39%
Aug-07	26,404.94	5,376.61	-0.54%	4,850.73	-3.35%	1,577.47	-0.97%	1,240.84	-4.72%
Jul-07	26,655.29	5,405.55	2.25%	5,018.85	-0.23%	1,592.95	1.68%	1,302.25	-1.98%
Jun-07	26,360.02	5,286.69	-2.70%	5,030.61	-2.06%	1,566.70	0.51%	1,328.54	0.18%
May-07	26,083,37	5,433.23	-2.93%	5,136.17	3.27%	1,558.70	3.65%	1,326.12	0.98%
Apr-07	25,663,27	5,597.45	-0.48%	4,973.32	0.28%	1,503.83	1.29%	1,313.21	0.17%
Mar-07	25,006.23	5,624.36	-1.95%	4,959.20	0.69%	1,484.74	1.02%	1,311.01	-1.30%
Feb-07	24,667.24	5,736.36	-2.69%	4,925.03	-7.59%	1,469.76	-2.25%	1,328.33	-0.46%
Jan-07	24,828.22	5,894.63	-5.26%	5,329.36	3.38%	1,503.66	3.31%	1,334.47	-5.22%
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-O6	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%

Source: Union of Greek Institutional Investors.

TABLE VI

Net Mutual Fund Assets and the General Index of the ASE, 2005-2007

Month / Year	Total M/F Assets Value (€ million)	Change (%)	Market Capitalisation of ASE companies (mn €)	ASE General Index	Return (%)
Dec-07	24,518.67	-2.03%	390,825.4	5,178.83	0.518%
Nov-07	25,025.59	-4.45%	388,747.6	5,152.16	0.286%
Oct-07	26,191.57	-0.52%	398,160.2	5,137.47	0.561%
Sep-07	26,327.72	-0.29%	390,360.4	5,108.82	-0.020%
Aug-07	26,404.94	-0.94%	377,460.1	5,109.82	1.052%
Jul-07	26,655.29	1.12%	376,904.5	5,056.64	0.899%
Jun-07	26,360.02	1.06%	385,595.2	5,011.60	-0.171%
May-07	26,083.37	1.64%	375,476.5	5,020.19	1.002%
Apr-07	25,663.27	2.63%	369,509.5	4,970.37	-2.494%
Mar-07	25,006.23	1.37%	366,358.7	5,097.51	-0.836%
Feb-07	24,667.24	-0.65%	367,510.1	5,140.48	9.134%
Jan-07	24,828.22	0.25%	371,258.2	4,710.24	7.194%
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	3,060.73	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%

Source: ASE, Union of Greek Institutional Investors.

TABLE VII

The performance of Portfolio Investment Companies, 31.12.2007

Company	Date of Listing in the ASE	Share Price (€)	Market Capitalization (mn €)	Premium / Discount (%)	Net Asset Value (€ million)
ALPHA TRUST ANDROMEDA	19.12.2001	3.10	84.91	-19.27%	108,297.89
ALTIUS	16.08.2002	1.86	9.8	-21.19%	12,466.59
EUROLINE INVESTMENT SA	11.12.2002	2.11	22.43	-17.90%	27,348.39
GLOBAL NEW EUROPE	8.10.2004	4.48	73.21	-21.27%	93,018.06
INTERINVEST SA	15.01.1992	1.69	18.84	-22.83%	24,368.01
AEOLIAN INVESTMENT FUNDS SA	09.08.1993	2.93	32.75	-13.06%	37,712.87
DIAS SA INVESTMENT COMPANY	27.07.1992	1.40	70.31	-25.53%	94,615.26
OMEGA SA	31.7.2003	1.54	13.86	-12.00%	15,723.38
TOTAL			326.11	-19.27%	413,550.46

Source: Union of Greek Institutional Investors, HCMC.

TABLE VIII

Net mutual fund assets in EU member-states, 09.30.2007

Member States	Total Assets (mn €)		Member UCITS assets (million €)		Non-member UCITS assets (million €)	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006	30.9.2007	30.9.2006
Austria	171,262	164,763	115,953	111,479	55,309	53,284
Belgium	131,559	124,808	124,457	118,046	7,102	6,762
Czech Republic	5,842	5,124	5,818	5,124	24	-
Denmark	133,647	116,615	72,608	68,395	61,039	48,220
Finland	68,534	55,053	57,184	46,593	11,350	8,460
France	1,566,000	1,451,700	1,407,000	1,310,400	159,000	141,300
Germany	1,050,982	993,436	270,276	266,096	780,706	727,340
Greece	24,341	24,789	23,440	23,877	901	912
Hungary	12,340	8,451	9,646	5,919	2,694	2,532
Ireland	819,211	686,463	649,211	547,010	170,000	139,453
Italy	353,501	388,000	299,432	349,689	54,069	38,311
Lichtenstein	19,125	14,579	17,624	13,896	1,501	683
Luxembourg	2,059,144	1,733,030	1,840,279	1,570,431	218,865	162,599
Netherlands	96,778	98,839	83,448	80,946	13,330	17,893
Norway	50,315	35,894	50,315	35,894	-	-
Poland	36,682	21,332	31,726	18,409	4,956	2,923
Portugal	38,224	37,623	24,010	25,787	14,214	11,836
Slovakia	3,811	2,716	3,664	2,662	147	54
Spain	288,416	289,402	279,010	281,365	9,406	8,037
Sweden	147,860	127,643	143,410	124,480	4,450	3,163
Switzerland	155,861	145,403	119,356	118,107	36,505	27,296
Turkey	16,965	13,833	14,526	12,247	2,439	1,586
Un. Kingdom	865,963	725,809	712,669	589,659	153,294	136,150

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

TABLE IX

Structure of mutual fund assets in EU member-states, 2007

Type of M/F	30.9.2007		30.6 .2007		31.12.2006	
	Total assets (billion Euros)	% of Total	Total assets (billion Euros)	% of Total	Total assets (billion Euros)	% of Total
Equity	2,340	41.01%	2,405	41.26%	2,189	38.60%
Mixed	858	15.04%	863	14.81%	778	13.50%
Funds of funds1	105	1.84%	108	1.85%	99	1.70%
Bond	1,241	21.75%	1,286	22.06%	1,250	25.40%
Money Market	918	16.09%	933	16.01%	842	17.80%
Other	244	4.28%	234	4.01%	200	2.90%
Total 2	5,706	100.00%	5,829	100.00%	5,358	100.00%
Incl. Ireland	6,355		6,483		5,941	

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

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

2. Excluding Ireland for which there is no detailed information.

TABLE X

Trading Status of ASE-listed companies, 2007

	Under regular trading	Under Probation	Total under trading	Under Suspension	Under Listing	Total
Large Capitalization	87					
Middle & Small Capitalization	166					
Special financial characteristics	21					
Total	274	19	293	10	1	304

De-listed companies	**Date**	
PHOENIX METROLIFE SA	06.03.2007	Under Probation
DELTA ICE CREAM SA	06.03.2007	Special Fin. Characteristics
RADIO A. KORASSIDIS COMMERCIAL	14.03.2007	Large Capitalization
THEMELIODOMI SA	14.03.2007	Large Capitalization
ELEPHANT SA	09.05.2007	Large Capitalization
GERMANOS IND. & COM Co	11.05.2007	Large Capitalization
ALPHA LEASING	21.05.2007	Special Fin. Characteristics
NOTOS COM HOLDING	09.08.2007	Large Capitalization
G. LEVENTAKIS TECH SA	15.11.2007	Under Suspension
INFORMATICS SA	15.11.2007	Under Suspension
PROMOTA HELLAS SA	15.11.2007	Under Suspension

Companies under suspension	**Date**
POULIADIS ASSOCIATES CORP.	20.12.2005
ALISIDA SA	19.04.2006
HELLATEX SA SYNTHETIC YARNS	01.09.2006
ETMA SA	01.09.2006
ACTIVE INVESTMENT	08.11.2006
HITECH SNT SA	26.02.2007
GENER SA	19.03.2007
ERGAS SA	30.03.2007
UNISYSTEMS SA	12.11.2007
ETHNIKI INS	21.12.2007

Companies under probation	**Date**
VIOSOL SA	23.09.1999
EMPORIKOS DESMOS SA	23.09.1999
KERAMICS ALLATINI	07.03.2003
PLIAS SA	07.03.2003
UNITED TEXTILES	18.02.2005
SHEET STEEL Co	04.03.2005
IKONA-IHOS SA	04.03.2005
EVLIEMEK	04.04.2006
SAOS ANE SAMOTHRAKI	04.04.2006
EUROHOLDINGS CAP. & INV.	04.04.2006
HIPPOTOUR SA	04.04.2006
KLONATEX GROUP OF COMPANIES SA.	04.04.2006
VIVERE ENTERTAINMENT	05.10.2006
ALMA-ATERMON SA	16.10.2006
IDEAL GROUP SA	02.04.2007
TECHNICAL PUBLICATIONS SA	08.06.2007
PC SYSTEMS	25.07.2007
PETZETAKIS SA	3.8.06-2.10.2007
PRAXITELIO HOSPITAL SA	09.11.2007

Source: HCMC

TABLE XI

Public Offerings in the ASE, 2007 (Part A)

Company	SCI Period	Date of listing	Sector	Initial Share Price Range (€)	Share Price (€)	Number of new shares through p.o.	Number of new shares placed with a RCI	Public Offering of existing shares	Total number of new shares	Funds Raised (€)
Korres Natural Products (1)	27/3/2007-29/3/2007	12/4/2007	Personal & Household goods	6.00 -7.20 €	7.20 €	1,525,000	75,000	0	1,600,000	11,520,000
AEGEAN AIRLINES (2)	27/6-29/6/2007	11/7/2007	Airlines	6.50-7.80€	7.60€	17,255,448	598,832	0	17,854,280	135,237,415
TERNA ENERGY (3)	31/10-2/11/2007	14/11/2007	Utilities	9.76-11.70 €	11.00€	26,803,918	529,182	2,733,300	27,333,100	330,638,675
PASAL DEVELOPMENT SA (4)	12/12/07-14/12/07	4/1/2008	Real Estate	6.00 - 7.00	6.00	3,730,000	170,000	0	3,900,000	23,337,420
Total										500,733,511

TABLE XI

Public Offerings in the ASE, 2007 (Part B)

Main Underwriter	Advisor	Global Offering Coordinators	Distribution to NQIs	Total distribution to QIs	Demand from NQIs	Total QI demand (domestic & International)	Oversubscription QI	Oversubscription NQI	Total Oversubscription	Participating capital (€)
ALPHA BANK	P&C INV, P&C Brok.	-	852,746	672,254	25,548,434	15,955,461	23.73	29.96	27.22	313,524,505.18
NBG & PIRAEUS BANK		Citigroup Global Ltd	6,423,357	10,832,091	136,617,204	150,650,263	13.91	21.27	16.65	2,251,422,846.05
ALPHA BANK, EUROBANK, PIRAEUS BANK	Alpha Bank	UBS Limited	6,151,015	23,386,203	15,722,164	83,530,388	3.57	2.56	3.36	1,111,029,898.73
NBG & & PIRAEUS BANK	NBG & Piraeus Bank		2,057,735	1,672,265	2,899,689	1,709,000	1.02	1.41	1.24	28,835,096.74

Notes: General Note – Table Definitions: RCI: Restricted Circle of Investors; QI: Qualified Investors; NQI: Non-Qualified Investors, P.O.: Public Offering

1. The distribution of shares by means of public offering raised €10,980,000, while the simultaneous placement of shares with a restricted circle of persons raised €540,000.

2. A combined offering, analyzed as follows: Restricted Circle of Investors, Domestic Offering, International Offering - 598,832, 8,627,724, and 8,627,724 shares respectively. The distribution price of the share placed with a Restricted Circle of Investors amounted to €6.84.

3. From the total public offering, 529,482 shares was distributed by private placement with employees and associates, 9,150,000 new shares (31% of the total) were allocated to the domestic offering (6,151,015 to Non-Qualified and 2,998,985 to Qualified Investors), and 20,387,218 shares (69% of the total) were allocated to foreign investors. The total funds raised include the sale of 2,733,300 Green Shoe Option shares. The distribution price of the shares placed with a restricted circle of investors amounted to €9.9 for the company's employees, and €11 for its associates.

4. The distribution of shares by means of public offering raised €22,380,000.00, while the simultaneous placement of shares with a restricted circle of persons raised €957,420. The distribution price of the shares placed with a restricted circle of investors amounted to €5.40 for the company's directors and employees, and €6.00 for its associates.

TABLE XII

Share Capital Increases by ASE-listed Companies, 2007

No	Company	Trading category	Approval date	Ex-right Date	SCI Period	Initial Trading Day for new shares	Funds Raised (€)	Share Price (€)	Number of shares	Beneficiaries	Inv. Firm Advisor / Underwriter
1	IKONA-IHOS SA (1)	Probation	1/3/2007	31/1/2007	6/2/2007-20/2/2007	8/3/2007	1,564,500	0.30	5,215,000	Existing Shareholders 1N-1E Distribution of unsold shares	-
2	CENTRIC MULTIMEDIA SA (2)	Middle and Small Capitalization	19/4/2007	1/3/2007	7/3/2007 – 5/4/2007	26/4/2007	1,879,713	0.90	2,088,570	2N-10E	-
3	ELTON SA (3)	Middle and Small Capitalization	10/5/2007	17/3/2007	2/4/07-16/4/07	17/5/2007	2,187,015	0.90	2,430,017	Existing Shareholders 1N(CR) --> 10E(CR)	Artion SA
4	ATHENS MEDICAL CSA (4)	Large Capitalization	10/5/2007			17/5/2007	5,362,500	1.95	2,750,000	Abolition of right in favour of 94 investors	-
5	ANEK LINES SA (5)	Large Capitalization	23/5/2007	5/4/2007	16/4/2007-16/5/2007	29/5/2007	106,636,687	1.05	101,558,750	Existing Shareholders 17N-10E	Proton Bank
6	ATTICA BANK (6)	Middle and Small Capitalization	22/6/2007	22/5/2007	29/5/07-12/6/07	27/6/2007	148,640,238	3.00	49,546,746	3N-5E	Alpha Bank, Efg Telesis Finance
7	AEGEK (7)	Middle and Small Capitalization	28/6/2007	24/5/2007	5/6/07-19/6/07	2/7/2007	64,813,876	0.60	108,023,128	1N-1E	-
8	MARFIN INVESTMENT GROUP (8)	Large Capitalization	12/7/2007	18/6/2007	22/6/2007-6/7/2007	16/7/2007	5,190,223,862	6.70	774,660,278	14N-1E	Investment Bank
9	NIREFS SA (9)	Large Capitalization	12/7/2007	14/6/2007	21/6/2007-5/7/2007	19/7/2007	33,769,408 / 19,995,575	3.30 / 9.77	10,233,154 2,046,630	Existing Shareholders 1N(CR)>4E(CR) 20 rights for 1 bond	-
10	AUDIO VISUAL ENTERPRISES SA (10)	Middle and Small Capitalization	19/7/2007		2/07/2007-11/07/2007	23/7/2007	6,720,000	4.80	1,400,000	Abolition of pre-emptive rights	-
11	EUROPEAN RELIANCE GEN INS. SA (11)	Middle and Small Capitalization	19/7/2007			26/7/2007	18,626,097	2.24	8,315,222	Abolition of pre-emptive rights	-
12	ALAPIS SA (12)	Large Capitalization	26/7/2007	3/7/2007	9/7/2007 – 23/7/2007	30/7/2007	817,166,850	1.00	817,166,850	5N-15E	Emboriki Bank
13	EUROMEDICA (13)	Large Capitalization	23/8/2007			28/8/2007	60,000,000	8.00	7,500,000	Abolition of pre-emptive rights	Piraeus Bank

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14	TECHNICAL OLYMPIC (14)	Large Capitalization	23/8/2007	10/7/2007	16/7/07–30/7/07	28/8/2007	34,781,250	1.05	33,125,000	Existing Shareholders 1N(CR)-->4E(CR)	-
15	IMAKO MEDIA (15)	Middle and Small Capitalization	23/8/07			30/8/07	13,774,785	3.44	4,004,298	Abolition of pre-emptive rights in favour of qualified investors	Piraeus Bank
16	PIRAEUS BANK (16)	Large Capitalization	13/9/2007	1/8/2007	7/8/07-7/9/07	17/9/2007	1,350,975,160	20	67,548,758	1N-4E	-
17	EFG EUROBANK (17)	Large Capitalization	20/9/2007	27/8/2007	31/8/2007-14/9/2007	25/9/2007	1,228,889,920	20	61,444,496	2N-15E	-
18	LAVIPHARM (18)	Large Capitalization	28/9/2007	3/9/2007	7/9/2007-21/9/2007	2/10/2007	37,721,376	3.20	11,787,930	Existing Shareholders 3N(CR) --> 10E(CR)	Eurobank Telesis Finance
19	ELBISCO HOLDING (19)	Special Financial Characteristics	5/10/2007	28/8/2007	3/9/2007 – 17/9/2007	10/10/2007	15,052,800	1.68	8,960,000	1N-5E	-
20	J&P AVAX (20)	Large Capitalization	30/10/2007		24/8/2007-12/09/2007	2/11/2007	33,856,860	7.60	4,454,850	Abolition of pre-emptive rights	-
21	PRAXITELIO HOSPITAL SA (21)	Suspension	30/10/2007		4/8/2007-23/8/2007	9/11/2007	3,860,179	0.32 / 0.32	10,611,541 (CR)		Cyclos Sec. SA
22	GENIKI BANK (22)	Large Capitalization	22/11/2007	23/10/2007	29/10/2007-12/11/2007	26/11/2007	210,196,580	4	52,549,145	Existing shareholders 9N-10E, distribution of unsold shares	EFG Telesis Finance
23	DIAGNOSTIC & CURING CENTER HYGEIA (23)	Large Capitalization	13/12/2007	12/11/2007	5/11/2007-16/11/2007 16/11/07-14/12/07	17/12/2007	300,015,.000	3.60 CRS / 4.50 CBL	61,430,910 crs 66,670,000 bonds	Contribution of MITERA SA shares 1.038 bonds-1E	Investment Bank of Greece
24	IKONA-IHOS SA (24)	Probation	13/12/2007	13/11/2007	19/11/2007-3/12/2007	19/12/2007	5,215,000	0.5	10,430,000	Existing Shareholders 1N-1E	-
25	EUROBANK PROPERTIES (25)	Large Capitalization	20/12/2007	20/11/2007	26/11/2007 – 10/12/2007	24/12/2007	329,400,000	9	36,600,000	3N-2E	Eurobank Telesis Finance
26	SCIENCS INTERNATIONAL INVESTMENTS (26)	Large Capitalization	20/12/2007	19/11/2007	23/11/07-7/12/07	24/12/2007	128,147,023	1.30 / 1.50	68,491,000 26,072,482	Existing shareholders 1N(CR)->1E(CR) with partial waiver	Piraeus Bank
27	PC SYSTEMS (27)	Probation	20/12/2007	27/11/2007	3/12/2007-17/12/2007	31/12/2007	6,351,040	0.5	12,702,080	Existing Shareholders 1N(CR)>1E(CR)	Cyclos Sec. SA

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28	MARAC ELECTRONICS (28)	Middle and Small Capitalization	20/12/2007	19/11/2007	23/11/2007-7/12/2007	31/12/2007	546,702	1.20	455,585	Existing Shareholders 1N-20E	-
29	BETANET SA (29)	Middle and Small Capitalization	10/1/08	10/12/2007	14/12/2007-28/12/2007	15/01/08	10,160,876	1.25	8,128,701	Existing Shareholders 3N-5E	Eurobank Telesis Finance
	TOTAL						10,186,530,875				

Source: HCMC

Notes:

1The share capital increase was initially 76.25 % (3,976,478 common registered shares) subscribed through the exercise of pre-emptive rights. Afterward, 804,232 shares, i.e. 15.42%, were covered by investors who exercised their oversubscription rights, and finally, 434,290 unsold shares were placed with an existing shareholder of the company, raising the coverage ratio to 100%.

2.The share capital increase was initially subscribed at a rate of 94.32% through the exercise of pre-emptive rights. Subsequently and after the acquisition of unsold shares by interested investors (118,643 shares) the share capital increase was covered by 100%.

3.The share capital increase was initially subscribed through the exercise of pre-emptive rights, at a rate of 96.95% (2,356,036 shares). Subsequently and after the acquisition of unsold shares by Directors and principal shareholders (73,981 shares) the share capital increase was covered by 100%.

4.The share capital increase was subscribed by the issuer's employees or associates.

5.The share capital increase was initially subscribed at a rate of 89.4501% (90,844,365 common registered shares) through the exercise of pre-emptive rights. Afterward, 10.5499% was subscribed through the exercise of oversubscription rights (10,714,385 shares), raising the subscription rate to 100%.

6.The share capital increase was initially subscribed at a rate of 97.45% through the exercise of pre-emptive rights. Subsequently and after the acquisition of 2.55% of unsold shares by investors who exercised their oversubscription rights (118,643 shares) the share capital increase was covered by 100%.

7.The share capital increase was initially subscribed at a rate of 80.10% through the exercise of pre-emptive rights. Subsequently and after the acquisition of 19.9% of unsold shares by investors who exercised their oversubscription rights the share capital increase was covered by 100%.

8.The share capital increase was initially subscribed at a rate of 4% through the exercise of pre-emptive rights. Subsequently and after the acquisition of unsold shares by interested investors the share capital increase was covered by 100%.

9.The share capital increase was initially subscribed at a rate of 97.39% through the exercise of pre-emptive rights. Subsequently, and after the acquisition of 2.61% of unsold shares by investors who exercised their oversubscription rights the share capital increase was covered by 100%. The issuance of a corporate bond loan was initially subscribed at a rate of 44.98% through the exercise of pre-emptive rights or by €8,993,685.57 in monetary terms. The remainder, i.e. €19,995,575.10, was covered through the acquisition of unsold bonds by the co-operating banks.

10.The share capital increase was covered by qualified investors.

11.The share capital increase was covered in full with abolition of the pre-emptive right in favour of one qualified investor.

12.The share capital increase was subscribed at a rate of 99.81% through the exercise of pre-emptive rights. The remaining 0.19%, which corresponds to non-exercised pre-emptive rights, was proportionately distributed to shareholders that exercised oversubscription rights.

13.The share capital increase was covered by qualified investors.

14. The share capital increase was 94.9% subscribed through the exercise of pre-emptive rights and by 5.1% subscribed through the exercise of oversubscription rights.

15. The share capital increase was covered in full on 31.07.2007 by two strategic investors.

16. The share capital increase was subscribed at a rate of 95.64% through the exercise of pre-emptive rights. The remaining 4.36% was covered by investors who exercised their oversubscription rights.

17. The share capital increase was subscribed at a rate of 97.47% through the exercise of pre-emptive rights. Of 1,554,008 unsold shares, 754,178 were offered in order of precedence to employees that had submitted the relevant application, at a maximum of 200 shares per person, whole 799,830 were proportionally distributed to investors that had exercised oversubscription rights.

18. The share capital increase was 90.94% subscribed through the exercise of pre-emptive rights and by 9.06% subscribed through the exercise of employee and oversubscription rights.

19. The share capital increase was 49.32% subscribed through the exercise of pre-emptive rights, 0.04% subscribed by investors that exercised oversubscription rights, and 51.64% subscribed by the company's two principal shareholders, who had pledged to cover any unsold shares.

20. The share capital increase was partially subscribed, as only 17 investors participated in it, out of 19 eligible investors in total.

21. The share capital increase was 66.73% subscribed through the exercise of pre-emptive rights and by 33.27% subscribed through the acquisition of unsold shares by investors that exercised oversubscription rights.

22. The share capital increase was 98.5% subscribed through the exercise of pre-emptive rights and 1.46% subscribed by existing shareholders, in accordance with a decision by the Management.

23. (a) The share capital increase was 98.1% covered through payment in kind, or €221,151,276. In this case, the shareholders of MITERA SA exchanged their shares for YGEIA shares. (b) The issuance of a convertible bond loan was 63.1% subscribed through the exercise of pre-emptive rights. Subsequently, and after the acquisition of unsold bonds by interested investors the loan was covered by 100%.

24. The share capital increase was 78.2% subscribed through the exercise of pre-emptive rights and 21.8% subscribed through the exercise of oversubscription rights.

25. The share capital increase was 93.18% subscribed through the exercised of pre-emptive rights, 0.13% subscribed by employees, 3.41% subscribed by investors that exercised oversubscription rights and 3.28% subscribed by other interested investors. Finally, the increase was 100% subscribed.

26. Of the total share capital increase, the portion that provided for a pre-emptive right in favour of existing shareholders at €1.30 was 74% subscribed by existing shareholders and 26% subscribed by investors that exercised oversubscription rights. The portion that provided for a waiver of pre-emptive rights was 32% subscribed by qualified international investors, while a further 11,511,019 shares were sold to Piraeus Bank. The sale price of this portion was €1.50. Therefore, the share capital increase was 83% subscribed.

27. The share capital increase was 94.76% subscribed through the exercise of pre-emptive rights and by 5.24% subscribed through the exercise of oversubscription rights.

28. The share capital increase was 78.49% subscribed through the exercise of pre-emptive rights and by 21.51% subscribed by the company's principal shareholders.

29. The share capital increase was 89.7% subscribed through the exercise of pre-emptive rights, 2.1% subscribed by investors that exercised oversubscription rights and 8.2% subscribed by existing shareholders and third-party investors.

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