HELLENIC CAPITAL MARKET COMMISSION

2008

ANNUAL REPORT

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A NOTE FROM THE CHAIRMAN

In 2008, capital market indices and investment activity plummeted in most international capital markets, and Greece. This was mainly due to the uncertainty caused by the rapid international expansion of the financial crisis that began in the US subprime mortgage securitizations market and subsequently spread out to both advanced and developing markets, causing liquidity shortages that threatened the viability, or even led to the collapse, of major financial institutions, such as Lehman Brothers, the US investment bank.

Volatility in international money and capital markets increased, while the repercussions of the crisis were felt by both the wider financial sector, as investors continued to sell and seek for safer investments, and the real economy, leading to widespread government intervention, with the aim of sustaining the companies' faltering solvency. Against this backdrop, central banks and governments intervened in the markets, by taking direct and indirect measures for enhancing the liquidity and recapitalization of financial organizations, in order to ensure the smooth operation of the financial sector.

In Greece, both the indices and the trading activity in the markets of the Athens Stock Exchange registered a substantial drop, with the General Index of the ASE registering an annual loss of 65.5%, as a result of increased domestic liquidations by foreign and Greek investors.

In 2008, the Hellenic Capital Market Commission reinforced the regulatory framework and the infrastructure for the control and 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 that governs the listing of companies in the Stock Exchange, and upgraded the operation of the transactions clearing and safeguarding systems.

One of the major events of 2008 was the ratification of Law 3691/2008 on money laundering, which transposed Directive 2005/60/EC and the recommendations of the Financial Action Task Force (FATF) into Greek legislation. The new provisions enhance the due diligence measures that must be taken by responsible persons, upgrade the role of the Hellenic Anti-Money Laundering Commission, establish a new Strategy Commission and a new Committee for Consultation with the Private Sector, provide for punitive sanctions similar to those provided for common criminals, and improve the procedures concerning the exchange of information between national authorities on the international level.

In 2008, the prudential supervision of markets was enhanced through the definition of the terms and conditions for the licensing of Multilateral Trading Facilities (MTFs) on the basis of the relevant authorization of Law 3606/2007 on Markets in Financial Instruments (MiFID). The conditions for the provision of operating licenses to Investment Firms and Financial Intermediation Firms were further clarified, while the minimum organizational requirements for Investment Firms were improved, with reference to the content, manner and timing of company compliance evaluation reports, always focused on investor protection. The Underwriters Code was also revised, delineating the obligations and the overall behaviour of underwriter financial institutions and investment firms that intermediate in the public offering of securities.

Responding to the demand for maintaining the smooth operation of markets during a critical period of turmoil in stock markets, the HCMC issued three consecutive urgent decisions for the immediate prohibition of short selling. These regulations were consistent with the overall stance adopted by other European capital market regulators, and were included in the list of measures for addressing the market crisis, compiled by the Committee of European Securities Regulators (CESR).

In 2008, the regulations governing the operation of markets, and the clearing and settlement of transactions in the Athens Stock Exchange, were further improved, aiming at the better adaptation of the Greek stock market to the new competitive conditions prevailing in global markets.

In 2008, the Code of Conduct for Mutual Funds Management Firms and Portfolio Investment Companies was revised to ensure that their operation is conducted honestly, legally, and with the aim of ensuring the integrity of the market to the interest of portfolios under management and investors. It also regulated MFMF obligations concerning the organization of mutual fund share distribution networks in a manner that protects shareholder interests.

Another major development of the year 2008 was the beginning of the European-wide procedure for the drafting of a code of conduct for Credit Rating Agencies (CRAs), with the active involvement of the Hellenic Capital Market Commission. The proposal sets the conditions for the recognition of CRAs, along with rules for settling conflicts of interest, and rules of conduct concerning the issuance of rating recommendations, with the aim of regulating their operation and, ultimately, protecting investors.

During 2008, the Commission continued its auditing and supervisory work. The audits revealed several illegal practices, which led the Commission to levy fines totally worth 2.19 million Euros, the proceeds credited with the Greek State, and to submit indictments against a large number of persons to criminal courts.

In 2008, the Hellenic Capital Market Commission was also involved in many international and European initiatives, through its membership in the relevant committees of IOSCO, the CESR, and the European Commission. More specifically, the HCMC played a major role in the work of the Econet Expert Group of the CESR, which I have the honour of chairing.

Alexios Pilavios

PART ONE

THE HELLENIC CAPITAL MARKET COMMISSION

OBJECTIVES AND TASKS

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

The capital market entities supervised by the HCMC include brokerage firms, investment firms, mutual fund management firms, portfolio investment companies, real estate investment trusts, and financial intermediation firms. Moreover, the HCMC oversees the compliance of ASE-listed companies with capital market legislation, concerning legitimacy issues related to investor protection. The members of the boards of directors and the executive managers of the aforementioned entities must comply with the rules and regulations set by the Commission. Entities and organizations subject to supervision by the HCMC also include organized markets and clearing houses, such as the securities and derivatives markets of the Athens 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 Hellenic Capital Market Commission 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.

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

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

BOARD OF DIRECTORS

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

In 2008, the Board of the HCMC comprised the following nine members, in accordance with Ministerial Decision 18249/B644 (Gazette 615/27.04.2005):

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

The Board of Directors of the HCMC is mainly entrusted with the following tasks: general policy-making, introduction of rules and regulations, granting and revoking of licenses, imposition of sanctions, drafting the annual budget, management of the Commission's operations and decisions on personnel matters. The Board of Directors is convened by its Chairman and meets at least twice a month, provided that at least five of its members are present.

EXECUTIVE COMMITTEE

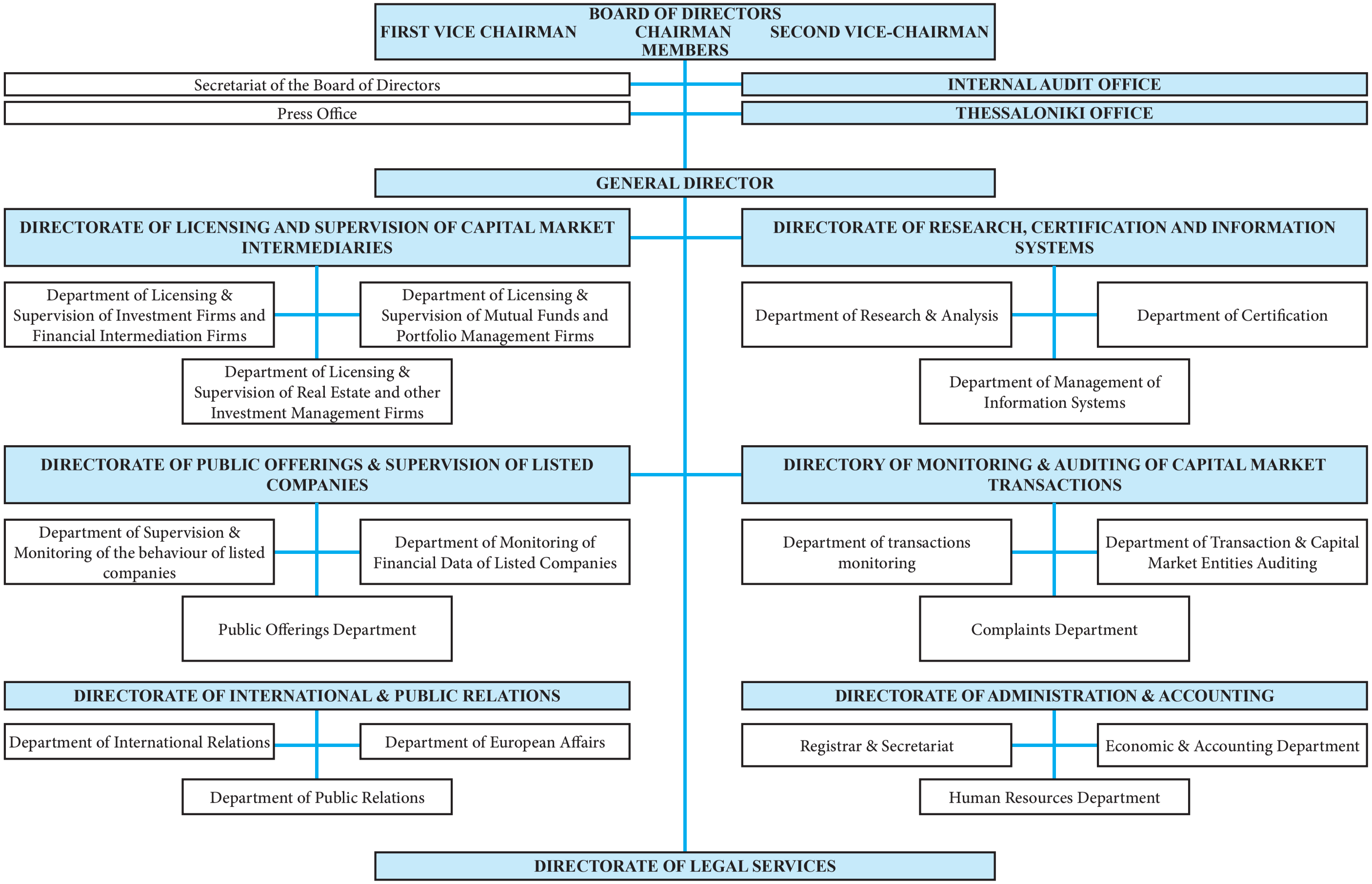
The Executive Committee consists of the Chairman and the two Vice-Chairmen and is entrusted with the execution of the decisions made by the Board of Directors. It is responsible for the Commission's daily management and the supervision of its operations. It is also responsible for the judicial representation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

ORGANIZATION OF THE CAPITAL MARKET COMMISSION

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

FIGURE 1

The Organisation Chart of the Hellenic Capital Market Commission



PART TWO

MARKET DEVELOPMENTS

MACROECONOMIC DEVELOPMENTS

The Greek economy

In 2008, the turmoil in global financial markets led to a slowdown of economic growth rates worldwide, and more specifically in the US and the member-states of the European Union. These developments had an adverse effect on the Greek economy.

According to estimates from the Updated Stability and Growth Programme 2008-2011 (Feb. 2009) of the Ministry of Economy and Finance, the real growth rate fell by 0.8 percentage points, from 4.0% in 2007 to 3.2% in 2008 (Table 1). However, the growth of the real Gross Domestic Product (GDP) during 2008 was more than double than the EU-15 average (1.2%).

Private consumption grew by 2.3% in constant prices, as compared to 3% in 2007, while public consumption grew by 3.1%, as compared to 7.7% in 2007. The reduction in total consumption growth is due to the deceleration of retail sales' growth, and the deterioration of the financial climate since the third quarter of the year.

In 2008, investment was reduced by 8.9% in constant prices, as compared to a 4.9% increase in 2007, mainly owing to a substantial slowdown in private construction activity. More specifically, it is estimated that total construction activity decreased by 15% in 2008, while housing investment decreased by 25%. Investment fell to 19.9% of GDP in 2008 from 22.5% in 2007. It is estimated that real general government investment increased by 4% in 2008, thus helping boost aggregate demand.

The slowdown of aggregate domestic demand growth contributed to the containment of total imports, whose growth is estimated to a marginal 0.4% in 2008, as compared to 6.7% in 2007. Despite reduced growth rates in foreign markets during 2008, the real exports of goods and services increased by 3.9%, as compared to 3.1% in 2007.

The maintenance of 3% growth in 2008 contributed to a 1.1% employment increase for the entire economy, and to a further reduction of the unemployment rate, which is estimated at 7.5% on a national accounting basis, from 8% in 2007. Labour productivity increased by 1.9% in 2008, while nominal unit labour cost growth was limited to 0.9% in 2008, from 3.5% in 2007.

Following three years of disinflation (average annual rates of 3.5% in 2005, 3.2% in 2006 and 2.9% in 2007), the inflation rate went up again, mainly because of the increase in the prices of imported industrial goods and international food prices. In the eight-month period Jan-Aug 2008, the inflation rate rose by 1.5 percentage point, reaching 4.6% in Greece and 3.6% in the Euro zone. The fall of oil prices since September helped contain price inflation. At the end of the year, the inflation rate, based of the annual growth rate of the Harmonized Consumer Price Index, stood at 4.3%, as compared to 3.5% in the Euro zone.

The annual growth of money supply (M3) in Greece reached 15.3% in October 2008, remaining above Euro zone levels. This increase is due to the movement of funds from assets not included in the definition of M3 (mainly bond mutual funds) towards placements included in M3 (such as time deposits). There were also fund movements within M3, from overnight deposits to time deposits, which have now become the most important category of deposits.

The rise of the cost of money in the interbank market during 2008, as a result of the international liquidity crisis, imposed a further burden on the servicing of household and business debts, and led to the slowdown of mortgage loan growth, with negative consequences for the construction sector and the aggregate demand of the economy. More specifically, the largest lending rate increases were observed in consumer loans (the average consumer lending rate rose by 108 basis points during the eleven-month period Jan-Nov), while the smallest interest rate increases were observed in business lending. The largest deposit rate increases were observed in one-year time deposit rates (increased by 85 basis points in the period Jan-Nov 2008). There was also an increase in the Government's borrowing rate, as the average return of ten-year Greek government bonds rose to 4.8% in 2008, from 4.4% in 2007.

In the period Jan-Oct 2008, the annualized credit growth rate increased, reaching 16.9% in October 2008, as compared to 14.8% in the fourth quarter of 2007. In contrast, annual credit expansion to the private sector registered a slight drop as compared to 2007, remaining, nonetheless, at high levels in October 2008 (18.2%).

More specifically, credit expansion towards households fell to 14.0% in November, from 22.4% in 2007, while credit expansion towards businesses rose to 22.2% in November, from 20.6% in 2007. The credit expansion of the public sector registered a year-on-year increase.

In 2008, the general government deficit stood at 3.7% of GDP, as compared to 3.5% in 2007, mainly as a result of the revenue lag. It is estimated that the general government debt as a percentage of the GDP was marginally reduced to 94.6% in 2008 from 94.8% in 2007.

In 2008, the current account deficit increased as a percentage of GDP, and reached 14.6% as compared to 14.1% in 2007. This increase can be mainly attributed to the widening of the trade deficit as a result of increased net payments for fuel imports and ship purchases, and the increase in imports that resulted from the fact that Greek economic growth has been outperforming the European average.

TABLE 1

Macroeconomic indicators of Greece, 2007-2008

Aggregates	2007	2008
Aggregate Demand and GDP (percent, y-o-y, constant prices)		
Gross Domestic Product	4,0	3,0
Private Consumption	3,0	2,3
Public Consumption	7,7	3,1
Gross Fixed Capital Formation	4,9	-8,9
Domestic effective demand	0,1	2,0
Exports of Goods & Services	3,1	3,9
Imports of Goods and Services	6,7	0,4
Production & Employment		
General Index of Industrial Production (percent, y-o-y)	4,7	-5,9
Total employment (percent, y-o-y)	1,3	1,1
Labor productivity (percent, y-o-y)	2,7	1,9
Salaries (percent, y-o-y)	9,1	7,6
Unit Labor Cost (percent, y-o-y)	3,5	0,9
Unemployment rate	8,0	7,5
Prices & Monetary Aggregates		
Consumer Price Index (% average annual change)	3,0	4,3
Harmonized CPI (% average annual change)	2,9	4,3
Euro Zone inflation rate (% average annual change)	2,1	3,5
Total credit expansion (percent, y-o-y)	14,8	16,9[1]
Credit expansion to the private sector (percent, y-o-y)	21,5	18,2[1]
Credit expansion to the Public sector (percent, y-o-y)	-9,7	10,0[1]
10-year Treasury Bond Yield (percent, year average)	4,4	4,8
Public Finances (percent of GDP)		
General Government Balance	-3,5	-3,7
General Government Primary Surplus	1,4	0,6
General government debt	94,8	94,6
External Account		
Trade weighted nominal exchange rate (percent, annual change)	1,9	1,2
Trade Balance (percent of GDP)	-10,5	-9,9
Current Account Balance (percent of GDP)	-14,1	-14,6

Source: Ministry of Economy and Finance Update of the Hellenic Stability & Growth Programme, 2008-11
Bank of Greece: Bulletin of Conjunctural Indicators, January 2009.
[1] November 2007-November 2008.

The International Economy

The unfolding of the financial crisis determined to a great extent the course of the global economy. The consequent credit crunch had a detrimental effect on the growth of most sectors of the domestic and global economy. The sectors that were most severely hit by the crisis worldwide were the finance, shipping and automobile industries.

In the last quarter of 2008, the financial sector was affected by major developments, which further aggravated its problems. The most important were: the bankruptcy of the Lehman Brothers investment bank; the acquisitions of Merrill Lynch, also an investment bank, by the Bank of America, and of HBOS by the UK's Lloyds TSB bank; the bailout of the AIG insurance group; the intervention of the governments of the Netherlands, Belgium and Luxemburg to rescue Fortis bank; the nationalization of Iceland's Kaupthing bank; and the nationalization of British banks Northern Rock and Bradford & Bingley. Although the central banks infused liquidity into the markets, the financial sector showed a huge decrease in activity, which, according to international estimates, led to more than 238 thousand layoffs worldwide during 2008. "Toxic" asset write-offs by large financial institutions exceeded 1 trillion dollars in 2008, and the crisis turned into a recession with detrimental effects on production, as consumer expenditure and trading activity contracted. Large car manufacturers, such as General Motors, Chrysler, Ford, Toyota and BMW, made mass layoffs and curbed their investments. Similar negative developments were observed in global shipping.

It is now widely admitted that the world's three strongest economies, the US, Europe and Japan, went in recession simultaneously, for the first time since World War II. In 2008, economic growth in the European Union declined, as GDP growth in the 27 member states fell below 1%, as compared to 2.9% in 2007, despite the European governments' efforts to boost household consumption. In the EU-15, growth stood even lower, at 0.9%, while in the UK and France the growth rate fell to 0.7% in 2008, from 3% and 2.2% respectively in 2007, and in Germany the economy shrank by -0.6%, against 2.5% growth in 2007. In the US, GDP growth fell to 1.5% in 2008 from 2% in 2007. In Japan, GDP growth shrank to 0.4% in 2008, from 2.1% in 2007, while the country's industrial output suffered its largest drop in history and unemployment rose to 3.9%. China's GDP was reduced by almost 9%, owing to the substantial drop in exports and the strict macroeconomic policies that were implemented. In the emerging economies of Asia, economic activity also decelerated significantly in 2008, mainly due to the weakening of domestic demand.

According to Eurostat data, inflation in the EU-27 stood at 3.5% in the third quarter of 2008 (see table 2); however, year-end inflation in the EU-15 registered a substantial fall to 1.6%, as a result of the global recession and the sharp drop of oil prices from 146 dollars per barrel in July to 40 dpb in December, the largest since 2001. Conversely, unemployment reached 7.8%, increased by 0.8% as compared to 2007.

Liquidity shortages in international markets led central banks to reduce their base rates. At the end of the year, the US Federal Reserve had reduced its base rate by 4.25 points, the Bank of England had reduced its base rate to 2%, and the European Central Bank had reduced its interest rates to 2.5%.

In 2008, foreign exchange markets were marked by substantial fluctuations of the value of international currencies against the euro. The euro:dollar exchange rate ranged from 1.5796 in March to 1.4098 in December, ultimately losing 4% as compared to 2007. The yen:euro exchange rate ranged from 157.86 in March to 127.40 in December, ultimately losing 23.31% as compared to December 2007. It should also be noted that the yen: dollar exchange rate fell to the lowest level of the last 13 years. The euro: sterling exchange rate also showed great fluctuations, reaching 0.9742 at the end of the year, and leading to a major 32.58% revaluation of the euro.

TABLE 2

Macroeconomic indicators of Europe, 2006-2008

Country	Gross Domestic Product (annual change %)			Exchange Rate			Inflation (annual change %)			Gross National Debt (% of GDP)		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Austria	1,7	3,1	3,4	-	-	-	3,4	2,1	1,8	57,4	59,5	62
Belgium	1,3	2,8	3,0	-	-	-	4,6	2,8	2,8	86,5	83,9	87,8
Denmark	1,3	1,7	3,9	7,46	7,45	7,46	3,1	1,9	2,1	21,1	26,2	30,5
Finland	1,5	4,5	4,9	-	-	-	4,2	2,2	1,6	31,6	35,1	39,2
France	0,7	2,2	2,2	-	-	-	3,0	2,0	2,2	65,4	63,9	63,6
Germany	-0,6	2,5	3,0	-	-	-	2,4	1,7	1,3	64,3	65,1	67,6
Greece	2,9	4,0	4,5	-	-	-	4,5	3,2	3,5	93,4	94,8	95,9
Ireland	-2,0	6,0	5,7	-	-	-	3,3	3,0	2,2	31,6	24,8	24,7
Italy	-0,6	1,5	1,8	-	-	-	3,6	2,2	2,7	104,1	104,1	106,9
Luxembourg	1,0	5,2	6,4	-	-	-	3,7	2,1	2,2	14,1	7,0	6,6
Netherlands	1,9	3,5	3,4	-	-	-	2,9	1,6	1,9	48,2	45,7	47,4
Portugal	0,2	1,9	1,4	-	-	-	2,9	2,7	3,1	64,3	63,6	64,7
Spain	1,2	3,7	3,9	-	-	-	4,1	3,2	3,4	37,5	36,2	39,6
Sweden	0,5	2,7	4,1	9,5	9,25	9,25	2,8	1,3	0,9	34,7	40,4	45,9
Britain	0,7	3,0	2,8	0,78	0,68	0,68	3,5	2,4	2,3	50,1	44,2	43,4
Estonia	-2,4	6,3	10,4	15,65	15,65	15,65	10,6	7,8	4,1	4,2	3,5	4,3
Cyprus	3,6	4,4	4,1	-	0,58	0,58	4,6	2,8	2,3	48,2	59,5	64,6
Latvia	-2,3	10,3	12,2	0,7	0,7	0,7	14,0	9,2	6,0	12,3	9,5	10,7
Lithuania	3,4	8,9	7,8	3,45	3,45	3,45	10,7	5,7	4,0	17,5	17,0	18,0
Malta	2,1	3,7	3,1	-	0,43	0,43	4,3	1,6	2,5	63,1	62,2	63,9
Hungary	0,9	1,1	4,1	250,07	251,35	264,26	6,3	6,4	3,4	65,4	65,8	65,6
Poland	5,0	6,6	6,2	3,45	3,78	3,9	4,3	2,3	1,2	43,7	44,9	47,7
Slovakia	7,1	10,4	8,5	31,24	33,77	37,23	4,3	2,6	4,9	28,8	29,4	30,4
Slovenia	4,0	6,8	5,9	-	-	239,6	6,2	4,1	2,4	21,8	23,4	26,7
Czech Republic	4,2	6,0	6,8	24,81	27,77	28,34	5,9	2,8	1,5	26,6	28,9	29,6
EU-27	1,0	2,9	3,1	-	-	-	3,5	2,3	2,2	59,8	58,7	61,3
Bulgaria	6,4	6,2	6,3	1,96	1,96	1,96	11,3	6,8	5,7	13,8	18,2	22,7
Romania	7,8	6,0	8,2	3,68	3,34	3,53	7,9	4,7	4,9	13,4	12,9	12,4
USA	1,5	2,0	2,8	1,48	1,37	1,26	3,8	2,6	2,8	N/A	N/A	N/A
Japan	0,4	2,1	2,4	154,99	161,25	146,02	0,4	-0,5	-0,3	N/A	N/A	N/A

Source: European Economy

GENERAL OVERVIEW OF THE CAPITAL MARKET

International Capital Markets

In 2008, there was a substantial decrease in international stock market indices, and a major increase in international volatility. European and American markets yielded two-digit negative returns, while developing markets fared even worse. The course of international stock markets was primarily affected by the financial crisis, which started from the US subprime securitizations market.

The consequent global credit crunch occurred within a lax monetary policy environment: the annual US dollar lending rate decreased from 4.18% at the end of 2007, to 2.02% at the end of 2008, the euro lending rate decreased from 4.73% at the end of 2007, to 3.03% at the end of 2008, while that of the sterling fell from 5.69% at the end of 2007 to 3.01% at the end of 2008. The yield of the 10-year US Treasury bond decreased from 3.83% at the end of 2007 to 2.49% at the end of 2008, while the yield of the 10-year German Bund fell from 4.13%

at the end of 2007 to 3.17% at the end of 2008.

According to data from the Financial Times (January 2nd, 2009), in 2008 the MSCI World ($) index registered an annual loss of 42.22%, reversing the growth of the previous year. Moreover, the MSCI Europe (€) index fell by 40.93%, the MSCI Pacific ($) index by 38.6%, the DJ Euro Stoxx 50 (€) index by 52.40%, and the FTSE Eurotop 300 (€) index, which includes the largest listed European companies, fell by 44.05%. The drop in the performance of most European markets was almost equivalent to the drop in performance of US markets. More specifically, the FTSE 100 (£) index of the London Stock Exchange lost 31.33% year-on year, the CAC-40 (€) of the Paris Stock Exchange lost 42.68% and the Dax Xetra (€) index of the Frankfurt Stock Exchange lost 39.49%, whereas the Dow Jones Industrial Average ($) decreased by 33.84%, the NASDAQ Comp ($) decreased by 40.54% year-on-year, and the Nikkei 225 Average (¥) registered an annual loss of 42.12%.

Stock market indices in developing countries also declined, reversing the growth of the previous five years, which had resulted from the steady inflow of investment capital from developed countries. Chinese company share prices went down, along with the value of transactions in the Shanghai Stock Exchange. The Shanghai Avg Index plummeted by 64%.

The decline of stock market indices during 2008 was accompanied by an upsurge of stock market volatility. The greatest fluctuations of the year occurred in September-December, mainly because of the erosion of stability in global markets in consequence of the continuing financial crisis and the collapse of the Lehman Brothers investment bank in the US. The sustained intervention of both central banks and governments in order to enhance liquidity in the economy prevented further market turmoil.

In 2008, the total value of transactions in international stock markets showed large fluctuations, mainly because cross-border portfolio restructuring activity decreased, state enterprise privatizations lost momentum, large private equity investor and hedge fund activity was reduced and corporate issuing activity fell almost to zero. According to data from the World Federation of Exchanges (WFE), the total value of equity transactions in its member-states increased in 2008. The total value of transactions performed in all WFE-member exchanges amounted to US$113.26 trillion, as compared to approximately US$113.21 trillion in 2007, in other words it remained more or less unchanged. The total value of transactions in American stock exchanges increased by 21.3%, whereas the total value of transactions in the stock exchanges of Europe and the Middle East, and Asia, decreased by 25.4% and 22.7% respectively. More specifically, the value of share transactions in local currency amounted to US$33.639 bn (15.2%) in the NYSE; US$36.446 bn (29.6%) in the NASDAQ; US$6.474 bn (-33.0%) in the London Stock Exchange; US$4.454 (-26.2%) in the Euronext; US$3.881 bn (-15.8%) in Frankfurt's Deutsche Borse; US$2.439 bn (-23.4%) in Spain's BME Spanish Exchanges; US$1.736 bn (+5.6%) in Sweden's TMX; US$5.586 bn (-24.2%) in the Tokyo Stock Exchange, while the value of transactions in the Shanghai and Shenzhen Stock Exchanges fell to US$2,586 bn (-41.6%) and US$1.241 bn (-45.7%) respectively.

In 2008, the value of transactions in international bond markets showed wide variations. More specifically, the value of transactions in local currency soared to US$6.117 bn (+101.2%) in the London Stock Exchange; plummeted to US$48 bn (-76.1%) in the Euronext; increased to US$382 bn (+14.6%) in the Deutsche Borse; rose to US$6.823 bn (+10.1%) in the BME Spanish Exchange; decreased to US$2.545 bn (-14.4%) in the OMX Nordic Exchange; and plummeted to US$2.924 bn (-14.9%)in the Tokyo Stock Exchange.

In 2008, there was an increase in the volume of transactions on derivative products. More specifically, the number of stock option contracts traded in the International Securities Exchange and in the Chicago Board of Trade (CBOT) of the US registered spectacular increases of 22.7% and 33.7%, as compared to 38.2% and 28.2% in 2007 respectively. In 2008, there was also a lot of activity in European markets: the number of stock option contracts rose by 8.5% in the Eurex, as compared to 18.2% in 2007, while the volume of futures traded in the Euronext/Liffe exchange increased by 64.0%, as compared to 157.1% in 2007, increased by a stout 148.2% in the Eurex exchange as compared to 47.4% in 2007, and increased by 117.15% in the BME Spanish Exchange, as compared to a mere 0.8% in 2007.

Furthermore, in 2008 there was a substantial decrease in the value of transactions on securitized financial derivatives. The value of transactions in the Hong-Kong stock exchange stood at US$574.5 bn, increased by 6.1% year-on-year, as compared to 166% in 2007; in the Deutsche Borse it stood at US$337.4 bn, decreased by 23.3% year-on-year, as compared to 54% in 2007; and in the Borsa Italiana it stood at US$34.1 bn, decreased by 72.1% year-on-year, as compared to 34% in 2007.

In 2008, there was also an increase in the value of transactions on Exchange Traded Funds (ETFs) worldwide. The value of ETF transactions registered an 8.9% year-on-year increase in the NYSE, as compared to a 26.2% increase in 2007, while it decreased by 74.5% in the Deutsche Borse, as compared to a 74% y-o-y increase in 2007, and by 81.7% in the Euronext, as compared to a 169% increase in 2007.

In 2008, commodity trades continued to rise, mainly due to the decrease of oil prices to US$48.5 from US$97.5 per barrel in 2007, and the stabilization of gold prices to US$850.05 from US$846.75 per ounce in 2007.

In 2008, there was a major decrease in the total market capitalization of international stock exchanges. Total market capitalization in WFE-member exchanges amounted to $32.6 trillion, suffering a substantial 46.3% year-on-year loss in dollar terms. More specifically, the changes of total market capitalization in local currency were the following: the New York Stock Exchange remains the leading stock market in terms of listed company capitalization, with a market value of US$9.21 trillion (-41.2%), followed by the Tokyo stock exchange with a market capitalization of US$3.11 trillion (-41.4%); the NASDAQ, with a market capitalization of US$2.39 trillion (-40.3%); the Euronext, with a market capitalization of US$2.10 trillion (-47.8%), and the London Stock Exchange with a market capitalization of US$1.87 trillion (-33.4%).

In 2008, corporate bond and stock offerings in international markets registered a considerable decrease, sustaining the negative trends of the previous year. The escalation of the global financial crisis caused a severe slowdown —and in some cases a virtual cessation of activity— in international securities markets, which showed the slowest growth rates since 2002. According to data from Thomson Financial (Global Financial Markets) for the first nine-months of 2008, international underwriting activity stood at US$3.5 trillion, decreased by 36% year-on-year. Following a slight rebound during the second quarter, international underwriting activity fell to US$699 billion in the third quarter, registering a quarterly decrease of 57%, the worst quarterly performance in securities underwriting since 2000. The issuance of securitized claims (ABS/MBS), including collateralized debt obligations (CDOs) decreased by 79.5%, as compared to the same period of 2007. The issuance of high-yield and investment grade corporate bonds decreased by 72% and 19% respectively, as issuing activity was suppressed by the total slowdown in US markets. Conversely, new public offerings by credit institutions in the US increased by 40%, as compared to the volume of the previous year, only to decrease by 25% in the third quarter of 2008, as the US government intervened in September to rescue the Fannie Mae and Freddie Mac mortgage agencies.

During the first nine-months of 2008, the investment bank JP Morgan was ranked first in the world in debt underwriting, having underwritten US$328.4 billion, as a result of its excellence in the provision of underwriting services for investment grade and high-yield corporate debt. Deutsche Bank, another investment bank, remained the leader in securities' underwriting in the Euro zone, and was ranked second worldwide with US$260.2 bn of underwritten securities. Barclays Capital moved to the third place, having underwritten US$252.1 bn. According to Thomson Reuters, the investment banks' imputed fee from international underwriting activities fell to €10 billion in the first nine-months of 2008, from €17.7 billion in 2007, reduced by 43%, because of the dramatic decrease of profitable corporate bond underwriting and securitization opportunities.

In the first nine months of 2008, corporate debt issues accounted for 52% of the total volume of debt security issues worldwide, as compared to 45% in the same period of 2007. The value of bank and government debt security offerings registered the largest increase during these nine months, accounting for 35% of all new debt security issues, as compared to 17% in the same period of 2007. Claim securitizations accounted for a mere 13% of total new security offerings, as compared to 40% in the same period of 2007. Debt security issues by financial sector companies dominated the international securities market during the first three quarters of 2008, and accounted for 66% of total funds raised, as compared to 79% in the same period of 2007. Moreover, the value of debt security offerings by the consumer items and energy sectors registered the largest percentage increase of the year, accounting for 42% and 12% of the total respectively. The biggest decrease in issuance activity was observed in the housing sector — 48% year-on-year.

Debt security issuing activity in North America accounted for 50% of international issuing activity during the first nine-months of 2008, registering a slight year-on-year decrease. Debt issuance by European companies represented 39% of international issuing activity, barely changed as compared to the same period of 2007. New debt security issues by Asian, including Japanese, companies, accounted for 10.4% of total international issuing activity, as compared to 7.0% in 2007, registering the largest year-on-year increase among regional issues.

In the first nine months of 2008, international equity and other similar securities' offerings decreased to US$388.9 billion, the lowest level since the first nine-months of 2005. Given that international financial markets have to deal with the global uncertainty caused by banking failures and the absorption of the US$700 billion support package of the US government, international stock issuing activity in the third quarter of the year decreased by 44% as compared to the second quarter. In the first nine months of 2008, equity issues in the US amounted to US$186.7 billion, followed by European company equity issues of US$73.5 and Asian company equity issues of US$58.0 billion. Although the total international value of equity issues was reduced, the value of new issues increased significantly in certain regions, such as Saudi Arabia, where share issuing activity rose by 162%, reaching US$9.3 billion, as compared to US$3.6 billion in 2007.

Despite the slowdown in the issuance of new shares, capital raising from existing shareholders reached a new high during the third quarter of 2008, as financial institutions competed for access to financing capital, and amounted to US$35.1 billion, accounting for 34% of international issuing activity in stock markets. The largest share capital increase of the third semester was made by the JP Morgan investment bank, raising a total of US$10 billion.

Total international initial public offerings amounted to US$80.2 billion in the first nine-months of 2008, as compared to US$188.5 billion in the same period of 2007, decreased by 57.5%. In the same period, the value of convertible corporate bond issues amounted to US$97.4 billion, decreased by 24.6% year-on-year.

In 2008, the investment bank JP Morgan was the number one equity underwriter, with a total underwritten value of US$51.0 billion, increasing its market share by 3 percentage points as a result of its participation in the large equity issue by Brazil's Cia Vale de Rio Doce, which amounted at US$12.2 billion and was the largest issue ever in Latin America, as well as a result of its own US$10 billion share capital increase. Citigroup, the investment bank, was ranked second in the world, with a total underwritten value of US$37.9 billion. At the end of the first semester JP Morgan's equity underwriting fees amounted to US$1.1 billion, while Goldman Sachs was ranked second in the world with a total of US$881.6 million.

In 2008, corporate restructuring was once more a key feature of international markets, despite the fact that financial markets continued to adapt to a volatile and uncertain global environment. International merger & acquisition activity continued to show signs of life, as the concentration and consolidation of financial sector companies and the reduction of equity prices made take-over strategies more attractive. According to Thomson Financial (Global Financial Markets) data, in the first nine months of 2008 the total international value of company merger and acquisition deals amounted to US$2.5 trillion, reduced by 25% as compared to the same period of 2007, but almost on the same level with the first nine-months of 2006. The value of mergers & acquisitions announced worldwide during the third quarter stood at US$906.6 billion, reduced by 1% from the second quarter of 2008, and slightly reduced as compared with the third quarter of 2007.

In Europe, M&A value amounted to US$895.3 billion, decreased by 2007 year-on-year, while M&A activity in Africa and the Middle East decreased by 35%. The value of mergers & acquisitions shrank by 38% in Japan and by 27% in the US, accounting for 38% of total M&A activity worldwide. In Asia, the value of mergers & acquisitions increased by 1%, supported by strong M&A activity in Australia and China the only regions with significant M&A activity during the first nine-months of 2008. In the same period, the estimated fees from the provision of corporate M&A advice amounted to US$25.6 billion, reduced by 28%.

During the first three quarters of 2008, cross-border merger & acquisition activity amounted to US$1 trillion, and accounted for 41% of total international activity. The value of cross-border M&A deals decreased by 28%, as compared with the first nine months of 2007, while hostile takeovers in the US, the United Kingdom and Canada accounted for almost 50% of total international activity. As a result of the companies' increased appetite for aggressive strategic mergers, the value of hostile takeovers in the US more than doubled during the first nine months of 2008, rising to US$202.5 billion from US$88 billion in the same period of 2007.

During the first nine months of 2008, the value of mergers & acquisitions in the consumer items, energy and financial services sectors accounted for almost 50% of global economic activity. The most important mergers during the third quarter of 2008 were the absorption of the Merrill Lynch investment bank by the Bank of America for US$48.8 billion, the acquisition of HBOS bank by Lloyds TSB bank for US$22.9 billion, and the acquisition of Dresdner Bank by Commerzbank for US$14.3 billion, which helped raise total M&A value to US$213.9 billion, increased by 90% from the second quarter of 2008. The number of M&A deals among industrial and high-technology sector companies was larger than in any other sector, with almost 4.000 M&A deals during the first nine months of 2008.

Private equity firms, with their limited access to global credit markets, saw large drops in M&A value, which fell to US$226.7 billion, reduced by 70% and returning to its lowest level since the first nine months of 2004. Moreover, sovereign wealth funds, which had already made substantial investments during the fourth quarter of 2007, continued their worldwide investments, which reached US$42 billion in the first nine-months of 2008, as compared to US$42.9 billion in the same period of 2007.

In 2008, there were further major developments in stock exchanges, and international market infrastructures. The technological upgrade of the electronic execution and clearing of transactions was further enhanced by intense competitive pressures worldwide, while the consequent growth of trades on derivative products, as well as the improvement of the European regulatory framework, facilitated the further improvement of international market efficiency, albeit did not prevent the contraction of capital gain realization opportunities, leading to a significant decrease in the value of stock market transactions and stock exchange profitability.

These developments increased demands 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 listing of most exchanges in the very markets they are operating. This transformation continues unabated in Europe As part of the implementation of MiFID, through the launching of multilateral trading facilities (ECNs, ATSs, MTFs) and transaction internalization practices among investment firms that compete with regulated markets, and also through the activation of partnerships, mergers and 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.

The prospects of international capital markets for 2009 are heavily dependent on the outcome of the ongoing financial crisis and its consequences for the global economy. Increased price volatility in many categories of financial instruments during the year has spawned cautiousness among investors in all financial markets.

Assuming that the effort to restore market stability in the global economy is successful, it will be followed by a phase of financial sector consolidation, which shall reconfirm the value of traditional banking operations, leading to decreased interest for complex types of investment and increased interest for more conservative placements. The global recession will persist in 2009. In the aftermath of the financial crisis and the consequent serious loss of investor confidence to the markets, developed-country economies will suffer a severe blow. Developing countries will also be faced with a major slowdown.

As a result of the financial crisis, economy-boosting fiscal strategies will enjoy a rebirth as governments throughout the world are seeking to reverse the negative effects of the crisis on the markets by means of expansionist monetary and fiscal policies. The faster confidence in capital markets is restored, the faster national economies will recover from their current predicament. However, confidence cannot be produced at the press of a button, but requires time. The de-leveraging of financial institutions has already began, but it will most probably mean that economic stagnation will be more prolonged than in previous recessions.

Inflation is expected to be further reduced. This is to a great extent the result of the reduction in the prices of raw materials and energy. Moreover, weak growth is expected to lead to decreased production and increased unemployment, of varying degrees of intensity across different sectors, and aggravated by the emerging deflation. The year 2009 will see a major drop of inflation. Analysts forecast that the US inflation rate will temporarily fall to zero, maybe even below that level, and therefore are raising the alarm of a price deflation. It is not unlikely to see the average inflation rate fall to half a percentage point during 2009. In Europe, this process is much slower, and inflation in the Euro zone is expected to fall to 1.5%.

The value of the US dollar is expected to rise, while the value of the euro is expected to fall. The escalation of the banking crisis tends to strengthen the dollar and weaken the euro, due to the anticipated further reduction of the ECB's interest rates during 2009 and the offsetting decrease in the spread between the two currencies. However, the expected revaluation of the US dollar will be limited, because of the American economy's bleak prospects.

In 2009, bond market prices are expected to fall, considerably affected by the persistently high financing requirements of national governments. During the first half of the year, bond markets may possibly benefit from three developments: the real economy's entry into recession; the fall of inflation rates to the point of deflation; and, the implementation of expansionist monetary policies. The ECB is expected to make drastic interest rate cuts, even to 1.5%, while the US Federal Reserve's policy may even lead to zero interest rates. Thus, in the first half of 2009 the interest rate of the 10-year US Treasury bond is expected to reach the historic low of the last 60 years; nonetheless, it is expected to rebound to 3-4% by the end of 2009.

In 2009, equity markets will continue to exhibit increased volatility, possibly owing to the expectation of further shocks. Share prices, though, have already discounted a huge setback in economic growth. This is demonstrated by the extent of price corrections and the evidently low level of valuations. Equities are already under-represented in many investment portfolios, and this is expected to further reduce any shocks that may occur because of the weakness of economic fundamentals. Against such a backdrop, it is expected that by the end of 2009, and in the absence of major shocks, stock market indices will have registered substantial gains.

The Course of the Financial Crisis

It is now commonly accepted that the current financial crisis originated in the shortcomings of the US sub-prime market. In 2007, there was a sudden increase of defaults in this market, despite the forecast that this would cause problems. Eventually, this had much larger repercussions on international credit market than initially expected. Actually, the relation between a default in Chicago and a bank run in Europe and Asia is, indeed, very complex. In its simplest form, this relation included the formation of securitized sub-prime mortgage packages in the US, which were sold to wholesale and retail investors, their proceeds used to extend new loans, craftily bypassing the existing regulatory capital requirements. The valuation of initial securitized claims was reduced as defaults on existing obligations continued to soar, leading to a reduction in their current value, and therefore to a reduction of the total current value of financial institution portfolios throughout the world. Facing the need to replenish their own regulatory capital, these institutions cut down on their lending activity, especially in the interbank market, the main provider of short-term liquidity that keeps the financial sector alive. The emergence of a new, more cautious approach towards investment risk led to an increase in the cost of loans, i.e. to an increase in interbank rates.

The crisis was highly contagious. The widespread effects of developments within a section of the US mortgage market over a wide range of financial markets can be attributed to the features of structured financing instruments. Sub-prime mortgages are a type of loan that has been restructured and packaged by banks into securities that yield income on the basis of the cash-flows from these loans, a process known as "claim securitization". These securities, whose typical features include long-term maturities, increased yields, albeit relatively lower liquidity, were sold by investment banks to investors and other special investment vehicles —in many cases formed by the investment banks themselves— as well as other agencies, which financed the further purchase of securitized claims through the issuance of short-term debt.

Claims securitization is a process that separates the financial information held by loan issuers, from information subject to counterparty risk. The unexpected and recurring capital losses incurred by the holders of investment securities as a result of the restructuring and securitization of sub-prime mortgages that were traded in illiquid markets, highlighted the potential cost for investors due the uncertainty inherent in the various types of underlying loans they had indirectly purchased. As a result of the capital losses, the markets for such instruments were either faced with a huge contraction of liquidity, or closed down. The special investment vehicles that had issued short-term commercial paper to finance the purchases of long-term securitized claims, eventually found themselves holding assets which could no longer be sold in liquid markets. In other words, they had borrowed in the short term in order to invest in the long term, thus facing an urgent refinancing problem.

Owing to this mismatch between loan and investment maturities, special investment vehicles are now struggling to raise new funds, through the issuance of own short-term securities. The markets withdrew short-term financing from those vehicles, as part of a procedure that reminds of past bank runs. Many SPVs were forced to reduce the maturity of the short-term securities they had already issued, resorting to even shorter-term borrowing, which created a vicious spiral of increasing divergence between short-term borrowing and long-term investment maturities, which eventually turned into a global financial crisis.

Increased demand for liquid investment-grade securities, such as government bonds, during this period of adjustment, was the main reason behind the reduction of their yields in all major economies, and provides a basis for understanding the large rise in the rent that banks demanded in order to lend their excess liquidity to other banks for periods of less than overnight, as well as the huge concentration of interbank lending volumes in diminishing maturity securities. Since early August 2008, the spread between three-month interbank lending rates and the central bank's base rate for the same period increased in all major economies. This is the natural economic outcome of the change in bank expectations regarding the desired asset structure of their balance sheets.

The main developments of the financial crisis occurred during the second half of 2008. Concerns about the stability of the financial system re-emerged in the period August-December. As a result of the collapse of Lehman Brothers, the US investment bank, in September, global financial markets entered a more profound crisis. As money market mutual funds and other investors were forced to write down investments related to Lehman Brothers, concerns of increased counterparty risk multiplied and led to large scale selling, which carried along even the safest types of investment and pushed integral parts of the global financial system into dysfunction. As a result of the standstill in credit and money markets, and the large drop in equity prices, banks and other financial firms saw their access to financing being curtailed and their capital base shrinking due to accumulated losses, as valuations were based on constantly falling market prices. Credit cost spreads reached record levels, equity prices fell to historic lows, and volatility increased in all markets, leading financial markets into extreme market gridlock. Concerns of an impeding recession, and the growing shift of capital towards safe havens, counterbalanced the positive impact of the anticipated economy-boosting fiscal deficit increases, causing a drop in government bond yields. At the same time, there was a shift in yield curves, which reflected continuous interest rate reductions.

Prices also decreased in emerging financial markets, as risk aversion and similar pressures experienced by the developed world spread there, leading to capital outflows. Shrinking confidence in the viability of large parts of the global system led the regulators of many countries to take a series of unprecedented political measures, aimed at containing prices and systemic risk.

International market developments during the second half of 2008 occurred in four, more or less, distinct stages. The first stage included the bankruptcy of the Lehman Brothers investment bank in mid-September, and the acquisition of the two largest American mortgage agencies by the US government. The second stage included the direct market consequences of the Lehman Brothers' collapse and the widespread confidence crisis it caused. The third stage, which began in late September, featured the pursuit of urgent and wide-ranging active policies in response to the crisis; these policies turned from specific, ad hoc interventions to the adoption of a more global systemic approach. In the fourth stage, which began in mid-October, recession concerns started to dominate stock market valuations, while market behaviour started to be affected by uncertainty regarding the effectiveness of the new policy measures.

In September, financial markets exhibited increasing cyclical deterioration expectations. Investment prices had started their descent since the summer, as markets adjusted their behaviour to the prospect of decreased corporate profits, increased defaults and escalating capital losses. The expectation that US property markets would stabilize was not met, and the accumulation of capital losses in the sub-prime mortgages market led to a rapid slowdown in the securitizations market. This development further eroded market confidence, despite the US government's intervention to acquire the collapsing mortgage agencies Fannie Mae and Freddie Mac on September 7.

This move had been anticipated, and the wide restoration of the guarantees granted by these two agencies was instrumental for reducing the credit risk borne by the prime securities they had issued. The yield spreads of securitization issues from these agencies were reduced. On the contrary, the value of investor participation in these agencies was drastically diluted, as a result of government participation in the form of preferred shares, leading to large losses for US regional banks and other holder of these agencies' stock.

Unfortunately, the relief provided by these measures proved to be limited. The expectations of further capital losses and further write-offs of "toxic" financial claims and investments continued to have an adverse effect on the financial sector. As macroeconomic prospects deteriorated, the total real capital losses that were induced by the financial crisis climbed to more than half a trillion dollars worldwide by the end of August 2008, and continued to soar. Even when attention was drawn away from the US, the momentum of events was such that credit cost spreads increased in other markets, reducing equity prices. International market flaws exacerbated the problems concerning the recapitalization and uninterrupted refinancing —required for covering immediate needs— of the financial institutions that were hit by the crisis. The problem was more acutely felt by those institutions and market players that largely depended on wholesale markets to cover their financing needs, and it was known that they were exposed to distressed assets.

Against such a backdrop, Lehman Brothers came under increasing pressure. When a major Asian investor pulled out of the talks for a long-awaited share capital increase on September 9th, the company saw its already low share price take a plunge. Despite the Bank's immediate announcement of plans for the spin-off and sale of large business units, in an effort to raise capital, confidence to Lehman Brothers' fast capital-raising ability soon waned, leading to speculation that the authorities would attempt to orchestrate an immediate bailout.

In the end, Lehman Brothers was left to go bankrupt, causing a huge confidence crisis in the markets. In this tension regarding the viability of Lehman Brothers, economic developments entered a new stage, featuring a widespread anxiety regarding the capability of traditional financial institutions to maintain their solvency in the face of accumulated losses. The spark for this new tense stage of the financial crisis came when, following the US authorities' failed efforts to broker the acquisition of Lehman Brothers by another financial institution during the weekend, the bank filed for bankruptcy on September 15th — one of the most important financial events in the history of international markets.

The turmoil in financial markets intensified, and soon spread out from credit institutions and stock markets to the global financial system. Increased counterparty risk expectations led to a large and steep widening of risk premiums, reflected on credit default swap (CDS) prices and credit spreads in the US. These developments spread out to other markets, which, to a great extent, followed the course of US markets for the remainder of this period. As a result, high-yield CDS spreads rose to an historic high in the US, reaching even 500 basis points above similar cash spreads observed during the bursting of the dotcom and telecoms "bubble" in September 2002. The collapse of Lehman Brothers led to a daily loss of almost 4% in stock prices in the US and Europe, as well as in other stock markets. The long-term yields of government bonds were also reduced, while carry trades swelled, as the loss of confidence to the markets led to renewed capital flows towards low-risk instruments. In the following weeks, price volatility was further increased in all markets, as investors continued to sell their assets.

Initially, the concern related to the Lehman Brothers collapse concentrated on the company's role as an intermediate and main counterparty in the CDS market. In the first half of 2008, the unprecedented widening of CDS spreads contributed to the decrease of the volume of trades on existing CDSs. Specific efforts by major CDS counterparties to adjust their existing exposures with Lehman Brothers were supported by a special trading session on September 14, one day before the bank's collapse. However, concerns of defaults in the CDS market were further aggravated on September 15, when credit rating agencies downgraded AIG, the largest US insurance group with a large CDS exposure.

The downgrading of the Group's credit rating led to the emergence of calls for the payment of guarantees by the counterparties of AIG's financial product arm, and for the timely conclusion of additional contracts, leading to a large increase of CDS spreads. The US government's support came later the same day, when it was decided to grant a US$85 billion loan (on the basis of the Fed's established capacity to grant loans to non-financial institutions in "unusual and exigent circumstances") in order to prevent AIG's failure and its repercussions on the already ailing markets. The support loan would be later restructured and supplemented with additional facilities of US$27.5 billion, while the US government would get up to 79.9% of the company's stock.

The instant upheaval in the CDS market highlighted the systemic importance of large investment exposures against Lehman Brothers. The systemic nature of these exposures became fully evident the day after the bank's failure, when the US money market mutual fund management firm, Reserve Primary, was forced to write down US$785 million of short- and medium-term securities issued by Lehman Brothers.

This caused an unprecedented wave of mass security sales in the United States. Only in the period from September 10 to 24, investors liquidated positions amounting to US$184 billion, forcing fund managers to sell investment instruments in virtually illiquid markets. As a result, short-term credit and money markets almost froze.

Short-term corporate debt markets, where money market mutual funds are traditionally among the major investors, were the first to suffer from the wave of continuous mutual fund share redemptions and fund reallocations. Contrary to the initial effects of the credit crisis in summer 2007, this time short-term corporate debt and securitized claim markets sustained a severe blow.

Short-term corporate debt securities that were not accompanied by guarantees became the object of widespread sales, increasing the pressure on already strained markets to raise bank financing capital. The volume of trading on these securities shrank dramatically, and recovered only by the end of October, after the announcement, and the subsequent move, of the US Federal Reserve to purchase prime and subprime short-term corporate debt securities.

Facing a steep demand for liquid capital, within a shrinking money market mutual fund market, the global interbank market dried out, limiting the banks' access to short-term financing. Money markets had been strained for more than a year, and did not manage to regain their momentum, even after the central bank's massive liquidity injection. Circumstances rapidly deteriorated even further since mid-September, when the failure of Lehman Brothers shattered the last remains of confidence in the reliability of money and capital markets. Banks started to hold on to their liquidity, sending interbank lending rates to historic highs. The spread between the dollar Libor rate and the corresponding daily interest swap index, which reflects a combination of credit risk and liquidity factors, rose from almost 80 basis points in early September to 232 basis points at the end of this month. Eurodollar government bond spreads also skyrocketed. Activity in other markets, such as the euro and sterling markets, was less violent, albeit was also marked by great turbulence. At the same time, credit cost spreads increased rapidly, boosting international demand for dollars and bringing the currency swap market to historically high spreads between the currencies of developed and emerging markets against the dollar.

Faced with this major gridlock in wholesale financing markets, economic policymakers increased the pace of their actions. On September 18th, in consequence of increasing pressures, Britain's HBOS Bank was forced by the UK's government to merge with one of its competitors. On the same day, in an effort to channel pressure away from the financial sector, the Financial Services Authority (FSA) of the UK suspended the short-selling of financial company stock. The next day, this move was copied by the US and other regulators worldwide. In turn, major central banks responded by introducing a new cycle of coordinated measures for dealing with the lack of short-term financing in dollars. More specifically, they agreed to develop new, or substantially expanded, currency swaps, as part of US government-led initiatives to rescue banks, and to take measures for relieving the lack of foreign currency liquidity. On September 19th, these actions were followed by the announcement of the US Treasury which temporarily guaranteed investments in money market mutual funds, with the aim of holding back the wave of fund share redemptions. As a result, share redemptions slowed down, and total net assets gradually increased and returned to the levels before the Lehman Brothers bankruptcy, reaching 3.6 billion dollars by early November.

Whereas international markets were relieved, the pressure on banks and other financial sector companies did not subside. The policy measures that had been taken up to that point, and the United States' initial proposal for a US$700 billion rescue package for the purchase of the 'toxic' assets included in the portfolios of ailing financial institutions, facilitated the temporary decrease of credit facility spreads from the highs they had reached immediately after the collapse of Lehman Brothers. Equity markets also recovered, partly assisted by a renewed ban on short selling. On September 19th, the S&P 500 index recovered by 4%, with many prestigious banking shares registering even larger gains, while European stock markets rose by more than 8%. Moreover, expectations that the market gridlock would not persist seemed to be on the rise: gradually, the three-month dollar Libor rate in forward markets started to decrease. However, on Sunday, September 21st, Goldman Sachs and Morgan Stanley were given clearance by the US authorities to become bank holding companies, in consequence of the continuous credit crunch and the relevant counterparty risk concerns. This move aimed at containing the continuing transfer of counterparty positions and client assets to third parties, which lead to a large increase in CDS spreads.

Policy responses to the international confidence crisis included both existing and new measures: The growing problems of the financial sector worldwide compelled the regulators of many countries to take decisive measures for supporting ailing financial institutions. On September 25, the US Office of Thrift Supervision (OTS) seized Washington Mutual, the United States' largest savings and loan association, and placed it into the receivership of the Federal Deposit Insurance Corporation (FDIC), which sold its banking subsidiaries to one of WM's competitors. Various measures were also immediately taken in European countries, in order to deal with threats to the stability of individual institutions within the national financial systems. On September 29, after the negotiations were completed, the United Kingdom nationalized the mortgage book of Bradford & Bingley bank, while the governments of Belgium, the Netherlands and Luxembourg injected fresh capital into the collapsing banking and insurance group, Fortis. Finally, the Dutch subsidiaries of Fortis were nationalized, and the majority of its remaining assets were sold. Also on September 29th, the German government brokered the granting of a credit facility by a syndicate of financial institutions to the Hypo Real Estate mortgage agency.

Apart from these dramatic actions, which concerned individual institutions, financial markets focused on establishing more comprehensive intervention approaches. Later, on September 29, the US Congress voted against the first version of the Treasury's plan, which proposed to spend US$700 billion for rescuing the American financial sector (the plan's revised version was, nonetheless, ratified later). The reaction to the Congress' rejection of the plan was immediately visible in US equity markets, which suffered a sudden drop. The S&P 500 lost 8.8% in just one day.

Capital losses widened during the following days, as further bad news regarding the health of the financial sector led to an even greater erosion of investor confidence. The Belgian, French and Luxembourgian governments announced a cash injection to the Dexia financial group on September 30th, followed by government interventions in Ireland and other countries, which granted new, or increased the existing, guarantees for bank deposits and similar claims.

In the United Kingdom, the authorities announced measures for the complete recapitalization of the country's banks, the infusion of short-term liquidity and the provision of adequate medium-term financing for the banking system, through guarantees for the issuance of new, non-secured banking debt. Nonetheless, despite this wide-ranging government intervention, the turmoil in the financial markets persisted, and both financial institutions and stock markets suffered extensive capital loss during October. International equity sales were rather evident on international stock indices, which registered huge losses from late September till early October. The S&P 500 index lost almost 25% from September 22 to October 10; however, the MSCI World lost more than 28% during the same period. Emerging stock markets suffered similar losses. The selling spree was more intense in countries with large current account deficits, whose private sector is highly dependent on foreign currency borrowing. Money markets also continued to show signs of breakdown, as the Libor spread was reaching new historic highs on a daily basis.

At this point, it became evident that national authorities had to act in a more coordinated manner. On October 8, the first coordinated international policy response, designed to prevent the confidence crisis from deepening even further, occurred in the form of a 50 basis point interest rate cut by six major central banks, including the Bank of England, the ECB, and the US Federal Reserve. Forward market indices showed that this move had an immediate positive effect on monetary policy expectations, especially in Europe.

The efforts to implement a common systemic approach and to take coordinated policy measures were sustained. For example, on October 13 the US Federal Reserve, the European Central Bank, the Bank of England and the Swiss National Bank issued a joint statement, announcing that they would conduct tenders of U.S. dollar funding at 7-day, 28-day, and 84-day maturities at fixed interest rates for full allotment, in order to alleviate pressure in the money market. At the same time, the size of the swap lines between the US Federal Reserve and other major central banks was increased, in order to provide US dollars in quantities sufficient to meet refinancing demands. On the same day, Euro zone member states drafted, for the first time ever, a joint action plan, including guarantees and share capital participations to ailing institutions, with the aim of restoring interbank lending and replacing the institutions' capital losses. This was followed by the US Treasury's statement on October 14 that it would use US$250 billion from the approved rescue package in order to recapitalize large banks.

This unprecedented assumption of coordinated market intervention policy initiatives by all countries, and the adoption of an increasingly joint approach, evoked, at last, a positive reaction from stock prices by mid-October. Given that potentially large quantities of financial institution liabilities had, in fact, been converted to quasi public debt, financial sector spreads shrank during this period, albeit markets remained under constant uncertainty due to the liquidation of leveraged portfolios by investors obliged to pay margins.

Signs of gradual pressure alleviation were also evident in other markets. The three-month US dollar Libor lending rate spread peaked on October 10, and fell steadily during November, remaining above 150 basis points. A similar path was followed by Euro and sterling Libor lending rates, showing that interbank markets had entered a stabilization phase. Meanwhile, the equity markets of the developed world started to show, at least temporary, signs of relief, with the Dow Jones Industrial Average gaining 11% during the session of October 13th, the largest daily percentage increase since 1933. Other stock indices also registered substantial gains in both developed and emerging equity and bond markets.

However, the signs of relief did not last. Some involuntary side effects of the recent policy initiatives had started to appear in the US securities markets. After an initial decrease, the spreads in the securitizations and MBS markets climbed to even higher levels than those of early September, when the US government had acquired Fannie Mae and Freddie Mac. Given the announcement of the Federal Deposit Insurance Corporation (FDIC) concerning the provision of guarantees to eligible banking securities, which had been issued before June 30th, 2008, investors started to anticipate the emergence of a potentially important new category of AAA rated banking debt instruments that would be competing directly with other corporate debt securities.

The uncertainty regarding the exact nature of government guarantees, as well as the ongoing redemptions of money market mutual fund shares, exerted further upward pressures on credit spreads. Similar undesirable effects were evident in the guaranteed loan securities markets, especially those concerning repurchase agreements.

The scope and size of the bank rescue packages also meant that substantial risks had been transferred to state budgets. Although CDS contracts were being traded in shallow markets even before the rescue packages were announced, the spreads increased suddenly, as demand for credit protection soared, carrying along the spreads for the rest of the financial sector.

By mid-October, recession fears started to re-emerge, as evidence of the accumulation of negative macroeconomic data cast their shadow on the direct positive effects of government intervention in all markets. Economic activity reports confirmed that many large economies had officially entered, or were soon to enter, a recession. Thus, although the concerted efforts of central banks and governments seemed to have successfully contained the international confidence crisis, the benefits for most types of financial instruments proved to be short-lived. The main exception were short-term financing markets, which continued their gradual recovery, as the American money market stabilized and the Libor rate spread decreased, even at levels above the ones prevailing prior to the credit crunch.

Soon, credit markets re-focused on the expectations of an impeding global recession and a widening of the losses incurred as a result of corporate insolvencies. The contraction of bond issues and the limitation of bank lending were consistent with the growing concern about the lack of available credit for households and non-financial businesses. After the announcement of weak macroeconomic aggregates in the US, credit spreads started again to increase.

In certain cases, though, the widening of spreads does not only reflect recessionary fears, but also political uncertainty. The announcement, at mid-November, that the plan for the support of US financial institutions, which was originally intended for the distressed ("toxic") assets market, had been restructured in order to include the consumer credit sector —where lending activity plummeted, owing to the collapse of securitization issues— pushed CDS spreads to new highs, reflecting the fear that toxic assets would not be absorbed. Some signs of spread reduction and stock market recovery emerged only in late November, after the US government announced a support package for Citigroup, and after the measures for the support of US securitized claims and securities markets had been implemented.

Once again, and in spite of the measures, the pressures persisted, as shown by the continuous widening of spreads in distressed financial sectors, such as mortgage lending, and were further fuelled by the announcement of bad macroeconomic news. Indeed, the slump in FX lending activity, which had started after the Lehman Brothers collapse, gained new momentum as market volatility increased, and investor shifted towards low-risk investments. Low-yield currencies were revaluated, and FX trading yields turned negative, wiping out six years worth of accumulated profits.

The course of equity markets showed that recessionary fears became the focus of attention from late October and during November: index losses in international equity markets during the last quarter of 2008 exceeded any other crisis-induced loss since the 1930s. Major equity indices registered substantial losses, as a reaction to the announcement of negative corporate profit forecasts worldwide, the imposition of stricter lending criteria and the rapid deterioration of consumer confidence. By late October, and despite the pursuit of lax monetary policies by many central banks, as well as the recovery that had occurred, international stock markets lost almost 35%, as compared to their late-August levels. As a result, the price to earnings ratio of many major indices fell to levels unseen for at least a decade.

Financial investment prices in emerging markets started to adjust to an environment of collapsing exports, limited private sector access to funding, and rapid product price decreases. Sings of new widespread equity sales emerged in mid-October, as the intense risk aversion that characterized investors, and the concerns regarding the availability of trade financing, led to the large-scale sale of equities in emerging markets. The pressures reached their peak during the third week of October, when speculation about the nationalization of the Argentinean public pensions system gave rise to political risk concerns. And this despite the efforts of emerging market central banks to improve domestic and international FX lending operations, and the announcements concerning the full or partial guarantee of bank deposits.

Concern in emerging markets subsided temporarily in late October and early November, albeit reemerged due to recessionary fears during the rest of this period. Credit spreads continued to widen till early November, reaching their highest levels since 2002. Emerging equity markets continued their fall, reaching new lows on October 27. The markets stabilized only after the announcement, on October 28, of a US$25 billion support package for Hungary and the news about the development of credit facilities in the form of dollar swap agreements by the US Federal Reserve and the monetary authorities of Brazil, Korea, Mexico and Singapore. By the end of November, emerging equity and credit markets had recovered, reflecting the performance of developed nations. However, as a result of the major capital losses incurred since August, the adjustment of P/E ratios in emerging market economies was more abrupt than in the US and other major markets, as valuations returned to levels similar to their historic levels in the developed world.

At the same time, recessionary fears pushed short-term yields downwards. Interest rate cuts and increased demand for low-risk investment securities pushed the yields of the two-year bond in the US and the Euro zone to 0.96% and 2.1% respectively, by late November. Similarly, the expectations concerning the course of short-term interest rates were also revised downwards. Therefore, forward contract prices indicate that the US are expected to follow a policy of low, and generally stable, interest rates for a large part of 2009, and such expectations are consistent with recession and negative growth for the next quarters. In the Euro zone, swap contract prices pointed to further interest rate cuts by the ECB during the next 12 months, reflecting the latter's greater room for additional adjustment in comparison to the US. In Japan, the interest rate was adjusted downwards by 20 basis points on October 31, reaching its lowest level since March 2001. The development of forward rates in Japan indicated stable interest rate expectations for the largest part of 2009.

In such an environment, the prices of inflation-adjusted bonds decreased substantially for all maturities. This decrease was rather steep in the US, where the yield of the 10-year bond fell by 1.9 percentage points between the end of August and the end of November. Substantial reductions were also noted in the Euro zone and Japan. The decrease was even larger in the case of short-term issues. Given that changes in bond prices are usually considered to be an indicator of changes in inflationary expectations, the observed decrease seems consistent with rapid price reduction expectations, amidst rising indications of a widespread global slowdown. Moreover, short-term debt securities decreases reflected, on a great extent, the developments in oil and goods prices, which fell by 50% and 30% from late August to late November.

Major initiatives were taken by governments all over the world in order to moderate the adverse effects of the crisis. These initiatives for the enhancement of banking balance sheets have evolved from the initial adoption of ad hoc approaches, to a wide systemic intervention. Until September, governments injected capital in individual banks, in order to prevent their failure and facilitate mergers. This strategy was actually based on the assumption that mass support through liquidity injections by central banks in due time, would encourage banks to lend one another. However, since these activities could not prevent the rapid erosion of market confidence, the governments of almost all developed economies announced in early October more comprehensive initiatives aimed at stabilizing banking systems.

These government initiatives dealt with the crisis mainly on two fronts: First, through a series of measures designed to ensure the necessary bank financing on the basis of explicit government guarantees for retail deposits and other banking liabilities, and, second, through a series of measures designed to reduce bank leverage either through the acquisition of toxic products or through capital injections.

The announcement of the government plans had a strong positive effect on markets. Banking CDS spreads decreased and financing conditions in the markets stabilized. However, as the crisis unfolds, the plans' targets are still under review, and in many cases the details of their implementation have not been finalized, thus delaying the absorption of the funds. As a result, the effects of the government measures on the incentives for, and the competition among, financial sector companies remain uncertain, as the measures have not yet gained the necessary momentum in order to be adequate and effective in restarting the financial intervention process in the wider global economy.

The government plans that were announced in September and October mainly consisted of the following measures: (a) Extension of deposit guarantees for retail savers. The guarantee of retail saver deposits has been widely used in order to ensure uninterrupted access to financing, on the basis of deposits. The amounts covered by deposit guarantee schemes vary considerably from country to country, with some countries offering unlimited guarantees. (b) Guarantees for the financial liabilities of large investors. In order to deal with the destabilization of financing markets, many governments announced that the state would guarantee banking debts. The range of covered liabilities and fees differs from country to country, with some countries imposing a fixed fee for the provision of guarantees, and other linking the imposed fee to banking CDS spreads. (c) Capital injections. Capital injections were the main mechanism for the direct support of banking balance sheets. The differences among countries regarding the means and conditions for capital injections are also significant. For example, the dividend payable to the contributing government from the purchase of preferred banking shares ranges from 5% to 12.5%. Moreover, certain countries impose limits on the remuneration of senior executives and/or the payment of dividends to the holders of common stock. (d) Acquisition of "toxic" assets. Although the transfer of toxic assets from banking balance sheets is part of many government plans, it has not yet been actually implemented. A major issue that is still under international debate concerns the determination of the price at which governments will purchase the "toxic" assets. If the price is too high, taxpayers will incur a loss, while if the price is too low, recapitalization will not be achieved. It is claimed that the effective support of banking balance sheets would necessitate the purchase of these assets at prices approximating their face value — a practice that would, in fact, be tantamount to indirect recapitalization. Moreover, it is claimed that the range of assets eligible for purchase by governments must be large, in order to have a direct impact on market confidence, and requires the implementation of large scale plans.

However, international debate claims that government intervention has its own undesired effects. (a) Consequences for the wider credit markets. Government guarantees affect the relative prices of credit. The extension of government guarantees could increase the lending cost for securities that are close substitutes of banking debt. Moreover, the combination of various government interventions may complicate the assessment and valuation of the credit risk for various types of banking liabilities. Capital injections usually mean that governments acquire small stakes that affect the banks' capital structure. This can be interpreted by the markets as an indirect government guarantee for all existing liabilities. Whereas the benefits from the stabilization achieved through the provision of government guarantees may exceed the cost related to market distortions in the near future, a straightforward strategy concerning the exit from the banks' share capital in due time seems necessary in order to contain the negative effects on credit markets in the medium term. (b) Cross-border issues. While rescue plans adhere to common intervention principles, there are great differences in terms of planning and implementation among various states. Differences in the pricing and scope of government guarantees for the issuance of new debt may put banks from certain countries at a disadvantage in wholesale financing markets, as financing costs will become a function of the insurance cost of the issue and the creditworthiness of the country that guarantees the banking liabilities. In an extreme case, country risk could be taken as the basis for assessing the credit risk of banking debt. Moreover, the treatment of retail deposits by foreign persons in case of bank failures needs to be clarified. The selection of the appropriate financial instrument and the terms of the capital injections could also affect a country's competitive position in international markets, due to differences in the real cost of the capital provided by governments and the conditions of access to private capital.

In conclusion, the upheaval in global financial markets since early August 2007 was the result of the investors' increasing reluctance to purchase financial instruments that are the product of structuring and securitization of financial claims i.e. that are supported by loans. Liquidity in securitized instrument markets has dried up, initiating a re-intermediation process, where banks have started to return to their traditional role, namely the acceptance of deposits and the extension of loans. This procedure is expected to be temporary and possibly not trouble-free.

Overall, banks are adequately capitalized and therefore able to achieve this. Moreover, the funds that had been placed in securitized assets and short-term corporate securities are now available for other placements. Eventually funding operations will be restored, although the interbank allocation of intermediation will be different. Therefore, the adjustment period may be tough, with increased valuations for high-liquidity assets for a long period of time.

The Greek Capital market

Adverse international developments affected the course of the Greek capital market, which in 2008 was marked by a decrease in stock market prices, reduced trading activity in the markets of the Athens Stock Exchange (ASE), and inexistent issuing activity by new entrants. The decrease in the total value of transactions and the market capitalization of the companies listed in the Athens Stock Exchange occurred without intense variations, and as a result stock market fluctuations did not have any destabilizing effect on market systems.

The ASE General Index closed at the year's end at 1786.51 units, sustaining a total annual loss of 65.5%. The drop of the ASE General Index was marked by intense fluctuations. The average monthly volatility of all markets in the ASE during 2008 stood at 30.62%, as compared to 13.2% in 2007. The average monthly volatility of the daily returns of the General Index stood at 2.22% in 2008, as compared to 0.97% in 2007 and 1.08% in 2006. In 2008, the average daily value of transactions in the ASE amounted to 317 million euros, registering a substantial annualized decrease of 33.9%, as compared to a 40.6%

increase in 2007, while the total annual value of transactions amounted to 78 billion euros, registering a major annualized decrease of 35.5%, as compared to a 42.1% increase in 2007. By the end of 2008, the total market capitalization of ASE-listed companies amounted to 69 billion euros, representing an annual reduction of 64.9%, as compared to a 184.1% increase in 2007, and accounting for almost 27.8% of Greece's GDP, as compared to 85.2% in 2007. The year-end participation of foreign investors to the market capitalization of the ASE fell to 47.8% from 51.8% in December 2007. In 2008, foreign investor participation in Greek companies was reduced to 47.8% from 51.8% in 2007.

More specifically, according to ASE data, the development of major market indices was the following:

In January, the ASE General Index suffered a heavy monthly loss of 15.7%. The value of transactions in the equity markets of the ASE amounted to €11,435 million, registering a monthly increase of 45.1%, while the average daily value of transactions stood at €519.8 million. There were 102,659 Active Accounts. Capital inflows from European Union investors amounted to €9.7 million, while inflows from countries outside the EU stood at €422.1 and inflows from non-registered tax domiciles (other investors) stood at €108.3 million. Outflows from EU country investors stood at €412.4 million. Greek investors were net sellers, with outflows of €118 million. The capitalization of the ASE equity market on 31.01.2008 amounted to €168.4, decreased by 14.2% on a monthly basis. The market capitalization of the FTSE/ATHEX 20 index fell to €112.8 billion, registering a monthly loss of 15.9%, while the FTSE/ATHEX Mid 40 index stood at €21.9 billion and the FTSE/ATHEX SmallCap 80 at €10.4 million. Foreign investor participation in the capitalization of the ASE amounted to 51.3% as compared to 51.8% in the previous month, while foreign investor participation in the FTSE/ATHEX 20 index was slightly decreased to 59.7% on a monthly basis, in the FTSE/ATHEX Mid 40 stood at 47.4% and in the FTSE/ATHEX Small Cap 80 stood at 43.3%.

In February, the ASE General Index suffered a monthly loss of 5.27%. The value of transactions amounted to €7,665.79 million, registering a monthly decrease of 19.7%, while the average daily value of transactions stood at €365.04 million. There were 68,434 Active Accounts. The trading activity of foreign investors was balanced between buyers and sellers. Inflows from individuals amounted to €44.9 million and inflows from legal entities amounted to €184.3 million, while outflows of foreign investor funds stood at €104.5 million, and outflows of institutional investor and offshore company funds stood at €271.2 million and €62.5 million respectively. Greek investors showed net outflows in the company (€254.8 million) and mutual fund (€14.9 million) categories, and net inflows in the retail investor (€170 million), financial institution (€90 million) and public sector (€6.5 million) categories. Finally, there were outflows of €111.1 million from other investors. The capitalization of the ASE equity markets amounted to €159.9 billion, while the market capitalization of the FTSE/ATHEX 20 index stood at €105.8 billion, registering a monthly decrease of 6.2%, and the capitalizations of the FTSE/ATHEX Mid 40 and the FTSE/ATHEX SmallCap 80 stood at €21.1 billion and €10.2 billion respectively. Foreign investor participation in the capitalization of the ASE amounted to 50.8%, while foreign investors participated in the FTSE/ATHEX 20 with 59.8% as net sellers with outflows of €131.03 million, 46.9% in the FTSE/ATHEX Mid 40, and 43.7% in the FTSE/ATHEX Small Cap 80.

In March, the ASE General Index suffered a monthly loss of 3.56%. The average daily value of transactions stood at €436.7 million, while the total value of transactions amounted to €6,550.55 million, reduced by 14.5% on a monthly basis. There were 61,777 Active Accounts. Foreign investor capital outflows amounted to €360.03 million, of which €1.90 million concerned retail investors, €690.60 million institutional investors and €43.57 million concerned off-shore companies, while there were capital inflows of €376.03 million by foreign legal entities. Greek investors showed total inflows of €259.81 million in the financial company (€155.08 million) non-financial company (€72.13 million) and retail investor (€35.04 million) categories. Greek capital outflows amounted to €2.44 million, and originated in the Public sector. An outflow of €100.23 million of "other investor" capital concerned accounts to which the responsible DSS Operators have not registered a specific tax residence. At the end of the month, the capitalization of ASE equity markets amounted to €155.2 billion, registering a monthly decrease of 2.95%. The market capitalization of the FTSE/ATHEX 20 index fell to €102.4 billion, registering a monthly loss of 3.2%, while the FTSE/ATHEX Mid 40 index stood at €20.0 billion and the FTSE/ATHEX SmallCap 80 stood at €10.0 million. Foreign investor participation in the capitalization of the ASE amounted to 50.5%.

In April, the ASE General Index registered a monthly gain of 5.73%. Both the total value of transactions and the capitalization of ASE markets increased. The total value of transactions rose to €6,917.19 million, increased by 5.6% as compared to the previous month, mainly because of the fact that April included 5 trading sessions more than March. On the contrary, the daily average value of transactions fell to €345.9 million. Foreign investor participation in the capitalization of the ASE remained at 50.5%. The capitalization of ASE equity markets on 30.04.2008 amounted to €163.5, increased by 5.4% on a monthly basis. Active Accounts were reduced to 56,440. Foreign investors were net sellers with total capital outflows of €234.88 million, of which €8.07 million concerned retail investors, €304.08 million concerned legal entities and €114.16 million concerned off-shore companies. There were also capital inflows of €191.43 million from institutional investors. On the contrary, Greek investors were net buyers, with inflows of €237.00 million in the financial company (€214.99 million), non-financial company (€21.57 million) and retail investor (€2.02 million) categories. Greek capital outflows amounted to €1.59 million, and originated in the Public sector. The remaining €2.12 million concerns outflows of other investor capital. The market capitalization of the FTSE/ATHEX 20 index rose to €109.5 billion, registering a monthly gain of

6.9%, while the FTSE/ATHEX Mid 40 index stood at €20.9 billion and the FTSE/ATHEX SmallCap 80 stood at €8.8 million, albeit with many changes in its composition.

In May, the ASE General Index registered a small monthly loss of 0.89%. The value of transactions stood at €10,610.95 million, registering a hefty monthly increase of 53.4%, owing to the transfer of a 20% stake in OTE SA (€2,548.68 million) by Marfin Investment Group to Deutsche Telekom. The average daily value of transactions stood at €505.28 million, also registering a substantial increase. There were 60,993 Active Accounts. The capitalization of ASE equity markets on 30.05.2008 amounted to €153.4 million, registering a monthly decrease of 6.2%, which was largely due to the delisting of 335,957,300 common registered shares of Cosmote SA, worth €8.8 billion. Foreign investors in the Greek market were net sellers with total outflows of €323.65 million, which included outflows of €2,936.8 million by foreign institutional investors and €44.55 million by off-shore companies, and inflows of €2,656.59 million from foreign legal entities, of which €2,548.68 million concerned the acquisition of OTE by Deutsche Telekom. On the contrary, Greek investors were net buyers with total inflows of €315.36 million, with inflows of €55.97 million from financial companies and €726.56 from non-financial companies, and outflows of €467.68 million from retail investors. Other investors generated inflows of €8.28 million. Foreign investor participation in the capitalization of the ASE soared to 53.5%, as a result of the delisting of Cosmote SA shares, which showed up in the account of a Greek investor (OTE SA). The market capitalization of the FTSE/ATHEX 20 index amounted to €108.1 billion, while the FTSE/ATHEX Mid 40 index stood at €20.5 billion and the FTSE/ATHEX SmallCap 80 stood at €8.9 million.

In June, the ASE General Index suffered a heavy monthly loss of 17.64%. The value of transactions amounted to €6,068.0 million, registering a monthly decrease of 39%, while the average daily value of transactions stood at €303.4 million, registering a monthly decrease of 36%. There were 63,130 Active Accounts. The capitalization of ASE equity markets on 30.06.2008 amounted to €130 billion, decreased by 27.1% on a monthly basis. Foreign investors in the Greek market were net sellers with total outflows of €583.3 million. The outflows originated from foreign institutional investors (€693 million) and offshore companies (€104.6 million), while the inflows originated from foreign legal entities (€104.6 million) and retail investors (€9.6 million). Greek investors were net buyers with total inflows of €565.07 million, with inflows of €308.12 million from financial companies, €82.60 from non-financial companies, and €175.56 million from retail investors. Other investors generated inflows of €18.22 million. Foreign investor participation in the capitalization of the ASE amounted to 51.5%. The total market capitalization of FTSE/ATHEX 20 index companies fell to €88.7 billion, registering a monthly loss of 18%, while the FTSE/ATHEX Mid 40 index stood at €18.7 billion and the FTSE/ATHEX SmallCap 80 stood at €8.1 million.

In July, the ASE General Index suffered a monthly loss of 1.31%. The value of transactions amounted to €5,681.2 million, registering a monthly decrease of 6.4%, while the average daily value of transactions stood at €247.0 million, registering a monthly decrease of 20%. There were 58,141 Active Accounts. The capitalization of ASE equity markets on 30.07.2008 amounted to €127.7 billion, decreased by 1.8% on a monthly basis. Foreign investors in the Greek market were net buyers with total inflows of €109.6 million. The outflows originated from foreign institutional investors (€280.2 million) and other foreign legal entities (institutional and retail investors, offshore companies) (€170.63 million). Greek investors were net sellers with total outflows of €106.4 million, where retail investor capital outflows amounted to €177.7 million, and inflows from financial and non-financial companies stood at €71.28 million. Other investors generated inflows of €3.2 million. Foreign investor participation in the capitalization of the ASE on 31.07.08 amounted to 51.6%. The total market capitalization of FTSE/ATHEX 20 index companies remained unchanged at €88.7 billion, while the FTSE/ATHEX Mid 40 index stood at €17.9 billion and the FTSE/ATHEX SmallCap 80 stood at €7.4 million.

In August, the ASE General Index suffered a monthly loss of 3.0%. The value of transactions amounted to €3,631.2 million, registering a monthly decrease of 36%, while the average daily value of transactions stood at €181.6 million. There were 38,265 Active Accounts. The capitalization of the ASE's equity markets on 29.08.2008 amounted to €124.5, decreased by 2.5% on a monthly basis. The market capitalization of the FTSE/ATHEX 20 index fell to €86.4 billion, registering a monthly loss of 2.5%, while the FTSE/ATHEX Mid 40 index stood at €17.3 billion and the FTSE/ATHEX SmallCap 80 stood at €7.3 million. Foreign investors were net sellers with total outflows of €262.4 million, where outflows of €324.2 million originated from foreign institutional investors and inflows of €11.3 million, €34.2 million, and €16.3 million originated from foreign retail investors, legal entities and offshore companies, respectively. On the contrary, Greek investors were net buyers with total inflows of €249.2 million, with inflows of €147.2 million from retail investors, €67.8 from financial companies, and €33 million from non-financial companies. Other investors generated inflows of €13.2 million. Foreign investor participation in the capitalization of the ASE 29/08/2008 amounted to 51.4%.

In September, the ASE General Index suffered a heavy monthly loss of 13.25%, mainly as a result of the Lehman Brothers' collapse and the huge turmoil it caused in world markets. The total value of transactions amounted to €6,156.2 million, registering a monthly increase of 69.5%, while the average daily value of transactions stood at €279.8 million. There were 62,871 Active Accounts. The capitalization of the ASE's equity markets on 30.09.2008 amounted to €106.7, decreased by 14.3% on a monthly basis. The market capitalization of the FTSE/ATHEX 20 index fell to €74.5 billion, registering a monthly loss of 13.8%, while the FTSE/ATHEX Mid 40 index stood at €14.1 billion and the FTSE/ATHEX SmallCap 80 stood at €5.8 million. Foreign investors were net sellers, with total outflows of €246.1 million. The outflows originated from foreign institutional investors (€268.2 million) and offshore companies (€45.6 million), while the inflows originated from foreign retail investors and legal entities (€104.6 million and €4.2 million, respectively). On the contrary, Greek investors were net buyers with total inflows of €227.4 million, with €47.3 million from retail investors, €82.1 from financial companies, and €96.5 million from non-financial companies. Other investors generated inflows of €18.7 million. Foreign investor participation in the capitalization of the ASE on 30.09.2008 amounted to 51.1%.

In October, the ASE General Index suffered a major monthly drop of 27.87%, as the turmoil persisted in international markets. The value of transactions amounted to €6,610.8 million, registering a monthly increase of 7.4%, while the average daily value of transactions stood at €300.5 million. There were 109,229 Active accounts, 6,505 of them new accounts created during the month. The capitalization of the ASE's equity markets on 31.10.2008 amounted to €78.1, decreased by 26.8% on a monthly basis. The market capitalization of the FTSE/ATHEX 20 index amounted to €54 billion, while the FTSE/ATHEX Mid 40 index stood at €10.1 billion and the FTSE/ATHEX SmallCap 80 stood at €4.2 million. Overall, foreign investors were net sellers in the Greek market, with total outflows of €1,175.53 million. The outflows originated from foreign institutional investors (€1,213.85 million) and offshore companies (€111.18 million), while the inflows originated from foreign retail investors and legal entities (€43.34 million and €106.16 million, respectively). Greek investors were net buyers with total inflows of €986.46 million, of which €587.54 million from retail investors, €232.86 million from financial companies, €111.87 million from non-financial companies, and €54.19 million from the public sector. Other investors generated inflows of €189.07 million. Foreign investor participation in the market capitalization of the ASE on 31.10.2008 stood at 49.2%, falling below 50% for the first time since February 2007. Foreign investor participation in the Large Capitalization category amounted to 52.6%.

In November, the ASE General Index suffered a monthly loss of 7.13%. The value of transactions amounted to €4,148.3 million, registering a monthly decrease of 37.2%, while the average daily value of transactions stood at €207.4 million. During this month, Greek investors generated 52.1% of total trading activity in the ASE. There were 83,285 Active accounts, and 6,465 new accounts, of which 5,376 were opened by Greek investors. The capitalization of ASE equity markets on 28.11.2008 amounted to €72.7 million, registering a monthly decrease of 6.8% and representing the lowest capitalization since June 2003. Overall, foreign investors remained net sellers, with total capital outflows of €39.96 million. The outflows originated from foreign institutional investors (€494.57 million) and offshore companies (€37.68 million), while the inflows originated from foreign retail investors and legal entities (€25.43 million and €466.86 million, respectively). Inflows from foreign legal entities mainly concerned the transfer of a 3% stake in OTE SA by the Greek State to

Deutsche Telekom. On the contrary, Greek investors were net buyers with total net inflows of €36.12 million, which originated from retail investors (€377.72 million), financial companies (€43.49), and non-financial companies (€36.65 million). The number-one seller was the public sector, with outflows of €420.74 million, as a result of the transfer of a 3% stake in OTE to Deutsche Telekom. Outflows of €3.84 million were performed by "other investors", a term denoting accounts to which the responsible DSS Operators have not registered a specific tax residence. Foreign investor participation in the capitalization of the ASE on 28.11.2008 amounted to 48.7%.

In December, the ASE General Index suffered a monthly loss of 6.64%. The value of transactions amounted to €2,701.9 million, registering a monthly decrease of 34.9%, while the average daily value of transactions stood at €128.7 million. There were 61,639 Active Accounts. During the entire 2008, 401,889 investors performed transactions in the ASE, decreased by 7.3% year-on-year, while 35,493 new investor accounts were created (a 13.9% y-o-y increase), of which 6,321 were Joint Investment Accounts. The total market capitalization of the ASE on 31.12.2008 amounted to €69 billion, registering a monthly decrease of 5.2% and a year-on-year decrease of 64.9%, and representing almost 27% of Greek GDP. The market capitalization of the FTSE/ATHEX 20 index fell to €46.8 billion, registering a monthly loss of 5.6%, while the FTSE/ATHEX Mid 40 index stood at €5.01 billion and the FTSE/ATHEX SmallCap 80 stood at €4.2 million. Overall, foreign investors remained net sellers, with total capital outflows of €381.6 million. The outflows originated from foreign institutional investors (€364.8 million), legal entities (€12.1 million) and offshore companies (€17.8 million), while the inflows originated from foreign retail investors (€13.07 million). On the contrary, Greek investors were net buyers with inflows of €289.6 million, which originated from retail investors (€166.3 million), financial companies (€69.9), and non-financial companies (€52.3 million). Foreign investors accounted for 52.3% of total trading activity during the month. Other investors generated inflows of €92.0 million. Overall, foreign investors were net sellers during 2008, with total annual net capital outflows of €3.6 billion (total purchases of €46.3 billion and total sales of €49.9 billion), while Greek investors were net buyers with total net capital inflows of €2.9 billion, of which €1.2 billion from retail investors. Foreign investor participation in the market capitalization of the ASE on 31.12.2008 fell to 47.8% from 51.78% in December 2007, while the participation of Greek investors stood at 51.1%. By the end of the year, foreign investor participation in the Large Capitalization category was equal to 52.34%, while Greek investor participation in Middle & Small Capitalization shares amounted to 80.75%.

In 2008, the issuance of new securities in ASE markets was significantly reduced as compared to 2007. Despite the declared interest of certain companies, eventually no new company made any initial public offerings, and as a result no funds were raised by newly-listed companies through the stock market in 2008, as compared to 500.7 million Euros raised in 2007 and 725.25

million Euros raised in 2006. However, listed companies continued their issuing activity. Indeed, fifteen listed companies proceeded to share capital increases, raising 664.08 million Euros in 2008, as compared to €10,186.53 million in 2007 and €3,438.4 million in 2006. By the end of 2008, the total number of companies listed in the ASE had been reduced to 303, from 304 in 2007.

In the period 2006-2008 listed company profitability was reduced. Based on the listed companies' annual financial statements for the year 2007, consolidated net profits amounted to 11.3 billion euros, as compared to 10.7 billion euros in 2006, increased by 5.6% year-on-year, while distributed dividends decreased by 33.8%, as compared to a 145% increase during 2006-5, leading to an average profit distribution rate of 46.8% in 2007, as compared to 74.9% in 2006. The first estimates of listed company results for 2008 show that net profits before taxes will be substantially reduced, owing to the adverse effects of the current financial crisis on the real economy. According to ASE data, the weighted price to after tax earnings ratio (P/E) for the entire capital market at the end of 2008 stood at 12.5, as compared to 27.7 in 2007 and 30.5 in 2006.

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. Fluctuations persisted in 2008, led by the overall developments in international markets. By the end of the year, the net assets of 352 mutual funds (329 in 2007) amounted to 10.42 billion euros, as compared to 24.52 billion euros in 2007, suffering a large annual decrease of 57.5%. The decrease in collective fund assets is expected to weaken incentives for the competitive restructuring of the collective investment industry's assets, whose main feature had been 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 2008, the net assets of money market funds amounted to 24.2% of total assets, as compared to 32.5% in 2007 and 24.7% in 2006, the net assets of equity funds amounted to 25.1% of total assets, as compared to 21.2% in 2007 and 26.6% in 2006, the net assets of bond funds amounted to 32.0% of total assets, as compared to 17.7% in 2007 and 26.0% in 2006, the net assets of mixed funds amounted to 12.44% of total assets, as compared to 11.1% in 2007 and 10.4% in 2006, and the net assets of the "funds of funds" amounted to 6.2% of total assets, as compared to 5.9% in 2007.

These changes prove that the general change in the treatment of Greek savings, which has been going on for almost a decade, shows intense fluctuations and 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 towards low-risk placements. The outbreak and course of the financial crisis has rekindled risk aversion. In other words, the year 2008 was marked by increased sensitivity to stock market developments and a consequent shift in the supply of funds towards low risk investments.

In 2008, there was increased restructuring among listed companies in the Greek market, along with extensive M&A activity among listed and non-listed companies. During the year there were 40 corporate restructuring deals, as compared to 31 in 2007. The diminishing profitability and the changes in the financial structure of Greek listed companies, especially those of the financial sector, as a result of the ongoing financial crisis, are expected to further increase M&A activity in the Greek capital market.

The Institutional Framework of the Capital Market

In 2008, 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 behaviour. 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 the capital market's regulatory framework included measures that contributed to 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 development of the year 2008 was the implementation of the provisions of Law 3606/2007, which transposed EU Directive on Markets in Financial Instruments 2004/39/EC (MiFID) and its executive measures (Directive 2006/73/EC and Regulation 1287/2006) into Greek legislation. The transposition of MiFID into member-state legislation is aimed at: increasing transparency regarding the liquidity of all trading venues, including trades in regulated markets, multilateral trading facilities (MTFs) and internalized transactions; increasing retail investor protection through the regulation of a wide range of investment services, from the provision of advice to the execution of orders, including specific order handling and "best execution" obligations; reinforcing competition between regulated markets and MTFs, and removing any obstacles for the association of investment firms with trading venues throughout Europe; reinforcing the investment firms' obligation to take all necessary steps for avoiding internal conflicts of interest; and extending the obligations concerning information disclosure to retail investors, including transparency regarding the cost of transactions.

In 2008, the HCMC continued to issue regulations under the mandate of Law 3606/2007, incorporating the executive measures laid out by MiFID and establishing codes of conduct for investment firms, minimum organizational requirements for Investment Firms, procedures of evaluating qualifying holdings, the fitness test applied to managers and directors of Investment Fires, Financial Intermediation Firms, Mutual Fund Management Firms, Portfolio Investment Companies and Real Estate Investment Companies, procedures for the registration of tied agents in the public register, exemptions from transparency requirements, transaction disclosure and information recording obligations, conditions for the authorization of regulated markets, and bookkeeping obligations of Financial Intermediation Firms.

In 2008, the Board of Directors of the Hellenic Capital Market Commission, having obtained the necessary legislative authorization, issued many rules and regulations. 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 regulations helped to improve the institutions and rules governing transaction security and investor protection, as well as the capital adequacy of investment firms, to revise the codes of conduct for Mutual Fund Management Firms and Portfolio Investment Companies with the view of protecting investors from unethical behaviour, and to enhance transparency rules.

Investor protection was significantly improved through the definition of the content, manner and timing of Investor Firm compliance evaluation reports vis-à-vis the organizational requirements of Law 3606/2007; the establishment of specific criteria for the licensing of investment firms and financial intermediation firms; the regulation of issues pertaining to the obligations and overall behaviour of underwriter credit institutions and investment firms, which intermediate in the public offering of securities in regulated markets; and the establishment of conditions and procedures for the registration of investors in the Qualified Investors Register, the establishment of Mutual Fund Management Firms concerning the organization of mutual fund share distribution networks, the specification of conduct principles for Mutual Fund Management Firms and Portfolio Investment Companies, and the definition of the training programme for individuals involved in the distribution of Mutual Fund units. Furthermore, investor protection was reinforced through the improvement of the procedures concerning the allocation of public offerings of shares, also defining their final distribution price.

Transparency in the market was decisively improved through the specification of pre- and post-trade information, and the procedure regarding its dissemination in the context of law 3606/2007 and the operation of ASE markets.

Market infrastructures and the security of transactions were reinforced through continuous improvements in the rulebook of the ASE markets, the regulation for the clearing and settlement of transactions on securities and derivatives, and the dematerialized securities system, while the specific conditions for the licensing of Multilateral Trading Facilities were also established.

Supervision of the Greek capital market

Another major priority during 2008 was the supervision of listed company compliance with transparency obligations. Controls regarding the disclosure of 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 Law 3606/2007 on the licensing and operation of Investment Firms. 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 2008, the HCMC persisted on the strict supervision of financial intermediaries (Financial Intermediation Firms, Investment Firms, 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, requesting explanations from companies, and imposing their publication 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 2008 the HCMC continued to implement the new regime on market abuse, and continued to monitor written analyst reports about shares listed in Greek regulated markets, or shares issued by companies based in Greece, as well as reports about the Greek market.

In 2008, the Commission expanded its auditing work, with major benefits for the Greek capital market. The audits that were performed during 2008 concerned 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 also 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 2008, which led the Commission to levy fines worth a total of 2.19 million Euros, the proceeds credited with the Greek State, and to submit indictments against a large number of persons and legal entities to criminal courts.

The 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 2008.

International activities of the Hellenic Capital Market Commission

Being a national regulator, the Hellenic Capital Market Commission is endowed with the authority to conclude bilateral and multilateral agreements in the form of 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 2008 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 various working groups.

More specifically, the Chairman of the Hellenic Capital Market Commission, Mr. A. Pilavios, continued to chair the EcoNet Working Group of the CESR in 2008. The general objectives of the working group are to study, and contribute to, the development of systems for monitoring smooth market operation. The 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, through the development of practical impact analysis methodologies regarding financial regulation and supervision. More specifically, in 2008 this 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 COURSE OF THE GREEK CAPITAL MARKET

The stock market

The General Index of the Athens Stock Exchange

In 2008, there was a huge reduction of share prices in both the international, and Greek, capital markets. After five consecutive years of growth, the ASE General Index registered one of its worse performances ever, and the Greek stock exchange experienced a huge increase in average price volatility.

In the last trading session of 2008, the General Index of the Athens Stock Exchange closed at 1,786.51 units, sustaining an annual loss of 65.5%, as compared to a 17.9% gain in 2007 (Table 3). This level represents an overall decrease of 72% 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 3,392.38 units. The Index registered its lowest intraday value (1,626.64 units) during the session of 24.10.2008, and its lowest closing value (1,711.80 units) during the session of 22.12.2008. The highest intraday value of the Index was also its highest closing price (5,207.44 units), and occurred during the session of 2.1.2008. The average standard deviation of the daily returns of the General Index rose to 2.22% in 2008, as compared to 0.97% in 2007 and 1.08% in 2006, while the average monthly standard deviation of the difference between the highest and lowest intraday values of the General Index increased to 36.96 units in 2008, from 23.09 units in 2007, and 21.32 units in 2006 (Figure 2). The months of January, September, October 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, 1998-2008

		Placement Year									
	Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Return Year	1999	102,2									
	2000	11,3	-38,8								
	2001	-1,8	-31,6	-23,5							
	2002	-10,6	-31,9	-28,2	-32,5						
	2003	-3,7	-20,0	-12,6	-6,5	29,5					
	2004	0,3	-12,8	-4,8	2,4	26,2	23,1				
	2005	4,3	-6,6	1,6	9,0	28,0	27,2	31,5			
	2006	6,1	-3,2	4,4	11,1	25,9	24,7	25,6	19,9		
	2007	-0,7	5,4	6,2	12,2	24,3	23,0	23,0	18,9	17,9	
	2008	-10,7	-6,9	-7,7	-5,2	0,4	-4,6	-10,5	-21,3	-36,2	-65,5

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, 2008

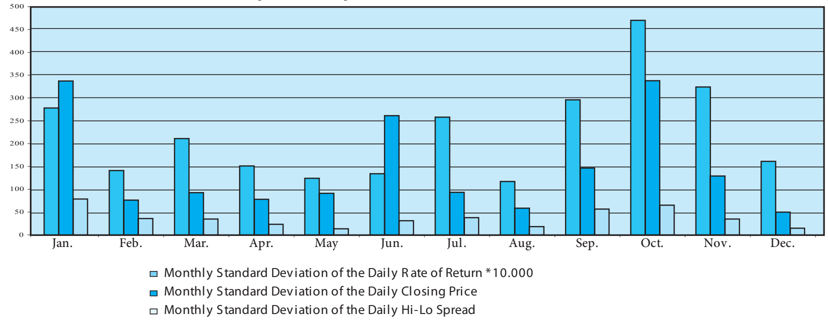
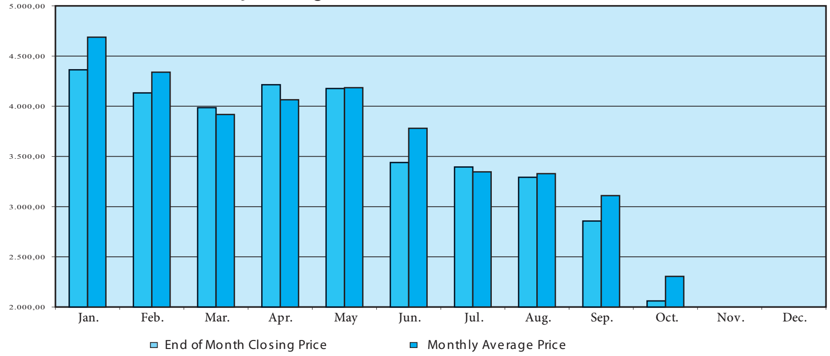


FIGURE 3

Monthly Closing Price of the ASE General Index, 2008



Stock Exchange Indices

In 2008, all indices of the Athens Stock Exchange sustained losses (Tables 4 and 5). In terms of market capitalization, the largest annual decrease was registered by the FTSE/ASE Mid40 index of middle capitalization companies (69.66%). It was followed by the FTSE/ASE 20 index, which includes large capitalization stocks, which suffered an annual loss of 66.12%. The FTSE/ASE Small Cap 80, which includes small capitalization stocks, lost 60.03%, slightly less than the General Index. Among sectoral indices, the largest losses were sustained by the Technology (-76.59%), Banks (-73.97%), Personal & Household Goods (-72.34%), Insurance (-71.67%) and Basic Resources (-69.69%) sectors. Relatively smaller losses were registered by the Travel & Leisure (-35.90%), Media (-38.15%) and Chemicals (-45.16%) sectors. All shares included in the FTSE/ASE 20, FTSE/ASE Mid40 and FTSE/ASE Small Cap 80 incurred losses in 2008. Among large capitalization companies the smallest share price losses were those of OPAP SA (-24.6%), MIG (-47.8%) and Motor Oil (34.7%), while the largest losses were sustained by MPB (79%), Bank of Cyprus Ltd (78.6%)

and Intralot (77.7%). Among middle capitalization stocks the largest losses were those of Proton (-93.8%), Forthnet (-90.3%) and Corinth Pipeworks SA (-85.2%). Among small capitalization stocks, the largest losses were those of Microland (-89.8%), Koumbas (-87.3%) and Sato (-85.4 %).

TABLE 4

Sectoral Share-Price Indices in the ASE, 2008

ASE indices	Closing price. 31.12.2008	Lowest price for the year	Highest price for the year	Annual Change (%)
General Index	1.786,51	1.626,24	5.207,44	-65,50
FTSE/ASE20	932,50	859,97	2.766,21	-66,12
FTSE/ASE MID40	1.900,59	1.802,86	6.317,40	-69,66
FTSE/ASE Small Cap 80	422,64	361,83	1.066,60	-60,03
FTSE/ASE 140	2.090,24	1.950,74	6.248,79	-66,39
Banks	1.899,40	1.612,95	7.336,39	-73,97
Insurance	1.688,42	1.631,47	6,026,76	-71,67
Financial Services	4.661,46	4.208,95	10.613,48	-55,79
Industrial Goods	2.802,44	2.374,51	8.070,91	-64,89
Retail	3.278,27	2.523,71	8.154,07	-58,97
Personal & Household Products	2.217,88	2.041,06	8.123,51	-72,34
Food & Beverages	3.535,64	2.534,40	10.956,87	-65,03
Basic Resources	2.338,27	2.065,66	7.997,65	-69.69
Construction & materials	2.448,16	1.867,83	6.118,13	-59,30
Oil & Gas	2.154,71	1.909,95	4.740,98	-51,86
Chemicals	7.068,61	6.163,41	13.064,18	-45,16
Media	3.405,13	2.830,66	6.071,43	-38,15
Travel & Leisure	3.583,93	3.029,25	5.640,78	-35,90
Technology	945,02	887,82	4.069,34	-76,59
Telecommunications	3.275,56	2.416,76	6.994,05	-52,78
Utilities	3.297,62	2.574,63	9.581,79	-64,99
Total shares index	579,03	552,75	1.678,37	-65,33

Source: ASE

TABLE 5

Sectoral Share-Price Indices in the ASE, 2008

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 140
Jan.	4362,8	6040,0	4885,7	8898,8	6503,5	6852,5	5420,4	2295,8	5345,4	928,9	5212,1
Feb.	4133,0	5557,9	4991,8	7898,3	6276,3	6592,9	5175,2	2130,8	5113,7	916,3	4869,7
Mar.	3986,0	5306,1	4440,3	7973,5	5871,7	6862,7	4928,4	2061,0	4896,4	888,7	4702,6
Apr.	4214,2	5702,5	4816,8	9040,7	6658,3	7188,2	5243,8	2223,9	4997,2	927,6	5031,3
May	4176,5	5728,1	4680,1	9946,3	6004,5	7364,8	5288,0	2228,1	5005,5	938,6	5043,2
Jun.	3439,7	4727,4	4599,9	8088,5	5292,4	6539,0	4733,8	1845,6	4291,9	844,6	4207,6
Jul.	3394,6	4945,3	4466,1	7880,9	5195,3	6154,7	4556,3	1863,5	4133,5	787,8	4209,9
Aug.	3292,7	4729,5	4271,6	7209,3	5061,8	5856,4	4388,0	1810,0	3936,5	769,2	4079,9
Sep.	2856,5	4008,5	4056,9	7907,8	4179,7	4612,6	3819,8	1565,6	3257,9	606,8	3497,9
Oct.	2060,3	2702,3	2753,0	5586,1	2899,7	3209,8	2270,5	1110,5	2334,3	437,2	2485,0
Nov.	1913,5	2158,0	2373,0	4970,1	3102,6	3125,6	2251,3	991,0	2180,9	426,5	2237,5
Dec.	1786,5	1899,4	1688,4	4661,5	2802,4	3278,3	2448,2	932,5	1900,6	422,6	2090,2
Max ‘06	5207,4	7310,8	5910,8	10534,1	8007,7	8136,6	6068,8	2762,6	6311,6	1060,7	6245,1
Min ’06	1711,8	1669,3	1648,1	4274,0	2539,5	2867,2	2030,6	877,2	1823,5	379,8	1976,1

Source: ASE. End of month closing prices

Transaction Value

In 2008, the total annual value of transactions in the stock market of the ASE registered a substantial year-on-year decrease of 35.5%, and fell to 78,174.4 million euros. The average daily value of transactions stood at 316.5 million euros in 2008, as compared to 481.3 million Euros in 2007. The highest average daily value of transactions was observed in January (519.8 million euros), while the lowest average daily value of transactions was observed in December (128.7 million euros).

The annual value of transactions on large capitalization stocks in the ASE reached 75,587.8 million euros in 2008, accounting for 96.7% of the total annual value of transactions, as compared to 92% in 2007. The annual value of transactions on middle and small capitalization stocks amounted to 1,815 million euros in 2008, as compared to 9,081.3 million euros in 2007, accounting for 2.3% of the total value of transactions performed in 2008, as compared to 7.5% in 2007. The annual value of transactions on shares of the low dispersion and specific features category, and on shares under probation, accounted for 0.9% of the total annual value of transactions for 2008, as compared to 0.8% in 2007. Finally, the annual value of transactions on Exchange Traded Fund shares accounted for just 0.1% of the total annual value of transactions (Table 6).

TABLE 6

The Value of Transactions in the ASE, 2008

Month	Large Capitalization	Middle and Small Capitalization	Low Dispersion and Specific Features	Under Probation	Exchange Traded Funds	Grand Total [1]
Jan.	10.913,57	362,01	147,61	6,97	4,85	11.435,20
Feb.	7.303,49	205,67	141,37	6,19	8,48	7.665,33
Mar.	6.349,93	159,05	35,82	2,85	2,37	6.550,24
Apr.	6.701,35	179,67	17,27	9,81	8,97	6.917,10
May	10.394,29	179,08	24,05	6,46	1,59	10.610,36
Jun.	5.833,49	160,12	59,86	8,29	2,03	6.067,24
Jul.	5.541,21	113,56	14,06	9,07	3,02	5.681,02
Aug.	3.539,28	65,12	6,65	17,56	2,14	3.630,97
Sep.	6.011,28	110,22	18,10	4,69	10,54	6.156,08
Oct.	6.402,82	138,96	34,65	8,91	12,72	6.610,76
Nov.	4.050,39	62,36	23,31	9,11	2,79	4.148,30
Dec.	2.546,66	79,12	65,34	3,91	1,70	2.701,81
Total 2008	75.587,75	1.814,95	588,09	93,81	61,22	78.174,41

Source: ASE

Market Capitalization of Listed Companies

By the end of 2008, the total market capitalization of ASE listed companies and Exchange Traded Funds (ETFs) amounted to 68,176.7 million euros, registering a total annual decrease of 65.1%, as compared to a 23.8% increase in 2007 and a 28.5% increase in 2006 (Table 7). This substantial decrease in capitalization during 2008 resulted from the fall of stock prices, given that no new shares were listed in the markets of the ASE.

At the end of 2008, the market capitalization of large capitalization shares amounted to 55,278.2 million euros, decreased by 66.7% year-on-year. The market capitalization of large capitalization shares accounted for 81% of total market capitalization in the ASE, as compared to 85% at the end of 2007. The capitalization of middle and small capitalization shares amounted to 6,677.1 million euros at the end of 2008, decreased by 55.8% year-on-year, and accounting for 9.8% of total listed company capitalization, as compared to 7.7% in 2007. The market capitalization of the low dispersion and specific features category accounted for 8.6% of total market capitalization at the end of 2008 (as compared to 7.1% at the end of 2007), while the market capitalization of shares under probation and/or suspension accounted for 0.4%. Finally, the market capitalization of Exchange Traded Funds accounted for 0.1% of total market capitalization.

TABLE 7

Market Capitalisation of the ASE Listed Companies, 2008

Month	Large Capitalization	Middle & Small Capitalization	Low Dispersion and Specific Features	Probation	Exchange Traded Funds	Total Shares and ETFs
Jan.	139.417,74	13.611,51	14.025,38	357,81	138,0	167.550,5
Feb.	131.510,75	13.605,46	14.140,38	345,58	128,1	159.730,3
Mar.	126.784,68	13.094,70	14.456,80	322,38	125,2	154.783,8
Apr.	134.750,07	11.922,07	7.080,15	362,37	134,8	154.249,4
May	132.720,24	12.036,79	7.716,39	335,38	143,0	152.951,8
Jun.	110.145,23	11.136,16	7.703,80	511,97	120,5	129.617,7
Jul.	109.452,43	10.470,17	7.148,73	388,46	122,8	127.582,6
Aug.	106.316,44	10.241,11	6.891,81	410,78	118,0	123.978,2
Sep.	90.493,40	8.288,46	6.133,76	432,74	101,9	105.450,2
Oct.	65.376,45	6.207,84	5.419,52	366,87	63,7	77.434,4
Nov.	60.479,29	5.974,17	5.433,70	327,92	57,1	72.272,2
Dec.	55.278,24	6.677,14	5.873,98	291,89	55,4	68.176,7

Source: ASE

By the end of 2008, the financial sector (banks, insurance companies, leasing companies, portfolio investment companies) accounted for 38.7% of the total market capitalization of ASE-listed companies, as compared to 43.4% in 2007 and 41.8% in 2006.

Banks accounted for 32.8% of total market capitalization at the end of 2008 (as compared to 41.6% in 2007), followed by Gambling with 10.4% of total market capitalization (as compared to 5.6% at the end of 2007), Fixed Line Telecommunications with 8.6%, Soft Drinks with 5.6%, Electricity with 3.9% and Food Products with 3.8%.

By the end of 2008, OPAP SA was the company with the largest market capitalization, commanding 9.7% of total capitalization in the equities and ETFs markets of the Athens Stock Exchange. It was followed by the National Bank of Greece (9.6% of total market capitalization), OTE SA (8.6%), Coca Cola HBC (5.6%) and Eurobank-Ergasias (4.4%). The capitalization of the ten largest listed companies as a percentage of total market capitalization in the ASE registered a slight decrease, and fell to 55.1% by the end of 2008, as compared to 56.5% by the end of 2007.

In 2008, the average annual market liquidity registered a slight increase, reaching 0.21% from 0.20% in 2007 (Table 8). In December 2008, the average monthly liquidity index of the Athens Stock Exchange amounted to 0.17% as compared to 0.16% in December 2007 and 0.18% in December 2006. As far as other categories of stock are concerned, the average annual liquidity of the middle and small capitalization category fell to 0.04% in 2008 from 0.24% in 2007, and rose to 0.27% from 0.20% in 0.20% in the large capitalization category.

The substantial decrease of stock market prices in 2008 led to a substantial decrease of total market capitalization of ASE-listed shares and ETFs as a percentage of GDP, which was equivalent to 27.8% of Greek GDP by the end of 2008, as compared to 85.2% in 2007 and 64.6% in 2006. In November 2008, the total market capitalization of ASE-listed companies represented 31.1% of Greece's contribution to money supply (M3) in the euro zone, as compared to 95% in late 2007, and 32.3% of the total value of commercial deposits and repos, as compared to 98.8% by late 2007(Table 9).

TABLE 8

Monthly Liquidity Index in the ASE, 2008[1]

Month	Large Capitalization Category	Middle & Small Capitalization Category	Special Characteristics Category	Total markets
Jan.	0,27%	0,108%	0,0349%	0,2399%
Feb.	0,21%	0,066%	0,0176%	0,1825%
Mar.	0,28%	0,069%	0,0168%	0,2342%
Apr.	0,21%	0,063%	0,0140%	0,1909%
May	0,22%	0,063%	0,0896%	0,1976%
Jun.	0,22%	0,063%	0,0190%	0,1955%
Jul.	0,21%	0,043%	0,0075%	0,1855%
Aug.	0,15%	0,026%	0,0025%	0,1307%
Sep.	0,24%	0,049%	0,0179%	0,2139%
Oct.	0,36%	0,073%	0,0244%	0,3141%
Nov.	0,27%	0,048%	0,0063%	0,2341%
Dec.	0,21%	0,041%	0,0187%	0,1745%

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

TABLE 9

Market Capitalisation and Macroeconomic Indicators, 1998-2008

End of year	Market Capitalization (% of GDP)	Market Capitalization (% of M3)	Market Capitalization (% of commercial deposits and repos)
2008	27,8	31,1[1]	32,3[1]
2007	85,7	95,0	98,8
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

Source: ASE, Bank of Greece, National Statistical Service.
1 . November 2008

Net Profits and Dividends of ASE-Listed Companies

Listed company profits are expected to decrease in 2008, after having soared in 2007. Total net profits post tax of ASE-listed companies, based on their 2007 annual financial statements, amounted to 11.3 billion euros, increased by 39% year-on-year. Distributed dividends amounted to 5.3 billion euros in 2007, leading to a profit distribution rate of 46.8%.

According to the listed companies' published financial results for the nine-months of 2008, their consolidated turnover increased by 17.3% year-on-year; however, net profits decreased by 19.6%.

At the end of 2008, the weighted price to after tax earnings ratio (P/E) for the entire capital market stood at 12.5, as compared to 27.7 in 2007 and 30.5 in 2006 (Table 10). The weighted profit distribution rate for the total of ASE-listed companies stood at 7.3% in December 2008, as compared to 2.9% in 2007 and 2.4% in 2006.

As far as Banks, a sector which accounts for one third of total listed company capitalization and was severely hit by the financial sector, are concerned, weighted P/E fell to 6.6 in December 2008 from 26.1 in 2007, while the weighted profit distribution rate rose to 9.5% in December 2008, as compared to 2.6% in the same month of 2007.

TABLE 10

Net Profits and Distributed Dividends of ASE listed Companies, 1996 -2008

Year	Net profit after taxes		Distributed Dividends		Profit Distribution Rate	Weighted P/E (after taxes)	Weighted Profit Distribution Rate
	Value (mn €)	Annual Change (%)	Value (mn €)	Annual Change (%)			
2008	-	-	-	-	-	12,5	7,3
2007	11,300,50	39,0	5,303,42	-	46,8	27,7	2,9
2006	10.700,44	88,8	8.014,51	145,2	74,9	30,5	2,4
2005	5.695,39	6,0	3.268,65	8,9	57,4	29,4	3,6
2004	5.372,74	12,0	3.004,59	159,7	55,9	26,7	4,0
2003	4.798,50	53,9	1.156,81	-31,2	24,1	28,0	4,8
2002	3.117,67	-27,5	1.682,46	-26,5	54,0	22,6	6,3
2001	4.299,98	-22,6	2.290,40	-13,4	53,3	24,9	4,1
2000	5.558,00	-9,0	2.645,74	37,0	47,6	27,5	10,3
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 turmoil in global financial markets led to a substantial decrease of activity, and increased price volatility, in the Greek bond market. As a result, Greek Treasury bond yields also featured increased volatility, as they kept rising till late June 2008, only to fall throughout the remainder of the year.

Similar trends occurred in the bond markets of the Euro zone. During the first half of 2008, yield increases were larger in the case of short-term securities, mainly because inflation accelerated as a result of oil and food prices increases, as well as expectations that the ECB would increase its interest rates. During the second half of 2008, estimates of a slowdown in the Euro zone, and expectations for a slight drop in inflation pushed bond yields downwards.

By late June 2008, the yield curve of Greek Treasury securities was at the highest level of the year and of the past six years, only to fall to levels slightly above those of 2007 by the end of September. In 2008, the positive slope of the yield curve increase, as the spread between the ten-year and the 3-year Treasury bonds rose by 28 basis points. By the end of 2008, the slope of the yield curve had increased significantly, because of the substantial increase in the spread between the 3-year and the 30-year bond to 172 basis points, as compared to 28 basis points in the previous month.

By late September 2008, the yield of the 10-year Greek Treasury bond rose to 4.96%, increased by 30 basis points from late December 2007. Gradually, the average spread between the Greek and German 10-year bond widened significantly, similarly to other Euro zone country bonds, and stood at 150 basis points in November 2008 and 201 basis points in December 2008, as compared to just 29 basis points at the end of December 2007.

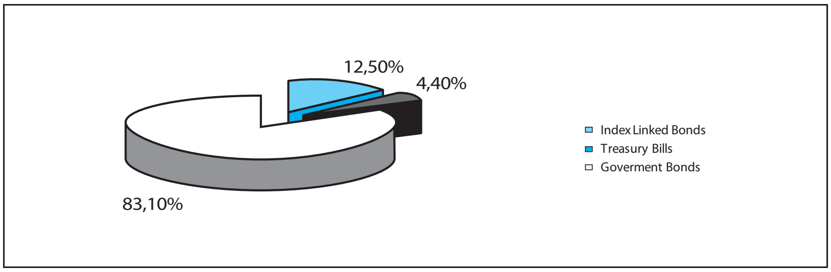
In the same period, the secondary market for Greek government securities showed increased volatility, reflecting increased investor uncertainty, and remained well above the average for the past few years, a trend also observed in the bond markets of the Euro zone.

The value of transactions in the Electronic Secondary Treasury Bonds Market (IDAT) decreased significantly, falling to 5.45 billion euros in December 2008, from 7.64 billion in November and 21.36 billion euros in December 2007. Limited liquidity, along with the risk aversion caused by the turmoil in financial markets, were reflected on the average bid/ask spread for bonds, which rose from 9.7 basis points in September 2007 to 22.9 basis point in September 2008. Out of 1.040 orders executed in the IDAT during December 2008, 43% concerned purchases and 57% concerned sales.

In 2008, the primary market for Greek government bonds saw a rise in interest rates, which followed yield trends in the secondary market. The rise of interest rates increased the servicing costs of floating rate bonds, and had an adverse effect on new government bond issues. The funds raised through the primary market were slightly increased as compared to the same period of the previous year. There were new issues of treasury bills and bonds, through auctions and syndications. New 3-year, 5-year and 10-year bonds were issued through auctions, and 30-year, 15-year and 23-year bonds were issued through syndication (see Figure 4 for the distribution of Greek government securities for 2008).

FIGURE 4

Distribution of Issued Government Securities, Jan-Sept 2008



Source: Bank of Greece

The Derivatives Market

In 2008, the financial derivative products market of the Athens Stock Exchange was marked by the growth of trading activity, an increase in the market share of equity derivative products, a decrease of activity in individual equities that constitute underlying assets, and certain institutional amendments.

In 2008, there was an increase in the volume of transactions in the derivatives market. The average daily volume of transactions on traded futures and options amounted to 28,795 contracts in 2008, as compared to 26,123 contracts in 2007, 23,287 contracts in 2006 and 18,792 contracts in 2005. The highest activity was observed in September 2008, with an average daily volume of transactions of 44,815 contracts. The average daily volume of transactions on stock options increased by 70.99%.

In 2008, 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 24.5%. The average daily volume of transactions on two derivative products whose underlying instrument is the FTSE/ASE 20 index accounted for 46.05% of the total average daily volume of transactions for the year 2008, as compared to 48.31% of the total average daily volume of transactions in 2007, 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 84.56% and 91.66% respectively.

The average daily volume of transactions on all stock futures rose from 9,946 contracts in 2006 and 12,308 in 2007 to 14,913 contracts in 2008, increased by 21.16% year-on-year. In 2008, the largest average daily volume of transactions concerned the future of Marfin Popular Bank (2,240 contracts), while the lowest average daily volume of transactions concerned the future of Emporiki Bank (10 contracts). Similarly, the average daily volume of transactions on stock options rose to 725 contracts in 2008, from 424 contracts in 2007. 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 51.77%, as compared to 47.12% in 2007 and 42.71% in 2006.

The total volume of transactions on Stock Repos fell to 72,348 contracts in 2008, from 878,101 contracts in 2007 and 517,538 contracts in 2006, while the volume of transactions on Stock Reverse Repos fell to 170,705 contracts in 2008 from 1,155,102 contracts in 2007 and 796,375 contracts in 2006. Finally, the total volume of transactions on Special Type Repurchase Agreements decreased by 80.35%, to 69,912 contracts from 355,965 contracts in 2007.

In 2008, there was an increase in the number of investors activated in the derivatives market. The number of end investor-client accounts amounted to 34,915, as compared to 34,820 accounts in 2007 and 31,355 accounts in 2006, registering an annual increase of 0.27% in 2008. The average monthly number of active accounts stood at 3,137 in 2008, as compared to 3,584 in 2007 and 3,358 accounts in 2006, and represented 8.98% of the total number of accounts in 2008, as compared to 10.81% in 2007.

The ratio of market maker to client transaction value for all the products traded in the derivatives market was 38:62 in 2008, as compared to 42:58 in 2007, and 38:62 in 2006 (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 36:64 in 2008, as compared to 33:66 in 2007.

The comparison of the value of transactions in the securities market to the value of transactions in the derivatives market of the ASE in 2008 indicates that the average ratio of the value of transactions on futures and options to the total value of transactions in the underlying market fell to 0.60 in 2008 from 0.54 in 2007 (Table 13). There 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 2008, from 0.39 in 2007, and 0.45 in 2006.

TABLE 11

Intermediation Agencies in the Derivatives Market, 2008

	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005	Dec. 2004
Trading Members	54	51	54	55	60
New members per year	4	1	3	2	2
Member mergers and deletions	-1	-4	4	-7	-9
Clearing Members (ADECH)	34	35	37	36	41
New members per year	0	0	3	0	2
Member mergers and deletions	-1	-2	-2	-5	-8
- Direct Clearing Members	22	23	24	24	29
- General Clearing Members	12	12	13	12	12
Terminals	291	295	303	310	405
API use agreements	32	29	32	30	33
Client Accounts	34915	34.820	31.355	27399	24.373
Products	10	11	11	11	11

Source: ASE

TABLE 12

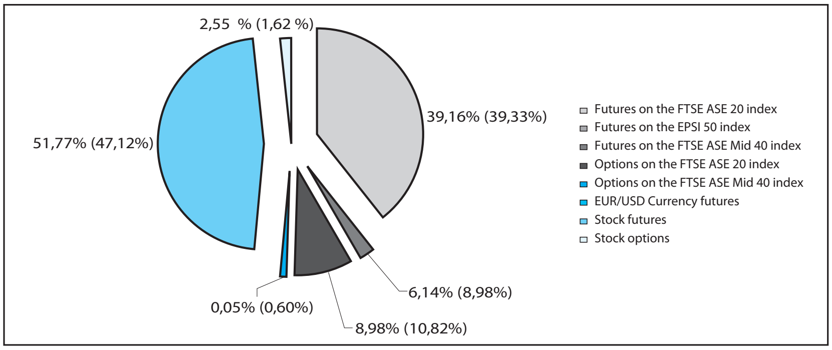
Distribution of Contracts in the Derivatives Market, 2006-2008

Derivative financial products of the ASE derivatives market	Distribution of Contracts					
	Average 2008		Average 2007		Average 2006	
	MM	Clients	MM	Clients	MM	Clients
FTSE/ASE- 20 futures	38%	62%	41%	59%	53%	47%
FTSE/ASE Mid 40 futures	12%	88%	32%	68%	29%	71%
FTSE/ASE- 20 futures	56%	44%	49%	51%	56%	44%
FTSE/ASE- 40 options	40%	60%	53%	47%	52%	48%
Stock futures	46%	54%	43%	57%	38%	62%
Stock options	36%	64%	33%	66%	0%	100%
TOTAL PRODUCTS	38%	62%	42%	58%	38%	62%

Source: ASE

FIGURE 5

Distribution of the volume of transactions in the Derivatives Market per Product, 2007-8



Source: ASE.
Note. The figures for 2007 are shown in brackets.

TABLE 13

Value of Transactions in the Underlying and Future Derivative Products Market, 2008

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. 2008	91%	54%	39%	47%	18%
Feb. 2008	92%	66%	38%	44%	19%
Mar. 2008	94%	61%	41%	47%	12%
Apr. 2008	93%	73%	31%	36%	15%
May 2008	90%	38%	20%	24%	5%
Jun. 2008	93%	99%	54%	65%	5%
Jul. 2008	93%	69%	50%	59%	2%
Aug. 2008	95%	57%	40%	46%	1%
Sep. 2008	94%	72%	55%	65%	0%
Oct. 2008	94%	45%	32%	39%	0%
Nov. 2008	94%	39%	31%	36%	0%
Dec. 2008	92%	43%	29%	37%	0%
Average 2008	93%	60%	38%	45%	6%
Average 2007	83%	54%	39%	48%	38%

Source: ASE

In 2008 the call: put ratio for the total of transactions on index options was in favor 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 remained at the same levels (0.97) of 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 2008 (maximum value: 1.36 in March; minimum value: 0.73 in August) with the average monthly value of the ratio amounting to 1.00 in 2008, as compared to 1.04 in 2007 and 1.47 in 2006. The value of the ratio for the FTSE/ASE40 index is higher than the value of the ratio for the FTSE/ASE Mid20 index (1.42 as compared to 0.97).

NEW CORPORATE SECURITY ISSUES

In 2008, the issuing activity of listed and new companies in the market plummeted, and returned to the lacklustre levels of the past five years. In the period 2003-2007, price trends upon initial listing were opposite to price trends upon secondary trading, in 2007 this relation was proportionate, while it was not possible to estimate this trend for 2008, due to lack of activity in the primary market. Indeed, as a result of negative market trends during 2008, no company proceeded to initial public offerings of tradable stock in the Athens Stock Exchange, despite the interest expressed by certain companies, while fifteen (15) listed companies undertook share capital increases. In 2008, listed companies raised 664.08 million euros through share capital increases, as compared to €10.69 billion in 2007, €4.16 billion in 2006, €2.76 million in 2005, €414.1 million in 2004, €462.1 million in 2003, €435.5 million in 2002 and €1.49 million in 2001.

Share Issues Through Public Offerings

In 2008, there were no initial public offerings in the Athens Stock Exchange, as compared to four IPOs in 2007, two IPOs in 2006, eight IPOs in 2005, ten IPOs in 2004 and sixteen IPOs in 2003 (Tables 14 and 15).

The number of initial public offerings fell to zero in 2008, in direct contrast to the great dynamism of the stock market during the early years of this decade (Table 15), which expressed the increased attractiveness of the stock market as a source of business financing in an environment of low interest rates. It should be noted that the total amount of funds raised through public offerings of stock and private placements amounted to 500.73 million euros in 2007 and 725.25million euros in 2006, and was equal to zero in 2008.

In 2008, there were public offerings of non-listed company shares. Three (3) companies proceeded to over-the-counter offerings: one co-operative bank and two professional soccer clubs (Figure 7). These share offerings raised a total of 87.43 million euros, with the cooperative bank raising 12.95%, PAOK FC raising 0.27% and Panathinaikos FC raising 86.78% of the total, in two different placements.

TABLE 14

Share issues through public offerings 2008

	Number of IPOs in 2007	Capital Raised (mn €)	Number of IPOs in 2008	Capital Raised (mn €)
Large Capitalization	2	465,87	0	0
Middle & Small Capitalization	2	34,86	0	0
Total	4	500,73	0	0

Source: HCMC

TABLE 15

Share issues through public offerings 2000-2008

Year	Total Offerings	Initial Public Offerings			Public offerings by Listed Companies		
		No	Amount (mn €)	% total	No	Amount (mn €)	% total
2008	0	0	0	0	0	0	0
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

TABLE 16

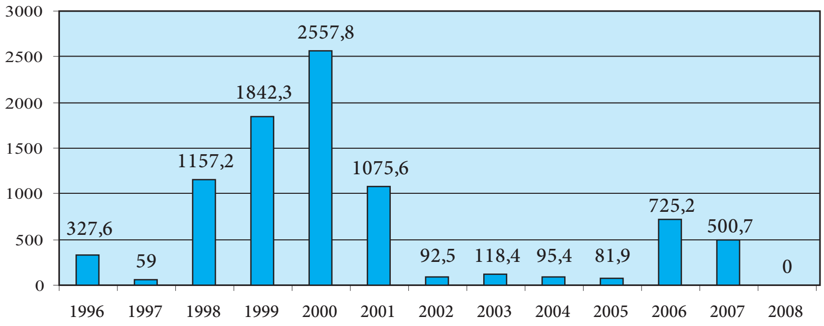
Quarterly distribution of share issues through public offerings 2007-8

Quarter		Number of issues		Funds Raised (€)		(% of total)		Average weighted over-subscription	
		2008	2007	2008	2007	2008	2007	2008	2007
1st	Average	0	1	0	11.520.000,0				
	Total			0	11.520.000,00	2,30	0	0	11,82
2°	Average	0	1	0	135.237.415,7				
	Total			0	135.237.415,7	27,00	0	0	1,65
3rd	Average	0	0	0	0				
	Total			0	0	0	0	0	0
4th	Average	0	2	0	76.988.047,7				
	Total			0	353.976.095,4	70,70	0	0	3,25
Total	Average	0	4	0	125.183.377,8				
	Total			0	500.733.511,1	100,0	0	0	7,40

Source: HCMC

FIGURE 6

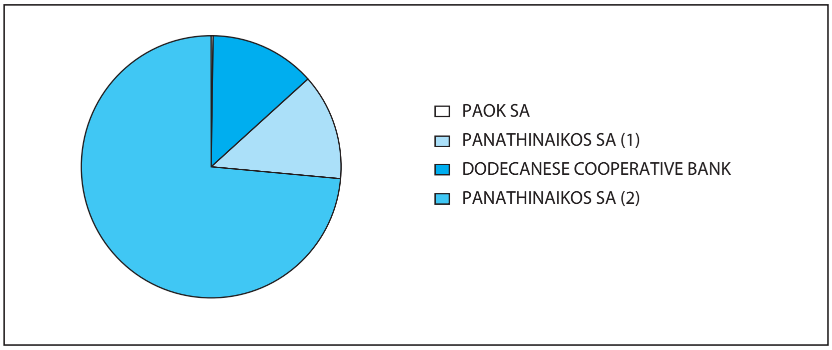
Capital raised from Initial Public Offerings, 2008 (million €)



Source: HCMC

FIGURE 7

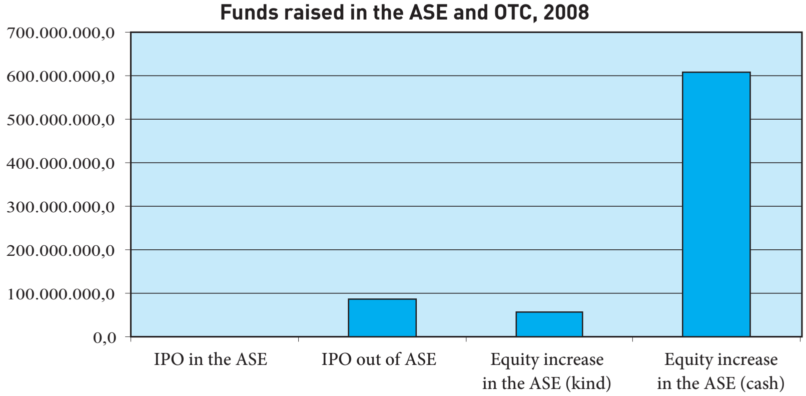
Distribution of funds raised by non-listed company public offerings, 2008



Source: HCMC

FIGURE 8

Funds raised in the ASE and OTC, 2008



Source: HCMC

Share capital Increases by ASE-Listed Companies

In 2008, ASE-listed companies showed considerable issuing activity: Fifteen (15) listed companies proceeded to share capital increases, as compared to twenty nine (29) in 2007, fourteen (14) in 2006, nineteen (19) in 2005, and eleven (11) in 2004 (Table 17). The total amount of funds raised amounted to 664.08 million euros, as compared to 10,186.53 million euros in 2007 and 3,438.4 million euros in 2006, decreased by 93.48% year-on-year. Of the total funds raised, 607.26 million euros were raised in cash and 56.82 million euros in kind.

Moreover, 45.06% of the total was raised by Forthnet SA. More specifically, four companies —Forthnet SA, Astir Palace Vouliagmeni SA, AEGEK and Plias SA— absorbed 76.88% of the total funds raised by ASE-listed companies by means of share capital increases.

The number of companies that performed share capital increases in 2008 was almost half than that of 2007, while the total value of funds raised reflects an ongoing corporate restructuring effort in the face of the current deterioration, the improvement of the companies' investment programs, and investor interest for placements in capital market securities.

The quarterly distribution of share capital increases in 2008 (Table 18) is the following: in the first quarter there were 2 share capital increases, with a total value of 56.50 million euros that absorbed 8.51% of the total funds raised throughout the year; in the second quarter there were also 2 increases, with a total value of 75.54 million euros that absorbed 11.38% of the total funds raised; in the third quarter there three increases, with a total value of 151.78 million euros that absorbed 22.86% of the total funds raised; and in the fourth quarter there were seven increases, with a total value of 380.26 million euros that absorbed 57.26% of the total funds raised.

TABLE 17

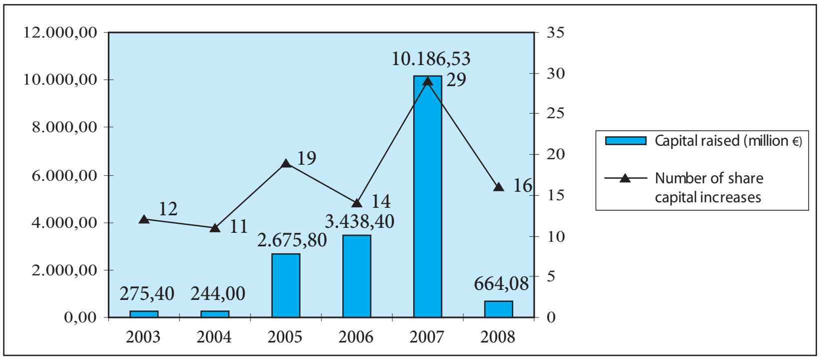
Share capital increases by ASE-listed companies, 2003-2008

2008		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 €)
16	664,08	29	10.186,53	14	3.438,4	19	2.675,8	11	244

Source: HCMC

FIGURE 9

Funds raised through share capital increases in the ASE, 2003-2008



Source: HCMC

TABLE 18

Quarterly distribution of share capital Increases by ASE Listed Companies, 2008

Quarter	Number of Share Capital Increases	Capital Raised (mn €)	(% of total)
1st	4	56,50	8,51%
2nd	2	75,54	11,38%
3rd	3	151,78	22,86%
4th	7	380,26	57,26%
Total	16	664,08	100,0%

Source: HCMC

1. The shares of Unisystems SA have been placed under suspension of trading

2. The share capital increase of GEK SA was approved on 19.12.2008 while trading on the new shares began on 02.01.09.

During 2008, there were eleven (11) share capital increases by payment of cash, of which eight (8) through public offerings in favour of existing shareholders and three (3) with abolition of pre-emptive rights in favour of other investors or banks.

The share capital increases through public offerings in favour of existing shareholders were initially subscribed through the exercise of pre-emptive rights, at rates that ranged from 25% to 100%, with an average subscription rate of 74.8%. In only three cases the share capital increase was undersubscribed, with subscription rates that ranged from 50.41% to 85.01%. The respective subscription rates for 2007 were 49.32% and 99.81% with an average subscription of 84.81%; in 2006 they were 13.11% and 98.44%, with an average subscription of 67.2%; and in 2005 they were 29.61% and 99.21% respectively, with an average subscription of 76.58%. The remaining share capital increases were performed through private placement with abolition of pre-emptive rights in favour of existing shareholders.

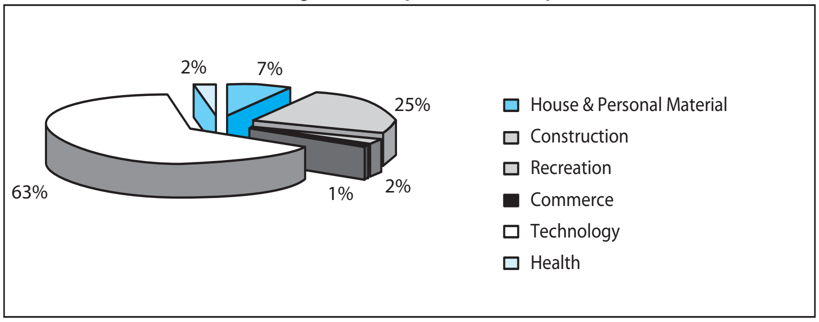
The distribution of funds raised through share capital increases per sector of activity in 2008 is illustrated by the following Figure. The Technology sector performed three increases, absorbing 330 million euros that accounted for 63%

of the total funds raised, of which 300 million euros were raised by Forthnet SA. The Construction and Materials sector performed six increases, absorbing 127 million euros that accounted for 25% of the total funds raised, of which 75 million euros were raised by AEGEK SA. The Personal & Household Goods sector performed three increases, absorbing 70 million euros that account for 7% of the total funds raised, and were raised by Hatzioannou Holdings SA and Plias Consumer Goods SA almost in their entirety. The remaining sectors absorbed 5% of the total funds raised, with individual percentages that ranged from 1% to 2%.

Two of the companies that performed share capital increases belong to the Large Capitalization category, eight belong to the Small and Middle Capitalization category, four are under probation (Biossol, Ideal Group, Plias Consumer Goods SA, AEGEK), of which Biossol SA made two share capital increases, and one company was under suspension of trading (Unisystems SA).

FIGURE 10

Funds raised through share capital increases per sector, 2008



Source: HCMC

The Fixed-income securities market

In 2008, there were two fixed income security issues by ASE-listed companies. Multirama SA, from the Specialty Retailers sector, issued fixed income securities through the distribution of prospectus, while there had been two (2) issues in 2007 and 2006, only one issue in 2005, five (5) issues 2004 and four (4) issues in 2003. The total value of funds raised amounted to 30 million euros in 2008, as compared to 320.01 million euros in 2007, 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

Corporate restructuring in the Greek market was increased in 2008, especially among listed companies, while there was also extensive M&A activity among listed and non-listed companies (Table 19). During the year, there were 40 corporate restructuring deals. These deals included 5 mergers (as compared to 6 in 2007) among ASE-listed companies from the Farming & Fishing, Investment Services, Travel & Leisure, Food and Construction sectors; 22 absorptions of non-listed companies (as compared to 24 in 2007) by listed companies from the Farming & Fishing, Banks etc. sectors, and 13 spin-offs from listed companies to 12 non-listed and 1 listed company (as compared to 9 in 2007) to 8 non-listed and 1 listed company, which concerned two companies from the Aluminum sector, three companies from the Construction sector, and one company from each of the Banks, Building Materials & Fixtures, Publishing, Farming & Fishing, Footwear, Industrial Suppliers and Software sectors.

TABLE 19

Mergers & acquisitions, spin-offs, and branch transfers, 2008 (parts A, B, C & D)

Rank	LISTED COMPANY	SECTOR	TARGET COMPANY	SECTOR
	A. Mergers among ASE listed Companies			
1	NIREFS SA	Farming & Fishing	KEGO SA	Farming & Fishing
2	DIAS INVESTMENT CO	Investment Companies	GLOBAL	Investment Companies
3	ATTICA HOLDINGS	Travel & Leisure	BLUE STAR SHIPPING SA	Travel & Leisure
4	KATSELIS SONS SA	Food Products	ALLATINI Ind. & Com Co	Food Products
5	GEK SA (now GEK TERNA SA)	Construction	TERNA SA (non-construction sector)	Construction
	B. Mergers among ASE-listed and non-listed companies			
1	PROTON BANK SA	Banks	PROTON FINANCE SA	
2	INTERFISH SA	Farming & Fishing	LESBOS AQUACULTURES SA KORONIS AQUA CULTURES SA STEFANOU AQUACULTURE SA	
3	MARAC ELECTRONICS SA	Telecoms Equipment	TEMA ENERGY SA	
4	UNIBRAIN SA	Software	HELLAS ON LINE SA	
5	NEOCHIMIKI L.V. LAVRENTIADIS SA	Commodity Chemicals	LAMDA LAMDA SA PETROSOL SA NEOCHIMIKI INTERNATIONAL SA MONOCHEM SA	
6	OTE SA	Fixed Line Telecommunications	OTENET SA	
7	VIVARTIA SA	Food Products	Spin-off of EVROTROFES SA	
8	XYLEMPORIA SA	Building Materials & Fixtures	XYLEMPORIKI ENOSIS DIMITROPOULOS-POLYCHRONOPOULOS SA	
9	PC SYSTEMS SA	Computer Services	OPENTEC SA Spin-off from COMPUTERBANK SA	
10	HAIDEMENOS SA	Business Support Services	HELLENIC PRINTING SA	
11	ALAPIS SA	Pharmaceuticals	BIODOMUS S.A. FARMALEX SA RIEVOLD SA ALAPIS CROPSCIENCE SA	
12	INTRACOM CONSTRUCTIONS	Construction	Spin-off from CYBARCO SA Spin-off from TC T. KARAGIANNIS SA Spin-off from EUROKAT SA	
13	A-B VASSILOPOULOS SA	Food Retailers & Wholesalers	P.L. LOGISTICS CENTER SA	
14	DIAS AQUA CULTURE SA	Farming & Fishing	NEPTUNUS SEA FARM SA	
15	S&B INDUSTRIAL MINERALS SA	General Mining	PARNASSOS Insurance Agents	
16	ATTICA HOLDINGS SA	Travel & Leisure	SUPERFAST FERRIES SHIPPING	
17	KATSELIS SONS SA	Food Products	ELVIPET SA	
18	VIVARTIA SA	Food Products	SARANTA SA RESTAURANT	

Source: HCMC

19	NATIONAL BANK OF GREECE	Banks	P & K SA	
20	P.G. NIKAS SA	Food Products	NIKAS SPARTI SA	
21	UNITED TEXTILES	Clothing & Accessories	HELIX SA	
22	HERACLES GENERAL CEMENT COMPANY SA	Building Materials & Fixtures	AMBER SA	
	C. Mergers among non-listed and listed companies			
1	LISTED COMPANY	SECTOR	COMPANY TO WHICH THE BRANCH IS TRANSFERRED	
2	ELVAL SA	Aluminum	SYMETAL SA	
3	AEGEK	Construction	AEGEK CONSTRUCTION SA	
4	NATIONAL BANK OF GREECE	Banks	NATIONAL INVESTMENT CONS	
5	I. KLOUKINAS – I. LAPPAS SA	Construction	I. KLOUKINAS – I. LAPPAS T. SA	
6	BIOSOL SA (now UNIBIOS HOLDING SA)	Building Materials & Fixtures	Viosol SA	
7	X.K. TEGOPOULOS EDITIONS	Publishing	CHRISI EFKERIA PUBLISHING SA	
8	KEGO SA	Farming & Fishing	KEGO AGRI SA	
9	RIDENCO SA	Footwear	RIDENCO COMMERCIAL SA	
10	TERNA SA (non-construction branch)	Construction	LITHOS SA	
11	ETEM SA	Aluminum	ANOXAL SA	
12	ZENON SA	Industrial Machinery	SPA STRATEGIC ADVERTISING DESIGN SA	
	D. Spin-offs and branch transfers of ASE listed companies			
1	TERNA SA (spin-off and transfer of non-construction branch)	Construction	GEK SA	Construction

Source: HCMC

PART THREE

CAPITAL MARKET INTERMEDIARIES

INVESTMENT FIRMS

General Overview

In 2008, seventy two (72) investment firms were operating in the Greek market. More specifically, in 2008 the Hellenic Capital Market Commission approved, in order to ensure compliance with Law 3606/2007 (MiFID), operating license amendments for seventy two (72) investment firms, share capital increases for four (4) investment firms, and the amendment of the charter of one (1) investment firm. Moreover, the HCMC approved the eligibility of new Investment Firm board members in twenty-two (22) cases and the eligibility of an Investment Firm manager in one (1) case. In addition, the HCMC approved the acquisition of qualifying holdings in Investment Firms in sixteen (16) cases, and the offering of qualifying holdings in Investment Firms in three (3) cases. Finally, in 2008 two (2) investment firms were absorbed by two (2) credit institutions.

In 2006, the Common Guarantee Fund was set to approximately 149.07million euro, including Investment Firms-ASE members and credit institutions-ASE members.

Trading activity

The erosion of investor sentiment during 2008 led to reduced trading activity in the ASE. The total value of transactions (purchases and sales) by investment firms-ASE members amounted to 156.35 billion euros in 2008, registering an annualized increase of 35.55% (Figure 11). The average value of transactions per investment firm-ASE member was 2.06 billion euros in 2008, as compared to 3.23 billion euros in 2007. Only ten investment firms-ASE members, which accounted for 13% of the total, outperformed this average, against nine firms in 2007, which represented 12% of the total.

The value of transactions performed through the Thessalonica Stock Exchange Centre amounted to almost 5.32 billion euros in 2008, as compared to 5.5 billion euros in 2007. The ratio of transactions in the Thessalonica Exchange Centre to the total value of transactions in the ASE stood at 6.81% in 2008, as compared to 4.53% in 2007.

Competition and 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 59% in 2008 from 55% in 2007 and 51% in 2006, while the top ten investment firms-ASE members executed 86% of the total value of transactions.

Investment firms-ASE members that are subsidiaries of credit institutions executed 48.68% of total transactions in 2008, as compared to 49.34% in 2007. 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. Credit institution subsidiaries that were only ASE members, and are operating in the ASE, represented 12% of all investment firms-ASE members, as compared to 15% in 2007.

In 2008, there were fifteen (15) active remote members in the ASE, accounting for 20% of the total. Investment firms that are remote ASE members executed 2.81% of total sales and purchases.

FIGURE 11

Value of transactions by investment firms-ASE members and average value per member, 2004-2008 (billion €)

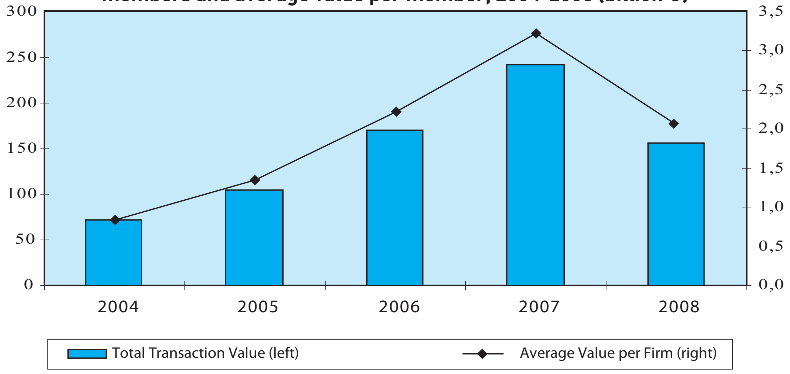


TABLE 20

Analysis of the value of transactions by investment firms-ASE members, 2004-2008 (,000 €)

Transaction analysis (purchases & sales)	2005	2006	2007	2008
Total Transaction Value	105.131.605	170.679.388	242.559.704	92.089.404
Share (% of total) for the 4 largest Investment Firms-ASE members	52,45%	50,75%	55%	59%
Average value per Investment Firm-ASE member	1.347.841	2.216.615	3.244.129	2.057.309
Maximum annual transaction value per Investment Firm-ASE member	18.495.383	29.143.882	43.090.565	31.943.239
Minimum annual transaction value per Investment Firm-ASE member	338.303	13.361	193.990	406.629
Share (%) of transaction value by Investment Firms-Bank subsidiaries	65,05%	55,34%	49,34%	48,68%

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

TABLE 21

Market Share Concentration of Investment Firms-ASE members, 2005-2008

Classification of firms according to market share	2008	2007	2006	2005
1-10	85,68%	84,2%	80,3%	78,8%
11-25	6,94%	9,1%	11,7%	12,2%
26-45	4,83%	4,4%	5,5%	5,8%
46-78	2,54%	2,3%	2,5%	3,2%

Source: Hellenic Capital Market Commission

Provision of credit by Investment Firms-ASE members

In 2008, there was a decrease in the value of credit extended by investment firms-ASE members to their clients for the purchase of securities (margin account trading). Table 22 presents the development of margin account trading for the year 2008, 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 57 firms became active in this field. The average number of active margin account contracts increased from 14,017 in 2007 to 14,724 in 2008. Total average debit balances in margin accounts decreased from 318 million euro in 2007 to 235 million euro in 2008, and reached their highest level in February 2008 (318 million euro). The average value of security portfolios decreased in average from 1.714 billion euros in 2007 to 1.296 billion euros in 2008.

TABLE 22

Margin Account Trading, 2008

Month	Announcement of Investment Firms-ASE members for the provision of credit	Number of Investment Firms-AS 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	49	14.761	37.095	128.672.195	782.765.527
Nov.	57	50	14.815	36.777	134.945.796	777.126.128
Oct.	57	50	15.084	35.105	130.992.266	815.682.200
Sep.	57	50	14.962	34.530	241.301.289	1.144.907.882
Aug.	57	50	14.848	33.978	244.422.339	1.261.133.031
Jul.	57	50	14.782	33.790	242.488.167	1.306.510.563
Jun.	57	50	14.886	33.356	286.818.845	1.417.130.197
May	57	50	14.615	31.235	248.283.041	1.505.764.312
Apr.	57	50	14.537	32.511	266.881.788	1.615.627.699
Mar.	57	50	14.519	32.050	282.289.542	1.572.045.621
Feb.	57	50	14.469	31.689	318.808.674	1.681.246.320
Jan.	57	50	14.404	31.193	299.306.130	1.683.494.146
Avg. value	57	50	14.724	33.609	235.434.173	1.296.952.802

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.

COLLECTIVE INVESTMENT MANAGEMENT FIRMS

Developments in the Greek mutual fund market

In 2008, the Greek mutual fund market saw a substantial decrease in total mutual fund net assets, as a result of outflows in all M/F categories and the substantial decrease in equity portfolio valuations. The total number of Mutual Fund Management Firms remained at 2007 levels in 2008, i.e. 22, as compared to 26 firms in 2006. The total number of mutual funds under management rose to 352 in 2008, as compared to 329 in 2007 and 269 in 2006.

The distribution of mutual funds by investment at the end of 2008 was the following: 141 equity funds, 92 bond funds, 51 mixed (or balanced) funds, 38 "funds of funds", 28 money market funds and 2 foreign market mutual funds.

In 2008, the institutional framework of the mutual fund market was improved through the issuance of two HCMC Rules, concerning Mutual Fund Management Firms. HCMC Rule 1/462/7.2.2008 "Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Companies", which sets and specifies the main conduct principles MFMFs must adhere to, and HCMC Rule 2/462/7.2.2008 "Organization of mutual fund share distribution networks" on MFMF obligations regarding the organization of mutual fund share distribution networks, the fitness test and record-keeping obligations regarding natural persons engaged in MF share distribution and, finally, the review of MFMF application forms.

TABLE 23

Net assets and Number of Mutual Funds, 2004-2008

MF Classification	31.12.2008		31.12.2007		31.12.2006		31.12.2005	
	Value (mn €)	No. of M/F	Value (mn €)	No. of M/F	Value (mn €)	No. of M/F	Value (mn €)	Αριθμ Α/Κ
Money Market	2.522,88	28	7.968,91	26	5.894,31	30	4.938,86	32
Bond	3.333,97	92	4.347,09	62	6.222,15	66	13.578,09	66
Equity	2.606,67	141	5.197,85	93	6.351,56	105	5.994,18	105
Mixed	1.296,06	51	2.722,31	46	2.492,43	46	2.623,45	44
Funds of Funds	645,22	38	1.439,27	30	2.950,00	22	809,40	11
Foreign Market MFs	15,47	2	2.843,24	69	-	-	-	-
Total	10.420,28	352	24.518,67	326	23.910,45	269	27.943,98	258

Source: Union of Greek Institutional Investors, HCMC

TABLE 24

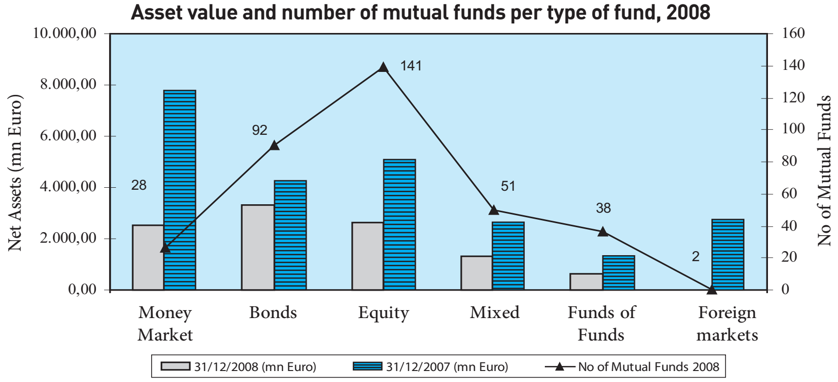
Net Mutual Funds Assets and macroeconomic aggregates, 1991-2008

Date	ASE Capitalization (€ million)	Commercial Bank Deposits (mn €)	Net Mutual Funds Assets (mn €)
Dec. 2008	-	270.035,8	10.420,3
Oct. 2008	278.986,5	279,413,5	11.660,0
Dec. 2007	248.524,3	390.161,7	24.518,7
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

Asset value and number of mutual funds per type of fund, 2008



At the end of 2007, the total net assets of mutual funds amounted to 10.4 billion euros, as compared to 24.52 billion euros at the end of 2007 and 24.77 billion euros at the end of 2006. This substantial reduction (57.5%) was due to the contraction of the net assets in all M/F categories, and mainly the contraction of the net assets of money market mutual funds by 5.48 billion euros and the net assets of equity mutual funds by 3.39 billion euros. Since the beginning of 2008, the equity, mixed, bond and money market mutual fund categories also include the mutual funds that have been formed in other European Union member-states, albeit are managed by Greek Mutual Fund Management Firms. The foreign markets category includes only those mutual funds that can not be classified.

The net assets of bond funds plummeted by 41.77% year-on-year, owing to large outflows from both foreign bond M/Fs (1,942.96 million euros), and domestic bond M/Fs (265.75 million euros). The net assets of bond funds continued to fall throughout the year, with the exceptions of August and December, and the largest drop were observed in October (19.66%).

The net assets of equity funds registered an annual decrease of 56.53%, mainly as a result of the large decrease in equity portfolio valuations. Total outflows from this M/F category amounted to 413.63 million euros. The largest decrease in net assets was registered by foreign equity funds (60.68%), followed by domestic equity funds, whose net assets decreased by 43.27%. The average annual return of domestic equity M/Fs was -55.56% in 2008, while during the same year the General Index of the ASE lost 65.5%, the FTSE/ASE 20 lost 66.12%, and the FTSE/ASE Mid 40 and FTSE/ASE 80 indices lost 69.66% and 60.03% respectively.

In 2008, the net assets of mixed mutual funds decreased by 52.45%. This was mainly the result of total net outflows from foreign mixed funds, which amounted to 841.24 million euros for the entire year, as well as of the negative average annual return of mixed funds, which stood at -27.14% for domestic, and -24.99% for foreign mixed funds. In the case of foreign mixed funds, the largest net asset decrease was observed in December and amounted to 41.02%, while the largest decrease for domestic funds was observed in October and amounted at 13.63%.

In 2008, the net assets of money market mutual funds decreased by a dramatic 68.47%. The net assets of domestic money market M/Fs decreased by 21.89%, while the net assets of foreign money market M/Fs increased by 75.21%. The largest net asset decreases for both domestic and foreign money market funds were observed in October, and amounted to 17.25% and 58.16% respectively. Domestic money market M/Fs suffered net outflows of 245.43 million euros, while foreign money market M/Fs received net inflows of 5,387.22 million euros.

The net assets of "Funds of funds" registered a major loss of 68.49% in 2008, falling to 645.22 billion euros. This type of mutual funds suffered substantial outflows during 2008, which amounted at 1,019.23 million euros. It should be noted that the average annual returns of equity and mixed "funds of funds" in 2008 stood at -44.82% and -19.42% respectively.

The net assets of foreign market mutual funds decreased by 52.05% in 2008, and fell to 15.47 billion euros. Annual net inflows in this category reached 14.08 billion euros, while the average annual return was negative and stood at -13.80%.

In the first three quarters of 2008, the total net assets of Greek mutual funds decreased by 30.2%, as compared to a 15.9% decrease in the total net assets of European UCITS mutual funds. With the exception of money market mutual funds, the net asses of Greek mutual funds followed a similar, albeit more spectacular, drop pattern to the one experienced by European mutual funds. During the first nine months of 2008, the net asses of Greek equity, bond and mixed funds, as well as Greek "funds of funds" decreased by 40.55%, 24.05%, 29.77% and 56.20% respectively, as compared to decreases of 31.8%, 14.4%, 14.2% and 24.8% for the corresponding European M/Fs during the same period. On the contrary, the net assets of Greek money market mutual funds fell by 20.41%, while the net assets of European M/Fs of the same category rose by 14.2% during the same period.

In 2008, all mutual fund categories in the Greek market suffered a net outflow of 10,129.5 million euros. The highest net outflow (5,387.2 million euros) was incurred by foreign money market M/Fs, followed by domestic bond funds, with total net outflows of 1,943 million euros.

By the end of 2008, the structure of the mutual fund market had undergone changes in comparison to 2007 (see Table III of the Appendix). The market share of bond mutual funds rose to 32.0% from 23.34% in 2007, while domestic bond mutual funds improved their market share against foreign bond M/Fs (with domestic/foreign ratios of 34.14%:65.86% in 2008, as compared to 25.05%:74.95% in 2007).

By the end of 2008, there were 92 bond mutual funds, of which 24 were domestic and 68 foreign. The market share of equity mutual funds remained at 2007 levels, and stood at 25.02% as compared to 24.45% in 2007. By the end of the year there were 141 equity mutual funds, of which 70 were domestic and 71 foreign. In the same year, the market share of "funds of funds" was reduced to 6.19%, from 8.35% in 2007. By the end of 2008, there were 38 "funds of funds", of which 16 equity, 19 mixed and 3 bond funds. The market share of money market mutual funds plummeted to 24.21% in 2008 from 32.62% in 2007. By the end of the year there were 28 money market mutual funds, of which 21 domestic and 7 foreign. The share of mixed mutual funds registered a slight increase, and stood at 12.44% by the end of 2008, as compared to 11.11% in 2007. At year-end, there were 51 mixed mutual funds, of which 31 were domestic and 20 foreign. Finally, the market share of foreign mutual funds stood at 0.1%.

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 2008, total net mutual fund assets decreased by 20.76%, against a 33.58% decrease in the General Index of the ASE, while during the second semester of 2008 the total net assets of mutual funds decreased by 46.39%, while the General Index of the ASE lost 48.06%. More specifically, the substantial negative yields of equity funds, in conjunction with the outflows suffered mainly by bond funds and funds of funds, led to a decrease in the total net assets of mutual funds. In the second half of the year, the total net assets of mutual funds suffered a large drop owing to both the deterioration of equity portfolio valuations, as well as the escalation of outflows, mainly from money market mutual funds.

The concentration of mutual fund assets decreased in 2008. By the end of the year, the three largest mutual fund management firms had funds under management of 7.04 billion euros, which accounted for 67.57% of total mutual fund assets, as compared to assets of 19.22 billion euros, and a corresponding market share of 78.44% in 2007. The five largest mutual fund management firms had funds under management that accounted for 79.05% of total mutual fund assets in 2008, as compared to 86.52% in 2007 (see Table II of the Appendix).

In 2008, the Hellenic Capital Market Commission approved the formation and operation of sixteen (16) new mutual funds, the merger of seven (7) mutual funds, and the amendment of internal regulations for sixty-two (62) 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 2008 the Commission approved the sale of shares from three hundred and sixty nine (369) new mutual funds of foreign UCITS.

TABLE 25

Net Assets and Units of Mutual Funds, 2008

MF Classification	Type of M/F	Net Assets 31.12.2008 (€)	Annual Change (%)	No. of shares 31.12.2008	Annual Change (%)
	Domestic	789.971.703		236.090.965	
Money market	Foreign	1.732.911.529		194.742.620	
	Total	2.522.883.231	-68,47	430.833.585	-57,90
	Domestic	1.138.111.838		194.988.022	
Bond	Foreign	2.195.861.355		508.593.299	
	Total	3.333.973.193	-41,77	703.581.321	-64,21
	Domestic	1.794.508.336		368.016.273	
Equity	Foreign	812.162.616		256.716.407	
	Total	2.606.670.952	-56,53	624.732.680	-13,28
	Domestic	1.029.842.301		198.012.210	
Mixed	Foreign	266.217.099		46.585.647	
	Total	1.296.059.400	-52,45	244.597.857	-33,36
Funds of Funds	Total	645.224.442	-68,49	354.250.193	-60,08
Foreign Market MFs	Total	15.467.000	-52,05	13.074	-44,32
TOTAL		10.420.278.220	-57,50	2.358.008.710	-52,48

Source: Union of Greek Institutional Investors, HCMC

FIGURE 13

Asset value of mutual funds, total market capitalization and the ASE General index, 2008

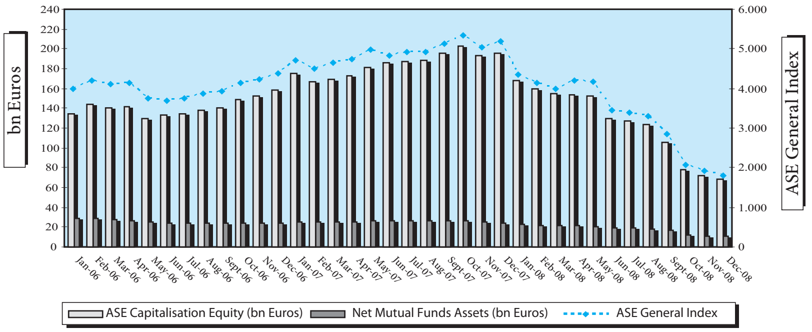


FIGURE 14

Asset value and market structure of mutual funds 2004-2008

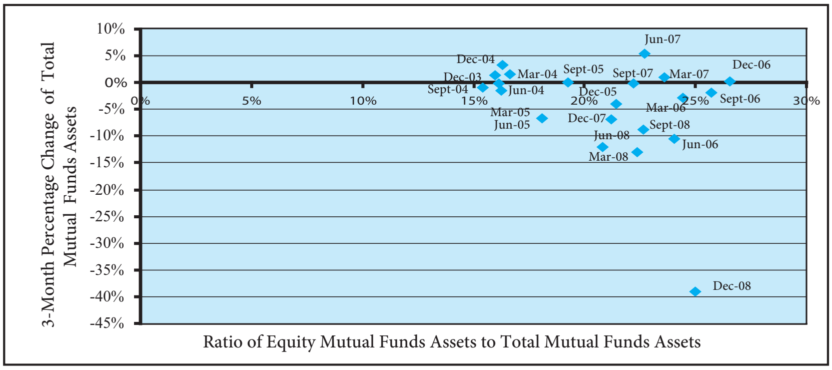


TABLE 26

New Foreign UCITS in the Greek market, 2008

Year	UCITS covered by Directive 85/611/EEC		UCITS covered by Directive 85/611/EEC	
	Number of UCITS	Number of M/F	Number of UCITS	Number of M/F
2008	9	369	0	0
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 from the European Fund & Asset Management Association (E.F.A.M.A.), in the first nine-months of 2008 the total net assets of mutual funds in European markets decreased by 13.5%. During the same period, the total net assets of UCITS mutual funds were reduced by 15.9%, mainly because of the decrease in the total assets of equity mutual funds by 31.8% and in the total assets of bond funds by 14.4%. The only net asset increase was registered by money market mutual funds (14.2%).

Net sales were negative for the total of UCITS mutual funds during the first nine months of 2008, and amounted to 193 billion euros. The only mutual fund category that saw net inflows during the first nine months of 2008 was that of money market funds, which rose to 72 billion euros. The heaviest outflows (135 billion euros) were suffered by equity funds, followed by bond funds (105 billion euros). The third quarter of the year saw the largest net outflow in all UCITS mutual funds (92 billion euros).

Net asset changes during the first nine months of 2008 brought about major alterations in the market shares of money market funds (22.6% as compare to 16.5% at the end of 2007) and equity funds (32.6% as compared to 39.9% at the end of 2007). Market shares for the remaining UCITS mutual fund categories remained at December 2007 levels, and stood at 22.3% for bond funds, 15.9% for mixed funds and 1.6% for funds of funds. The above figures do not include Irish mutual funds, for which there is no classification.

France and Luxembourg dominate the European UCITS mutual fund market, with a combined market share of 53.3% in the first nine-months of 2008, followed by Ireland, the United Kingdom and Spain with market shares of 11.2%, 9.3% and 4.2% respectively. The only UCITS mutual funds that managed to increase their net assets at the end of the third quarter of 2008 as compared to the end of 2007, were those of Slovakia (9.0%) and Hungary (0.2%). The largest decreases during this period were suffered by the UCITS mutual funds of Bulgaria (45.6%), followed by those of Poland (38.1%). 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 2008, the total net assets of non-UCITS mutual funds decreased by 4.9%; British investment trusts suffered the greatest net asset losses (30.8%), followed by Luxemburg's non-UCITS mutual funds, whose net assets decreased by 17.7%. Finally, real estate funds registered a net asset increase of 2.6%.

TABLE 27

Net assets of UCITS mutual funds, 2006-2008

M/F Classification	30.9.2008			30.6.2008	31.3.2008	31.12.2007
	Total net assets (bn €)	% of Total	Percentage Change 9.08-12.07	Total net assets (bn €)	Total net assets (bn €)	Total net assets (bn €)
Equity	1.500	32,6%	-31,79%	1.739	1.800	2.199
Mixed	734	15,9%	-13,95%	769	786	853
Funds of Funds	75	1,6%	-25,00%	80	77	100
Bond	1.025	22,3%	-14,37%	1.063	1.108	1.197
Money Market	1.040	22,6%	14,16%	1.014	1.022	911
Other	228	5,0%	-9,88%	245	242	253
Total[1]	4.602	100,0%	-16,52%	4.911	5.035	5.513
Incl. Ireland	5.181		-15,89%	5.537	5.659	6.160

Source: EFAMA

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

TABLE 28

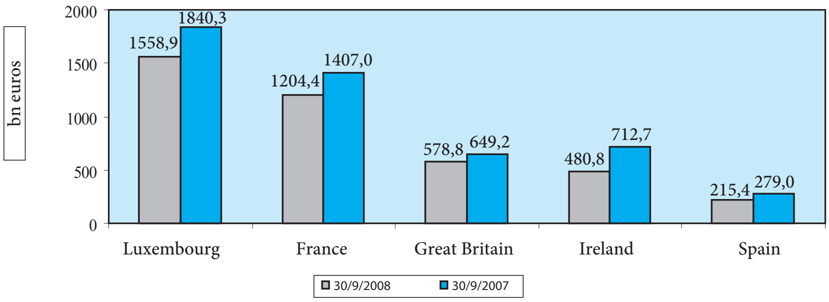
Net mutual fund assets of UCITS from the top five (5) EU member-states, 30.09.2008

Country	30.9.2008			31.12.2007	
	Total net assets (bn €)	% of the total in the EU market	Percentage change 09.08-12.07	Net assets (billion Euros)	% of the total in the EU market
Luxembourg	1.558.850	30,09%	-14,54%	1.823.969	29,61%
France	1.204.400	23,25%	-10,89%	1.351.600	21,94%
Ireland	578.819	11,17%	-10,45%	646.392	10,49%
Un. Kingdom	480.812	9,28%	-25,45%	644.985	10,47%
Spain	215.353	4,16%	-20,05%	269.366	4,37%
Total	4.038.234	77,94%	-14,74%	4.736.312	76,88%
Total Europe	5.181.159		-15,89%	6.160.328	

Source: EFAMA

FIGURE 15

Net asset value of UCITS of the five largest EU member-States, 2008



Portfolio Investment Companies

By the end of 2008, the shares of seven (7) Portfolio Investment Companies (PICs) were traded in the Athens Stock Exchange, with a total market capitalization of 138.9 million euros, as compared to 328.7 million euros for eight (8) listed companies by the end of 2007, and 320.9 million euros for eight (8) companies listed by the end of 2006.

At the end of the year, the total net asset value of PICs amounted to 236.57 million euros, as compared to 413.55 million euros in 2007, and 384.77 million euros in 2006. PIC shares traded at an average weighted discount of 41.33%, as compared to a discount of 20.49% by the end of 2007, and 16.87% at the end of 2006. In 2008, the average annual return of portfolio investment companies was negative, and stood at 36.77%.

In 2008, the institutional framework that governs PIC operation was enhanced through the issuance of HCMC Rule 1/462/7.2.2008 "Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Companies", which sets and specifies the main conduct principles PICs must adhere to. Finally, in 2008 the Hellenic Capital Market Commission approved the merger of two listed-PICs by absorption.

CLEARING AND SETTLEMENT OF TRANSACTIONS

An integral part of the transaction clearing and settlement system is the Dematerialized Securities System (DSS), a register for crediting the dematerialized securities that have been listed in regulated markets or are traded in Multilateral Trading Facilities. The transfers of dematerialized securities are monitored through the investors' trading and securities accounts kept with the DSS. The Dematerialized Securities System is operated by "Hellenic Exchanges SA Holding" (ATHEX), in accordance with Law 3606/2006.

In 2008, HCMC Rule 1/461/24.1.2008 amended the Rulebook of the Dematerialized Securities System, in order to adapt it to the provisions of Law 3606/2006. This rule introduces the "General Operator" concept, i.e. Operators with increased own capital that enables them to give orders for the transfer of securities between different accounts, in order to settle transactions performed over-the-counter. Moreover, HCMC Rule 1/470/5.5.2008 amended the Rulebook of the Dematerialized Securities System, in order to support dividend re-investment plans. Finally, HCMC Rule 1/495/31.12.2008 introduced the record date rule, replacing the trade date rule for the definition of beneficiaries in the case of corporate transactions on dematerialized securities.

In 2008, 35,493 new accounts were opened, as compared to 41,238 accounts opened in 2007 (a 13.9% decrease), while 2,880 accounts were deactivated, as compared to 3,929 deactivations in 2007. By the end of the year, the total number of trading accounts in the DSS amounted to 2,113,570, reduced by 1.6% year-on-year (Table 29). The number of accounts with balances decreased to 953,853 by the end of 2008, from 964,171 in December 2007. Moreover, 6,321 Joint Investment Accounts were created in 2008, as compared to 1,177 in 2007.

In 2008, the year-end participation of domestic investors to the market capitalization of the ASE rose to 51.8%, from 47.7% in 2007. The positions of private domestic investors accounted for 21.1% of total market capitalization in the ASE, as compared to 19.4% in 2007, while the positions of the public sector accounted for 15.1% of total market capitalization, as compared to 12.7% at the end of 2007. The year-end participation of foreign investors to the market capitalization of the ASE fell to 47.9%, from 51.8% in 2007, and 46.6% in 2006. This reduction was due to the decreased participation of foreign institutional investors, which accounted for 32.4% of total market capitalization in the ASE, as compared to 39.7% in 2007.

In 2008, foreign investors performed purchases of 46.3 billion euros and sales of 49.9 billion euros, leading to a net outflow of 3.6 billion euros. Overall, domestic investors were buyers, with a total inflow of 2.9 billion euros, of which 1.2 billion euros originated from domestic private investors.

TABLE 29

Number of new Stock Trading Accounts in the DSS by month, 2001-2008

Month / Year	2008	2007	2006	2005	2004	2003	2002
January	3.052	4.013	3.223	3.661	4.427	1.663	2.156
February	2.522	2.297	2.564	1.459	18.352	36.441	2.243
March	1.858	3.685	3.229	1.526	1.861	2.503	2.776
April	2.304	2.974	3.260	3.836	2.372	2.390	1.942
May	2.073	2.122	9.892	1.108	1.961	16.728	1.408
June	1.710	9.153	14.662	1.873	1.322	3.659	1.489
July	2.621	3.605	5.027	7.146	1.784	4.744	1.826
August	1.488	3.331	2208	2.362	1.066	2.573	1.131
September	1.873	1.939	2869	1.511	1.611	15.330	1.342
October	6.505	3.031	4709	2.623	5.230	3.446	1.604
November	6.465	2.847	2982	1.600	1.473	10.207	1.739
December	3.022	2.221	2042	2.107	1.409	1.399	2.476
Total new accounts	35.493	41.218	56.667	30.812	42.868	101.083	22.132
Account deactivations	2.880	3.929	334.549	6.626	3.743	3.142	4.495
Total accounts	2.107.910	2.075.297	2.043.668	2.321.550	2.297.364	2.258.239	2.160.298

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

TABLE 30

Distribution of trading accounts in the Athens Stock Exchange, 31.12.2008

	Accounts with balances		Capitalization	
	No	Percentage (%)	Value (mn €)	Percentage (%)
I. Domestic Investors	929.795	97,48	35.231,70	51,07
• Private domestic	926.374	97,12	14.549,61	21,09
• Private financial [1]	527	0,06	4.547,36	6,59
• Private non-financial	2.263	0,24	5.728,76	8,30
• Public Sector	630	0,07	10.405,96	15,08
• Other domestic investors	1	0,00	0,01	0,00
II. Foreign Investors	18.879	1,98	33.008,43	47,85
• Private-foreign	11.667	1,22	313,06	0,45
• Legal Entities	1.217	0,13	8.083,54	11,72
• Institutional Investors	5.790	0,61	22.346,17	32,39
• Other legal entities	205	0,02	2.265,66	3,28
III. Other Investors [2]	5.179	0,54	745,17	1,08
Total I +II + III	953.853	100,00	68.985,30	100,00

Source: Hellenic Exchanges SA "Axia Numbers", Monthly Statistical Bulletin, December 2008.

Note. 1.Insurance companies, pension funds, UCITS, Investment Firms, financial institutions, factoring, leasing, venture capital companies, Financial Intermediation Firms 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 2008, 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 2/480/24.7.2008 (Gazette B 1564/6.8.2008) "Amendment of HCMC Rule 3/452/1.11.2007 (Gazette B /2138/1.11.2007) on the 'Evaluation of Qualifying Holdings'." This rule amends articles 1 and 2 and the appendix of HCMC Rule 3/452/1.11.2007.
- HCMC Rule 1/474/13.6.2008 (Gazette B 1368/14.7.2008) "Evaluation Report regarding Investment Firm Compliance with the organizational requirements of Law 3606/2007". This rule defines the content, manner and timing regarding the submission of evaluation reports on Investment Firm compliance with the organizational requirements of Law 3606/2007.
- HCMC Rule 1/462/7.2.2008 (Gazette B 297/25.2.2008) "Code of Conduct for Mutual Fund Management Firms and Portfolio Investment Firms". This rule sets and specifies the conduct principles for MFMFs and PICs.
- HCMC Rule 2/462/7.2.2008 (Gazette B 297/25.2.2008) "Organization of mutual fund share distribution networks". This rule specifies MFMF obligations regarding the organization of networks for the distribution of shares in their mutual funds.
- HCMC Rule 4/461/24.1.2008 (Gazette B 283/25.2.2008) "Criteria for the licensing of Investment Firms". This rule sets the conditions for the provision of operation licenses to investment firms.
- HCMC Rule 5/461/24.1.2008 (Gazette B 283/25.2.2008) "Criteria for the licensing of Financial Intermediation Firms". This rule sets the conditions for the provision of operation licenses to financial intermediation firms.
- HCMC Rule 6/461/24.1.2008 (Gazette B/264/20.2.2008) "Approval of the training program for individuals involved in the distribution of mutual fund units." This rule sets the training program for individuals involved in the distribution of mutual fund units.
- HCMC Rule 13/461/24.1.2008 (Gazette B/264/20.2.2008) "Amendment

of HCMC Rule 1/387/19.6.2006 on the certification of the professional adequacy of Investment Firm, Financial Intermediation Firm, Mutual Fund Management Firm, and Portfolio Investment Company employees and executives". This rule amends article 24 of HCMC Rule 1/387/19.6.2006.

- HCMC Rule 3/460/10.1.2008 (Gazette B 97/25.1.2008) "Code of Conduct for Underwriters". This rule regulates issues pertaining to the obligations and overall behaviour of underwriter credit institutions and investment firms, which intermediate, with or without subscription obligations, in the public offering of securities in regulated markets, providing the services referred to in cases (f) and (g) of paragraph 1 and (f) of paragraph 2 of article 4 of law 3606/2007.

Improvement of Capital Market Transparency

- HCMC Rule 1/480/24.7.2008 (Gazette B 1564/6.8.2008) "Amendment of HCMC Rule 6/448/11.10.2007 on the data and information that arise from quarterly and semi-annual financial statements". This rule amends appendixes C and E of HCMC Rule 6/448/11.10.2007.
- HCMC Rule 2/460/10.1.2008 (Gazette B 97/25.1.2008) "Allocation and definition of the final price of IPO securities". This rule defines the procedure for the allocation of public offerings of shares, also defining their final distribution price.
- HCMC Rule 4/460/10.1.2008 (Gazette B 97/25.1.2008) "Qualified Investors Register". This rule sets the conditions and the procedure for entry in the Qualified Investors Register.

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

- HCMC Rule 15/493/11.12.2008 (Gazette B 2674/31.12.2008) "Amendment of HCMC Rule 1/488/10.10.2008 (Gazette B 2176/23.10.2008)." This rule extends the validity of HCMC Rule 1/488/10.10.2008 (Gazette 2176/23.10.2008) on the prohibition of short sales till May 31, 2009.
- HCMC Rule 490/493/31.10.2008 (Gazette B 2350/19.11.2008) "Amendment of HCMC Rule 1/488/10.10.2008 (Gazette B 2176/23.10.2008)." This rule extended the validity of HCMC Rule 1/488/10.10.2008 (Gazette B 2176/23.10.2008) on the prohibition of short sales till 31.12.08.
- HCMC Rule 1/488/10.10.2003 (Gazette B 2176/23.10.2008) "Amendment of HCMC Rule 1/485/23.9.2008 on the short selling of ASE-listed shares." This rule prohibits the short sales of shares listed in the securities market of the Athens Stock Exchange from the period since the issuance of the Rule, i.e. October 10 2008, till October 31, 2008.
- HCMC Rule 1/487/7.10.2008 (Gazette B 2256/5.11.2008) "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 the meeting of the Board of Hellenic Exchanges SA that was held on 17.9.2008.

- HCMC Rule 1/486/6.10.2008 (Gazette B 2136/15.10.2008) "Amendment of HCMC Rule 1/485/23.9.2008 on the short selling of ASE-listed shares." This rule amends articles 1 and 4 of HCMC Rule 1/485/23.9.2008.
- HCMC Rule 1/485/23.9.2008 (Gazette B 2028/1.10.2008) "Short Sales of Shares listed in the Athens Stock Exchange." This rule regulates the short selling of ASE-listed shares.
- HCMC Rule 2/477/1.7.2008 (Gazette B 1933/19.9.2008) "Criteria for the licensing of Multilateral Trading Facilities (MTFs)." This rule sets the conditions for the provision of operation licenses to multilateral trading facilities.
- HCMC Rule 1/477/1.7.2008 (Gazette B 1456/24.7.2008) "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 11 (subject 1) of the Board of Hellenic Exchanges SA, held on 17.4.2008, as well as at the meeting of 6.5.2008 (subject 9.1).
- HCMC Rule 1/469/18.4.2008 (Gazette B 795/7.5.2008) "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 11 (subject 12.1) of the Board of Hellenic Exchanges SA, held on 17.4.2008, and abolished HCMC Rule 5/403/8.11.2008 on the short sales of shares in regulated markets.

Improvement of company solvency, transaction security and market infrastructure efficiency

- HCMC Rule 1/479/17.7.2008 (Gazette B 1564/6.8.2008) "Amendment of HCMC Rule 1/459/27.12.2007 (Gazette B /2455/31.12.2007) on the 'Rules for the calculation of the capital adequacy requirements of investment firms.'" This rule amends articles 3 and 6 of HCMC Rule 1/459/27.12.2007.
- HCMC Rule 1/473/5.6.2008 (Gazette B 1172/26.6.2008) "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 at meetings 178/21.4.2008 and 179/12.5.2008 of the ATHEX.
- HCMC Rule 1/470/5.5.2008 (Gazette B/946/22.5.2008) "Amendment of HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) on the Regulation for the Clearing of Transactions on Dematerialized Securities." This rule amends articles 13 and 39 of the Rulebook of the Dematerialized Securities System.
- HCMC Rule 1/465/3.3.2008 (Gazette B 353/4.3.2008) "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 at meeting 174/3.3.2008 of the ATHEX.
- HCMC Rule 2/465/3.3.2008 (Gazette B 353/4.3.2008) "Amendment of the

Regulation for the Clearing and Settlement of Transactions on Derivatives." This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Derivatives adopted at meeting 174/3.3.2008 of the Board of the ATHEX.

- HCMC Rule 3/461/24.1.2008 (Gazette B 188/7.2.2008) "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 at meeting 172/21.1.2008 of the Board of the ATHEX.
- HCMC Rule 2/461/24.1.2008 (Gazette B 195/8.2.2008) "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 at meeting 171/17.12.2007 of the Board of the ATHEX.
- HCMC Rule 1/461/24.1.2008 (Gazette B/195/8.2.2008) "Amendment of HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) on the Rulebook of the Dematerialized Securities System." This rule amends articles 13 and 39 of the Rulebook of the Dematerialized Securities System.
- HCMC Rule 3/495/31.12.2008 (Gazette B 82/23.1.2009) "Amendment of the Regulation for the Clearing and Settlement of Transactions on Derivatives." This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Derivatives adopted at meeting 189/15.12.2008 of the Board of the ATHEX.
- HCMC Rule 2/495/31.12.2008 (Gazette B 82/23.1.2009) "Amendment of the Regulation for the Clearing and Settlement of Transactions". This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Dematerialized Securities adopted at meeting 189/15.12.2007 of the Board of the ATHEX.
- HCMC Rule 1/495/31.12.2008 (Gazette B/82/23.1.2009) "Amendment of HCMC Rule 3/304/10.06.2004 (Gazette B 901/16.6.2004) on the Rulebook of the Dematerialized Securities System." This rule amends articles 1, 4, 14, 34, 38, 39, 46, 51, 67, 68 and 77 of the Rulebook of the Dematerialized Securities System.

LICENSING

The work of the Hellenic Capital Market Commission in the field of licensing during 2008 includes the following:

Investment Firms
Firms-members of the Athens Stock Exchange

- Approved the merger through absorption of an investment firm by a credit institution in two (2) cases.
- Approved of the modification of investment firm internal regulations in seventy two (72) cases.

- Approved of share capital increases of four (4) investment firms.
- Approved the modification of the charter of one (1) investment firm.
- Evaluated the eligibility of new Investment Firm board member in twenty two (22) cases.
- Evaluated the eligibility of one (1) investment firm manager.
- Approved the acquisition of qualifying holdings in Investment Firms in sixteen (16) cases.
- Approved the sale of qualifying holdings in Investment Firms in three (3) cases.

Financial Intermediation Firms

- Revoked the operating licenses of thirteen (13) FIFs.
- Approved of share capital increases of four (4) financial intermediation firms.
- Approved of share capital decreases of six (6) financial intermediation firms.
- Evaluated the eligibility of new Financial Intermediation Firm board member in nine (9) cases.
- Evaluated the eligibility of five (5) Financial Intermediation firm managers.
- Evaluated the shareholders who increased their qualified holding in FIFs in two (2) cases.
- Evaluated a shareholder who acquired a qualified holding in a FIF in one (1) case.
- Granted license for the provision of investment advice services to two (2) Financial Intermediation Firms.

Mutual Fund Management Firms

- Approved the regulations and creation of mutual funds in sixteen (16) cases.
- Approved of the modification of mutual fund internal regulations in sixty two (62) cases.
- Granted licenses for mergers between mutual funds in seven (7) cases.
- Approved the modification of the charter of eleven (11) MFMFs.
- Approved of share capital changes of MFMFs in four (4) cases.
- Approved the new composition of the board of directors of MFMFs in fourteen (14) cases

Portfolio Investment Companies

- Merger/cessation of operations of one (1) PIC.
- Approved the modification of the charter of seven (7) PICs.
- Approved the new composition of the board of directors of PICs in five (5) cases

Real Estate Investment Companies

- Granted operating license to one (1) new REIC.
- Approved the new composition of the board of directors of REICs in five (5) cases

- Approved of share capital changes of REICs in three (3) cases.
- Approved the modification of the charter of three (3) REICs.

Foreign UCITS

- Approved the sale of shares in new foreign UCITS in nine (9) cases.
- Approved the sale of shares in new foreign UCITS mutual funds in three hundred and sixty nine (369) 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 2008. Law 3152/2003 (article 13 §§ 1 and 2) transferred these responsibilities to the Hellenic Capital Market Commission.

The total volume of stock for sale reached 1,266,795 shares in 2008, as compared to 2,053,212shares in 2007, while the total volume of the stock finally sold reached 442,264 shares in 2008, as compared to 344,712 in 2007. The total value of shares sold amounted to 604,282 euros, as compared to 1,232,370 euros in 2007.

The data concerning the requests that were submitted and the sales that took place during 2008, show that: (a) The sale with the largest number of shares concerned 398,000 shares issued by "PC Systems SA", whose value amounted to 262,680.0 euros and was the highest for 2008; (b) the sale with the lowest volume of shares concerned 10 shares, issued by "Follie-Follie SA", whose value amounted to 45 euros and was the lowest for 2008; (c) the average volume of stock sold amounted to 22,113 shares; and (d) the average value of stock sold amounted to 30,214.12 euros.

In 2008, 17 requests were submitted for the execution of 12 sales (each share corresponds to one sale), as compared to 19 requests for 27 sales in 2007. Since the transfer of competence for the forced sale of shares, and till the end of 2008, the HCMC had received a total of 133 requests for the forced sale of pledged or seized shares.

Sale of fractional balances

The granting of licenses for forced sales and the appointment of ASE-members for the forced sale of fractional balances of shares, continued in 2008. Paragraph 1 of article 53 of Law 3371/2005 added article 44a to Law 2396/1996. According to paragraph 2 of the said article, 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, and the HCMC is authorized 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: "Sale of indisposed fractional balances resulting from a 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 required) 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 9 requests for the sale of fractional balances in 2008, as compared to 15 requests in 2007. The total volume of stock for sale amounted to 10,908 shares in 2008, as compared to 116,751 in 2007, while the total volume of stock finally sold amounted to 9,811 shares, as compared to 116,732 in 2007. The value of the shares sold fell to 36,380 euros in 2008, from 1,697,424 euros in 2007.

Moreover, the data concerning the requests that were submitted and the sales that took place during 2008 show that: (a) The sale with the largest number of shares concerned 3,407 shares issued by "Ellaktor SA" (ex Hellenic Technodomiki TEV), whose value amounted to 23,712.72 euros and was the highest for 2008; (b) the sale with the lowest volume of shares concerned 15 shares, issued by "Sprider Stores SA", whose value amounted to 21.00 euros and was the lowest for 2008; (c) the average volume of stock sold amounted to 1,196 shares; and (d) the average value of stock sold amounted to 4,042.24 euros.

Sales of tangible shares

The granting of licenses for forced sales and the appointment of ASE-members for the forced sale of tangible shares, continued in 2008. 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: "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 1 request for the sale of tangible registered shares in 2008, as compared to 25 requests in 2007, while the volume of stock for sale amounted to 72,384 shares, as compared to 3,730,249 in 2007. The shares to be sold had been issued by the "Sheet Steel Co", and their value amounted to 14,176.80 euros.

Given that this procedure concerns shares that have not been submitted for dematerialization, whose number is limited, the number of shares to be sold is decreasing every year, until all the shares credited in the accounts of absent shareholders have been sold.

ENFORCEMENT AND COMPLIANCE

During 2008, 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 2008 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

- Revoked the license of one (1) Financial Intermediation Firm, in implementation of article 30b paragraph 1 case (a) of Law 2396/1996.
- Revoked the licenses of nine (9) Financial Intermediation Firms in implementation of article 21 of Law 2690/1999.
- Revoked the licenses of three (3) Financial Intermediation Firms in implementation of article 39 of Law 3606/2007.
- De-listed the shares of one (1) company from the ASE, in application of paragraph 3, article 17 of Law 3371/2005.
- De-listed the shares of two (2) companies from the ASE, in application of paragraph 5, article 17 of Law 3371/2005.

Fines

Investment Firms

- A fine was levied on one (1) Investment Firm 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) Investment Firm for violating paragraph 1

of article 4 of Law 1806/1988 concerning the rational administrative and technical-financial organization of a firm.

- A fine was levied on two (2) investment firms for violating paragraph 1, article 6 of Law 2396/1996, concerning that prohibits the exploitation of client funds for own benefit.
- Fines were levied on three (3) Investment Firms for violating article 8 of Law 2396/1996, concerning the keeping and submission of information about the transactions performed.
- A fine was levied on one (1) Investment Firm for violating article 7 of Law 2396/1996 concerning the Code of Conduct for Investment Firms.
- Fines were levied on two (2) Investment Firms for violating article 5 of Law 2843/2000 concerning the rules that must be adhered to by Investment Firms upon concluding margin account agreements.
- A fine was levied on one (1) Investment Firm for violating article 3 of Law 2843/2000 concerning the margin portfolios required for margin account trading.
- Fines were levied on four (4) Investment Firms for violating article 17 of Law 3340/2005, as specified by HCMC Rule 2/347/12.7.2005, concerning the obligation of persons professionally arranging transactions in financial instruments to notify the Hellenic Capital Market Commission whenever they reasonably suspect that a transaction might constitute market abuse.
- A fine was levied on one (1) Investment Firm for violating articles 17 and 18 of Law 3340/2005, concerning the obligation of persons professionally arranging transactions in financial instruments to notify the Hellenic Capital Market Commission whenever they reasonably suspect that a transaction might constitute market abuse, as well as their obligation to record and file all orders received by their clients.
- A fine was levied on one (1) investment firm for violating HCMC Rule 104/8.4.1997 (subject 6c), on the supervision and monitoring of Large Financial Exposures of Investment Firms.
- Fines were levied on seven (7) Investment Firms for violating HCMC Rule 6160/86/15.10.1996 (subject 6c) concerning the bookkeeping obligations of investment firms.
- A fine was levied on one (1) Investment Firm for violating HCMC Rule 5/196/28.7.2000 concerning bookkeeping obligations.
- Fines were levied on three (3) Investment Firms for violating HCMC Rule 2/213/28.3.2001 concerning the provision of credit by ASE members.
- Fines were levied on two (2) Investment Firms for violating HCMC Rule 2/306/22.6.2004 concerning the segregation of client and investment firm funds.
- Fines were levied on two (2) Investment Firms for violating HCMC Rule 3/356/26.10.2005 on the bookkeeping requirements related to the provision of investment services.
- Fines were levied on five (5) Investment Firms for violating HCMC Rule

2/363/30.11.2005 concerning the provision of credit by ASE members.

- Fines were levied on eight (8) Investment Firms for violating CMC Rule 23/404/22.11.2006 on money laundering and terrorist financing.
- Fines were levied on seven (7) Investment Firms for violating the Code of Conduct.

Mutual Fund Management Firms and Portfolio Investment Companies

- Fines were levied on four (4) MFMFs for violating paragraph 9 of article 3 of Law 1806/1988 and paragraph 6b of article 6 of Law 3283/2004 concerning the obligation to notify the HCMC about share transfers above certain percentages.
- A fine was levied on one (1) MFMF for violating articles 20 and 25 of law 1969/1991 concerning the acquisition and redemption of mutual fund shares.
- The shares of one (1) PIC were de-listed from the ASE, in application of paragraph 3, article 17 of Law 3371/2005.

Financial Intermediation Firms

- A fine was levied on two (2) Financial Intermediation Firms for violating article 18 of Law 3340/2005, concerning the obligation of persons professionally arranging transactions in financial instruments to record and file all orders received by their clients.
- A fine was levied on one (1) Financial Intermediation Firm for violating HCMC Rule 1/294/19.02.2004 concerning the professional certification of capital market executives.
- A fine was levied on one (1) Investment Firm for violating HCMC Rule 3/356/26.10.2005 on the bookkeeping requirements related to the provision of investment services.
- A fine was levied on one (1) Investment Firm for violating CMC Rule 23/404/22.11.2006 on money laundering and terrorist financing.

Listed Companies

- Fines were levied on five (5) listed companies for violating the provisions of P.D. 51/1992 concerning the information that must be disclosed upon the acquisition and sale of major shareholdings in ASE-listed companies.
- Fines were levied on two (2) listed companies for violating article 7 of Law 3340/2005 that prohibits market manipulation.
- 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 possess privileged information (insider trading) and from market manipulation and for violating HCMC Rule 3/347/12.7.2005 on issuer obligations concerning the disclosure of privileged information.
- Fines were levied on four (4) listed companies for violating article 10 of Law

3340/2005, as specified by HCMC Rule 3/347/12.7.2005 concerning of the issuers' obligation to disclose, without any culpable tardiness, any privileged information directly related to them.

- A fine was levied on one (1) listed company for violating articles 5 and 11 of Law 3461/2006 concerning take-over bids.
- A fine was levied on one (1) listed company 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.
- A fine was levied on one (1) listed company for violating the Code of Conduct.

Legal Entities

- Fines were levied on three (3) legal entities 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 three (3) legal entities for violating paragraph 1 of article 4 of Law 2396/1996 concerning the persons eligible for providing investment services in Greece.
- Fines were levied on three (3) legal entities for violating article 7 of Law 3340/2005 that prohibits market manipulation.
- A fine was levied on one (1) legal entitiy for violating article 17 of Law 3340/2005, concerning the obligation of persons professionally arranging transactions in financial instruments to notify the Hellenic Capital Market Commission whenever they reasonably suspect that a transaction might constitute market abuse.
- A fine was levied on one (1) legal entity for violating paragraph 1 of article 8 of Law 3606/2007 concerning the persons eligible for providing investment services and carrying out investment activities in Greece.
- A fine was levied on one (1) legal entity for violating article 7 of Law 3461/2007 on takeover bids.
- A fine was levied on one (1) legal entity for violating paragraph 1 of article 3 of Law 3401/2005 which prohibits the public offering of securities without the prior issuance of a Prospectus.

Individuals

- Fines were levied on twelve (11) individuals for violating the provisions of P.D. 51/1992 regarding 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 article 4 of Law 2396/1996 concerning the persons eligible for providing investment services in Greece.
- Fines were levied on two (2) individuals for violating paragraph 1, article 13 of Law 3340/2005 concerning the obligation of persons that exercise

managerial duties on behalf of issuers to disclose to the latter any transactions performed on their own behalf and concern the issuer's shares.

- Fines were levied on three (3) individuals for violating article 5 in conjunction with article 3 of Law 3340/2005 that prohibits insider trading.
- Fines were levied on eleven (11) individuals for violating article 7 of Law 3340/2005 that prohibits market manipulation.
- A fine was levied on one (1) individual for violating article 7 of Law 3461/2006 on compulsory takeover bids.
- A fine was levied on one (1) individual for violating HCMC Rule 1/347/12.7.2005 on market abuse indications.
- A fine was levied on one (1) individual for violating HCMC Rule 3/347/12.7.2005 on issuer obligations concerning the disclosure of privileged information.
- Fines were levied on three (3) individuals for violating the Code of Conduct for Investment Firms.

During 2008, the Hellenic Capital Market Commission levied fines of a total worth of 2,187,400 euros. The allocation of fines among market entities is presented in Table 31.

TABLE 31

Fines Levied per Supervised Entity, 2008

Number of cases	Entity	Fines (€)
52	Investment Firms	274.500
5	MFMF	2.200
0	PIC	-
4	Financial Intermediation Firms	10.600
15	Listed Companies	199.000
13	Other Legal Entities	563.000
35	Individuals	1.138.100
Total: 124		Total: €2.187.400

Source: HCMC

Indictments to courts

- Indictments were submitted against three (3) legal entities for violating article 8 of Law 3606/2007, which prohibits the professional provision of investment advice and the carrying out of investment activities by persons that have not been appropriately licensed.
- An indictment was submitted against one (1) Investment Firm for violating the Penal Code.
- An indictment was submitted against one (1) legal entity for violating the Penal Code.
- An indictment was submitted against one (1) individual for violating the Penal Code.
- An indictment was submitted against one (1) individual for violating PD 53/1992 concerning the activities of persons that possess inside information.

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 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 company compliance with the provisions of the aforementioned law, in 2008 the competent department of the HCMC sent almost 30 letters to supervised companies, requiring them: (i) to immediately disclose all information deemed as "privileged" and concerning the said companies, without waiting for the finalization of the situation, or event, to which this "privileged information" refers to, and (ii) in the case of already disclosed information, to disclose at least those items of information that are necessary for the provision of investors with accurate, adequate, and clear information, in order to preclude any ambiguous or unclear interpretation.

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 HCMC Rule 5/204/14.11.2000, in 2008 the competent department of the HCMC sent almost 70 letters to companies, requiring them to confirm, or deny, unverified information, in accordance with the aforementioned provisions. The number of cases is diminishing during the past few years (110 cases in 2007), a fact which should be attributed to issuer familiarization with the said legislation, and to the decrease of corporate activity in 2008 due to the overall negative economic climate.

The review of announcements and the investigation of unverified rumours or information, which is performed daily due to both their everyday flow and their immediate nature, showed that the vast majority of listed companies has complied with the aforementioned regulations. Nevertheless, there are some cases of possible infringements, which have been, or are still being, audited.

In the context of the aforementioned regulations, in 2008 the HCMC levied fines of 130,000 euros in two cases, for delays in the disclosure of privileged information and for inadequate information.

Disclosure obligations are designed to protect investors and guarantee their confidence in the accuracy and objectivity of stock market information. Moreover, these provisions are designed to inform investors and protect them from any consequences on the financial position, and financial data of the company, which may be caused by events such as changes in business activity, or the omission to deny or confirm unverified information, or rumors, or the leakage of information about impeding developments pertaining to the company’s business activity, which might affect the prices of its share.

In 2008, Law 3556/2007, which transposes into Greek legislation Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, was fully implemented for the first time. 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.

During 2008, shareholders and other responsible persons submitted, in accordance with Law 3556/2007, more than 900 announcements concerning major changes in corporate ownership, as a percentage on the total voting rights of ASE-listed companies. The number of these announcements was reduced by almost 24% as compared with 2007, when trading activity was increased, and returned to 2006 levels. The review of these announcements revealed that almost 20% concerned correct repetitions of previous announcements, following an interventions from the competent department of the Hellenic Capital Market Commission.

The number of corrections may be high, but it is the result of the initial implementation of the new legislation, which differs from the previous one in many material points. In order to improve the information provided to investors, and to provide clarifications on issues that are not clearly laid out by the relevant EU legislation, the Hellenic Capital Market Commission is actively involved in a CESR workgroup whose aim is to promote Transparency among EU member-state listed companies.

Moreover, as part of the investigation of cases subject to the provisions of PD 51/1992, in 2008 the Board of Directors of the Hellenic Capital Market Commission imposed total fines of 91,000 euros to individuals or legal entities that were found to violate the announcement obligations provided for by the Presidential Decree.

As part of the monitoring of the compliance with the provisions of Law 3016/2002 on Corporate Governance, which regulates and reinforces transparency in corporate governance practices for ASE-listed companies, the HCMC is regularly performing audits of ASE-listed companies to verify their overall compliance regarding the structure of their Boards of Directors in accordance with the provisions of the law.

In 2008, many companies proceeded to changes in the composition of their Boards, properly notifying both investors and regulators through the means available. The Hellenic Capital Market Commission is monitoring developments and intervenes whenever necessary.

Supervision & Monitoring of takeover bids

In 2008, Law 3461/2006 on take-over bids was implemented for a second year. Based on eight years of experience, the HCMC, apart from its major contribution to the improvement of the institutional framework, has also speeded up the procedures related to 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 condition, prospects, as well as the business targets and strategic plans of the Acquirer.

In 2008, nine (9) takeover bids for securities traded in the ASE were submitted to the Hellenic Capital Market Commission (Table 32). The number of cases is much lower than that of 2007, due to the general uncertainty prevailing in international markets during 2008, in conjunction with the dramatic decrease of leveraged liquidity for financing such business activities. Irrespective of the reduction in the number of cases, the supervisory process remained intensive, leading to the detection of infringements of Law 3461/2006, for which the HCMC imposed total fines of 350,000 euros in two cases.

In 2008, the Hellenic Capital Market Commission received four (4) 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, in 2008 the following requests were submitted to, and approved by, the Board of the Hellenic Capital Market Commission: (a) A request by OTE SA for the execution of the squeeze-out right on the shares of (target company) Cosmote SA (approved on 7.3.2008); (b) a request by "Alkmini Catering SA" for the execution of the squeeze-out right on the shares of Everest SA (approved on 28.8.2008); (c) a request by Green Bidco SA for the execution of the squeeze-out right on the shares of Neochimiki SA (approved on 28.8.2008); and (d) a request by Piraeus Bank SA for the execution of the squeeze-out right on the shares of Piraeus Leasing SA (approved on 27.11.2008).

Moreover, in conjunction with Law 3371/2005, and 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 shares, in 2008 the HCMC reviewed information pertaining to eleven (11) 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 eight (8) companies.

More specifically, (a) the Board of the HCMC decided, in accordance with article 17 paragraph 3 of Law 3371/2005 as is currently in force, to de-list from the Athens Stock Exchange the shares of Active Investments SA and Pouliadis Associactes Corp. on 23.5.2008 and 16.9.2008 respectively, and (b) following the completion of the take-over bid and squeeze-out procedures, six (6) 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 currently in force, which were approver by the Board of the Hellenic Capital Market Commission: (i) «Elais-Unilever SA", approved on 10.1.2008, (ii) Ethniki SA General Insurance, approved on 7.2.2008, (iii) "Cosmote Mobile Telecommunications SA", Approved on 16.5.2008, (iv) "Neochimiki SA", approved on 23.10.2008, (v) Unisystems SA, Approved on 31.10.2008 and (vi) Everest SA, approved on 27.11.2008.

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	% shares after the bid
1	16/1/2008	COMPULSORY	VENTURE ABILITY S.A.	LAMPSA GREEK HOTELS SA	7/2/2008	12/2/2008 - 11/3/2008	49,48%	65,81%
2	5/2/2008	VOLUNTARY	SOCIETE DE PARTICIPATIONS CARNAUDMETAL BOX S.A.	CROWN HELLAS CAN	7/3/2008	13/3/2008 - 10/4/2008	75,98%	80,54%
3	12/3/2008	VOLUNTARY	ALKMINI CATERING SA	EVEREST SA	18/4/2008	23/4/2008 - 10/6/2008	0,00%	96,13%
4	12/3/2008	VOLUNTARY	ALKMINI CATERING SA	OLYMPIC CATERING SA	18/4/2008	23/4/2008-17/6/2008	0,00%	20,46%
5	29/5/2008	COMPULSORY	GREEN BIDCO SA	NEOCHIMIKI L.V. LAVRENTIADIS SA	10/7/2008	14/7/2008 - 11/8/2008	93,18%	99,38%
6	1/7/2008	VOLUNTARY	IBERDROLA RENOVABLES S.A.	CH ROKAS SA	14/11/2008	19/11/2008 - 17/12/2008	52.70% (C) 47.32 (P)	96.54% (C) 97.16% (P)
7	3/7/2008	COMPULSORY	ALKMINI CATERING SA	OLYMPIC CATERING SA	24/7/2008	29/7/2008 - 25/8/2008	70,75%	74,73%
8	24/9/2008	VOLUNTARY	PIRAEUS BANK	PIREAUS LEASING SA	7/10/2008	10/10/2008 - 7/11/2008	87,63%	96,69%
9	14/10/2008	COMPULSORY	GRIMALDI COMPAGNIA DI NAVIGAZIONE SpA	MINOAN LINES SA	23/10/2008	29/10/2008 - 26/11/2008	33,36%	84,72%

Source: HCMC

CONTRIBUTION TO THE LEGISLATIVE WORK

One of the major events of 2008 was the implementation of Law 3691/2008 on money laundering, which transposed into Greek Legislation the third Directive (2005/60/EC) of the EU "on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing".

The new provisions of Law 3691/2008 enhance the due diligence measures that must be taken by individuals and legal entities, upgrade the role of the Hellenic Anti-Money Laundering Commission (article 7), establish a new Strategy Commission (article 9) and a new Committee for Consultation with the Private Sector (article 11), provide for punitive sanctions similar to those provided for common criminals, and improve the procedures concerning the exchange of information between national authorities on the international level.

In 2008, the Hellenic Capital Market Commission introduced certain major regulations. In this context, the Commission defined the terms and conditions for the licensing of Multilateral Trading Facilities (MTFs), on the basis of the relevant authorization of Law 3606/2007 on markets in financial instruments. In order to specify the provisions of this Law, the HCMC also issued Rules 4/461/2008 and 5/461/2008, which define the terms and conditions for the licensing of Investment Firms and Financial Intermediation Firms. As far as the organizational requirements of investment firms are concerned, the Commission issued Rule 1/474/13.6.2008, which aims at the further protection of investors. This rule defines the content, manner and timing regarding the submission of evaluation reports on Investment Firm compliance with the organizational requirements of Law 3606/2007.

Moreover, Ministerial Decision 15/1998/B1257 (Gazette B1257/15.12.98) on the "Underwriter's Code" was replaced by HCMC Rule 3/460/10.1.2008. This rule regulates issues pertaining to the obligations and overall behaviour of underwriter credit institutions and investment firms, which intermediate, with or without subscription obligations, in the public offering of securities in regulated markets, providing the services referred to in cases (f) and (g) of paragraph 1 and (f) of paragraph 2 of article 4 of law 3606/2007.

In 2008, the Hellenic Capital Market Commission issued three consecutive decisions for the immediate prohibition of short selling in the ASE, in view of the financial crisis. These regulations were consistent with the overall stance adopted by other European capital market regulators, and were included in the list of measures for addressing the market crisis, compiled by the Committee of European Securities Regulators (CESR). In accordance with the most recent HCMC Rule 15/493/11.12.08, the ban on short sales was extended till May 31st, 2009.

In 2008, the HCMC continued to amend the Rulebook of the Athens Stock Exchange in accordance with Law 3606/2008 (MiFID). In this context, it approved three amendments that were adopted by the Board of the ATHEX during the meeting of 17.4.2008, 6.5.2008 and 17.9.2008. The Hellenic Capital

Market Commission also approved the required amendments that were proposed by the ATHEX concerning the Regulation for the Clearing and Settlement of Stock Exchange Transactions on Dematerialized Securities and the Regulation for the Clearing of Transactions on Derivatives. It also adopted amendments on CMC Rule 3/304/10.06.2004 on the Rulebook of the Dematerialized Securities System. The changes in the aforementioned regulations mainly concern adjustments that resulted from relevant adjustments in the Rulebook of the ASE.

In 2008, the Hellenic Capital Market Commission issued Rule 1/462/2008, in accordance with Law 3283/2004, setting and specifying the principles of conduct for MFMFs and PICs, and Rule 2/462/2008 which regulated MFMF obligations regarding the organization of mutual fund share distribution networks. The rules set main conduct principles to ensure that MFMFs operate honestly, legally, and with the aim of ensuring the integrity of the market to the benefit of collective or individual portfolios under management. Moreover, they set MFMF obligations, in order to ensure the organization of mutual fund share distribution networks in a manner that protects shareholder interests.

A major development for the year 2008 was the pan-European launching of the procedure for adopting the proposal of the European Parliament and of the Council for a Regulation on Credit Rating Agencies. The Hellenic Capital Market Commission was actively involved in the drafting of the said Regulation, during the meetings that took place in the European Council. Since October 2007, the Finance Ministers of EU member-states had agreed on a comprehensive set of conclusions about the crisis (ECOFIN chart), which included a proposal for evaluating the role of Credit Rating Agencies and dealing with any deficiencies.

The Council called for the drafting of a corresponding legislative proposal, aimed at enhancing the operation and supervision of Credit Rating Agencies on the European level, as it considered that this issue is instrumental for restoring confidence in, and the smooth operation of, financial markets. In this context, the European Commission submitted in November 2008 a draft Regulation, which was added to its proposals regarding solvency rules, the Directive on capital adequacy, the deposit guarantee schemes, and the accounting presentation of financial data.

The draft proposal of the European Commission sets the minimum conditions for the issuance of credit ratings, in order to restore confidence in the markets and enhance investor protection, and establishes a procedure for the official registration of CRAs, in order to enable member-states to monitor their activities, for the first time ever. CRAs must be subject to strict regulation, in order to ensure that the ratings are not affected by conflicts of interest, that they are alert to quality issues concerning the rating methodology, and that they are operating in a transparent manner. The draft regulation also incorporates a specific supervision regime that will enable member-states and regulators to supervise Credit Rating Agencies. Most of the proposed regulations are based on the code of the International Organization of Securities Commissions (IOSCO).

ACTIVITIES OF THE LEGAL SERVICE

In 2008, the Directorate of Legal Services of the Hellenic Capital Market Commission handled 226 legal cases of the HCMC, which were heard in front of the competent courts, and were attended by the Directorate's attorneys. These cases included the hearing of 216 cases in administrative courts, 3 cases in civil courts, 5 cases in penal courts, and 2 cases in the Court of Auditors. The Directorate also dealt with the preparation of 64 cases, which were heard in the competent courts either without the attendance of the Directorate's attorneys, or with the attendance of third attorneys. In this context, the Directorate prepared 38 for criminal cases without attendance in front of criminal courts, since the HCMC was not entitled to attend as a plaintiff, and 26 briefs that had been assigned to third attorneys due to the peculiarity of their subject, or because their were pending in courts out of Athens. The DLS proposed to the Executive Committee to apply the legal means of appeals or notices of appeals against court orders in 71 cases. The attorneys of the Commission prepared, after the relevant decisions of the Commission's competent departments, and submitted in front of courts and public prosecutors 1 civil court lawsuit, 6 appeals against first instance court orders, 36 notices of appeal against second instance court orders, 8 indictments for various violations of criminal and capital market law, and 1 money laundering report. Moreover, the attorneys of the Commission offered their legal assistance to the competent departments of the HCMC in 416 cases, drafting opinions on various legal issues on 8 cases, and drafting memoranda on various legal issues that arisen during the drafting of proposals to the Board and the Executive Committee concerning violations of capital law and the corresponding decisions of the Board and the Executive Committee in 112 cases. They offered legal advice in the form of comments or corrections (without drafting a memorandum or an opinion) during the drafting of letters concerning the exercise of hearing rights, as well during the drafting of proposals to the Board and the Executive Committee regarding violations of capital law and regarding procurements or the signing of work contracts and during the preparation of the relevant individual decisions of the Board and the Executive Committee and the drafting of the relevant contracts, in 296 cases. DLS attorneys participated in the preparation of draft laws, amendments and regulations, in EU workgroups for the drafting of new Directives or the transposition of existing Directives into national law, as well as in seminars and conferences concerning the capital market.

PROFESSIONAL CERTIFICATION OF CAPITAL MARKET AGENTS

The current regime for the professional certification of capital market agents was established 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), which was later replaced by article 14 of Law 3606/2007 (Gazette A 175).

The regime applicable to the year 2008, provided 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 investment services only holders of Professional Adequacy Certificates. 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.

Moreover, HCMC Rule 1/387/19.6.2006 introduces the option to organize certification seminars addressed to applicants wishing to receive Certificate (a1).

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, 800 applications for participation in the exams or the seminars that were organized during the year (October-November, May) were submitted in 2008, and 405 professional adequacy certificates were granted. More specifically, 41 certificates were granted for success in the "Institutional Framework" section, 107 certificates in area (a1), 89 certificates in area (a2), 59 certificates in area (b1), 74 certificates in area (b), 53 certificates in area (c) and 23 certificates in area (d).

Moreover, in implementation of the applicable provisions, the HCMC received 126 applications for exemption from the examinations and granted 44 professional adequacy certificates without participation in the exams: 11 certificates in area (a1), 1 certificate in area (a2), 15 certificates in area (b1), 4 certificates in area (b), 6 certificates in area (c) and 7 certificates in area (d).

INTERNATIONAL ACTIVITIES OF THE HELLENIC CAPITAL MARKET COMMISSION

Notifications for the Provision of Investment Services in Greece

According to European Directive 2004/39/EC (MiFID) and its precursor, Directive 93/22 (ISD), investment firms intending to provide investment services in any EU member state (host member state), are obliged to notify this intention to the competent authorities of the home member state. Such notification must always be accompanied by a complete business plan. Thereafter, the competent authorities of the home member-state inform their counterparts in the host member-state accordingly.

In the context of the implementation of the aforementioned European Directives during the period 1995-2008, the Hellenic Capital Market Commission has received notifications from 2,023 overseas firms wishing to provide investment services in Greece by means of the "European Passport" (Table 33). These notifications remain active in 1,544 cases.

The distribution of active notifications by country is the following: 1,296 companies come from the UK, 42 from the Netherlands, 38 from Ireland, 30 from Cyprus, 27 from France, 22 from Norway, 21 from Austria, 13 from Germany, 11 from Belgium, 9 from Luxembourg, 7 from each of Denmark and Italy, 6 from Spain, 5 from Finland, 3 from each of Malta and Sweden, and 1 company from each of Poland, Portugal, Slovenia and the Czech Republic.

Furthermore, in 2008, 293 new companies coming from the UK submitted notifications regarding the provision of investment services in the Greek capital market, 7 from Cyprus, 6 from each of France and Luxemburg, 5 from the Netherlands, 2 from each of Austria, Belgium, Germany, Denmark, Italy, Malta and Finland, and one from each of Ireland, Norway, Poland and the Czech Republic.

TABLE 33

Notifications for the Provision of Investment Services in Greece, 2005-2008

Country	Number of Notifications			Number of Cancellations			Total of Active Companies		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Austria	30	28	28	9	7	7	21	21	21
Belgium	14	12	12	3	2	2	11	10	10
France	34	28	25	7	5	1	27	23	24
Germany	17	15	11	4	1	1	13	14	10
Denmark	7	5	5	0	0	0	7	5	5
Ireland	49	48	40	11	10	9	38	38	31
Italy	7	5	5	0	0	0	7	5	5
Spain	6	5	5	0	0	0	6	5	5
Cyprus	33	26	22	3	1	0	30	25	22
Luxembourg	10	4	3	1	1	1	9	3	2
Malta	3	1	1	0	0	0	3	1	1
Norway	22	21	11	0	0	0	22	21	11
Netherlands	53	48	44	11	10	8	42	38	36
Poland	1	0	0	0	0	0	1	0	0
Portugal	1	1	1	0	0	0	1	1	1
Slovenia	1	1	1	0	0	0	1	1	1
Sweden	9	9	8	6	6	5	3	3	3
Czech Republic	1	0	0	0	0	0	1	0	0
Finland	6	4	4	1	0	0	5	4	4
Britain	1.719	1.426	1.104	423	386	351	1.296	1040	753
Total	2.023	1.687	1.330	479	427	385	1.544	1.260	945

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

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

2002

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

2003

- A bilateral Memorandum of Understanding with the Securities Commission of Hungary (January 8th, 2003);
- 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 Committee of European Securities Regulators (CESR)

The CESR (Committee of European Securities Regulators) was established as an independent authority in accordance with the terms of a decision reached by the European Commission on June 6th, 2001 (2001/1501/EC), which was replaced by the decision reached on January 23, 2009 (2009/77/EC) that enhanced the role of CESR and increased its responsibilities. The CESR is one of the two commissions envisaged by the final Lamfalussy report (the other is the European Securities Committee) concerning the regulation of European securities markets, which was chaired by Baron Alexandre Lamfalussy (Lamfalussy Committee of Wise Men). The report was ratified by the European Council and the European Parliament.

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

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

The Committee is chaired by one of the members, elected for two years and assisted by a vice-chairman. The CESR develops close operational links with the European Commission: a representative of the European Commission may actively participate in all CESR meetings, excluding those in which confidential matters are discussed.

The Chairman of the CESR submits periodic reports to the European Parliament. The CESR submits its Annual Report to the European Commission, as well as to the European Parliament and Council. The Chairman of the CESR attends the meetings of the European Securities Committee (ESC) as an observer.

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

The mediation mechanism for the settlement of disputes among European states

The mediation mechanism for the settlement of disputes has been completed and operational, and its charter has been amended. The mechanism enables the network of national regulators to deal effectively, fairly, and confidentially with potential disputes. The main features of the mechanism's operation are presented in its protocol and include: (a) a compliance, or explanation, approach for CESR members, in case of mediation and dispute settlement requests; (b) the ability of the market to submit to the competent authority cases for mediation and dispute settlement; (c) a flexible dispute settlement approach, through an evaluative or facilitative procedure, according to the parties' preferences; (d) confidentiality; and (e) speed and efficiency.

The mechanism comprises a number of procedures that can be used to: (a) assess the eligibility of a case for mediation; (b) deal swiftly, fairly and efficiently with possible disputes among the parties concerning the initial assessment of the eligibility of the case, or its outcome; (c) deal with conflicts of interest of work-group members and mediators; (d) consult with the European Commission on positions concerning disputes on the interpretation of EU legislation; and (e) publish the outcomes in the form of reports or summaries, with the aim of improving supervisory convergence or providing the authorities and the market with guidance. Moreover, the mechanism sets strict deadlines in order to ensure that no case will last for more than 6 months, albeit can be concluded within 6 weeks.

The CESR and the Financial Crisis

In September 2008, the CESR contributed to the coordination of EU capital market regulator actions concerning short selling.

The capital market regulators of the European Union are monitoring developments in, and the operation of, markets under the current conditions of financial crisis, and convened quite a few times in order to take measures that promote the smooth operation of capital markets. The measures were taken with the aim of enhancing confidence in financial markets, as well as investor protection. The CESR coordinated its members' actions concerning applicable short selling practices, which included the enhancement of transparency, as well as the limitation or prohibition of short selling.

CESR members enhanced the monitoring of financial markets, in order to combat possible cases of market abuse, and other practices that could endanger their smooth operation. These measures aimed at ensuring compliance, as well as imposing penalties for possible market abuse practices. As part of its regular reporting practices, the CESR had already carried out a survey, in order to notify the ECOFIN about the existing short-selling regulations and limitations that apply in each member-state.

In October 2008, the CESR took new initiatives for dealing with the market crisis. CESR members decided to take certain measures for dealing with main aspects of the financial crisis that fall under their jurisdictions, and these measures are implemented in close cooperation with the corresponding Level 3 Committees of the EU that regulate banking, insurance and pension issues (i.e. CEBS and CEIOPS) and in cooperation with IOSCO. These measures refer to the following areas:

Short Selling: After its initial urgent action to coordinate the short-selling measures adopted by its members on the national level, the CESR investigated methods for promoting the further convergence of national measures, to the degree that this is possible and necessary, also increasing transparency in the markets, which will enhance the cooperation among members regarding the imposition of specific sanctions related to the prohibition of short selling.

Mutual Funds: The CESR is closely monitoring the effects of recent market developments on the smooth operation of mutual funds, in the context of the Investment Management Expert Group.

Investor protection: CESR is examining the consequences from the failure of Lehman Brothers, coordinating the accumulation of data and the investigations carried out by its members, concerning the rights of investors that have been affected.

Accounting presentation of financial information: After a public consultation, the CESR published its final statement on fair value measurement and the relevant transparency requirements for financial instruments in illiquid markets. CESR members, as the national agencies responsible for the monitoring and supervision of accounting standards of financial disclosure, continue to monitor their implementation throughout the period.

Clearing and Settlement: CESR members closely monitored the smooth functioning of transaction clearing and settlement infrastructures, in order to ensure the proper execution of transactions during this turbulent period.

CESR is in the stage of completing other major initiatives that were adopted in April 2008 concerning the implementation of recommendations decided by the Financial Stability Forum, such as market transparency on non-equity financial instruments, risk management principles for UCITS and the operation of Credit Rating Agencies.

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, 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).

CESR-Pol, and especially its Subcommittee on market abuse, has worked on three groups of Level 3 guidelines, in order to ensure the consistent implementation of the Directive on Market Abuse. Although the guidelines are not binding for regulators, CESR members have agreed to comply with the relevant provisions during the supervision process, since these provisions describe the perception and implementation of the legal prerequisites set by the Directives, and the executive means for their realization.

In 2008, CESRPol worked on the preparation of a third group of guidelines, which will be produced after the completion of the consultation process on two papers: The first consultation paper concerns insider lists and suspicious transaction reports. One topic is the notification of suspicious transactions by intermediaries (investment firms). CESR stresses that when an unexecuted order for a transaction gives rise to suspicion of market abuse, it must be reported to the competent authority, even if this is not legally required on a national basis. Suspicious transactions can be reported by telephone, as long as this is followed up by a confirmation in written form, upon request by the competent authority.

The second consultation paper concerns stabilization and buy-back programmes, with CESR members clarifying that stabilization outside the exemption provided by article 8 of the Market Abuse Directive should not be deemed to constitute market abuse, but must be determined in accordance with the criteria set out in the Directive. The same stands the sales of shares that occur during stabilization programmes. All competent authorities should publish the mechanisms by which listed-company stabilization and buy bank programmes are reported to the public. Actually, the CESR believes that the mechanisms for the dissemination and storage of regulated information provided for by the Transparency Directive (2004/109/EC) can be used for this purpose. The second topic that this consultation paper would deal with concerned the two-fold notion of inside information, due to the problems arising from the existence of a definition that applies both to the prohibition of trading by insiders, and to the listed companies' obligation to disclose major corporate actions, taking into consideration the requirement not to mislead the public in case of delay in public disclosure. However, the CESR did not produce any new guidance on the topic, apart from the treatment of rumours. CESR considers that issuers are under no obligation to respond to speculation or market rumours that are without substance. Nonetheless, issuers are expected to react and respond to rumours that are sufficiently precise to indicate that a leak of information has occurred.

CESR-Fin consists of staff members from national regulators-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 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 CESR-Fin plays an active role in future developments, in the European approvals of accounting standards and their interpretations that are published by the IASB and the IFRIC, and in the future legislative developments regarding audit procedures. This entails that CESR-Fin is capable of supervising the procedures related to the establishment of accounting standards, and of developing stronger ties with similar European and international organizations, such as: ARC, AuRC, EFRAG, IASB, IASSB and the EU Accounting Roundtable.

In March 2008, CESR-Fin published its advice to the European Commission concerning the equivalence of Chinese, Japanese and American Generally Accepted Accounting Principles (GAAPs). Commission Regulation (EC) No 1569/2007 on the establishment of a mechanism for the determination of equivalence of accounting standards lays down the conditions under which the GAAP of a third country may be considered equivalent to IFRS adopted pursuant to EC Regulation 1606/2002. The CESR recommended that: the Commission find US GAAP equivalent to IFRS for use on EU markets; consider Japanese GAAP equivalent, unless there is no adequate evidence of the Accounting Standards Board of Japan (ASBJ) achieving to timetable the objectives set out in the Tokyo Agreement; postpone a final decision on Chinese GAAP until there is more information on the application of the new Chinese accounting standards by Chinese issuers; and accept the Canadian and Korean GAAPs under certain conditions.

In July 2008, the CESR-Fin published for consultation a statement on fair value measurement and related disclosures of financial instruments in illiquid markets. The ongoing financial crisis demonstrated the need for the better understanding of financial information by investors, in order to enhance market confidence and ensure comparative performance assessment. According to CESR's statement, one of the main issues for measuring the fair value of a financial instrument is determining whether an active market for this instrument exists. The measurement of financial instruments on active markets is conducted with reference to quoted prices. If an active market does not exist, the measurement is determined by using valuation techniques that incorporate all factors that market participants would consider in setting a price, minimizing entity-specific inputs. In this context, the distinction between active and non-active markets is crucial for measuring financial instruments.

The Review Panel 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 April 2008, the CESR published the results of the self-assessment of its members, concerning the implementation of guidelines to simplify the notification procedures of UCITS, as well as the results of the revision of FESCO/CESR standards, guidelines and recommendations which are now superseded by the Lamfalussy Directives. These two exercises were conducted by the Review Panel, with the aim of improving regulatory convergence and ensuring that Level 3 measures are updated.

The self-assessment of CESR members concerning the implementation of guidelines showed that 2 members (Luxembourg, Portugal) have assessed themselves as fully applying all the guidelines, 15 members (Italy, Romania, Norway, Belgium, Malta, France, Sweden, Austria, Germany Cyprus, Netherlands, Finland, Denmark, Estonia and Lithuania) have assessed themselves as applying 90-98% of all guidelines, 6 members (Spain, Greece, Bulgaria, Hungary, Iceland and the UK) have assessed themselves as applying 80-88% of all guidelines, 2 members (Czech Republic, Ireland) have assessed themselves as applying 71-78% of the guidelines, 1 member (Poland) has assessed itself as applying 62-69% of the guidelines, and 3 members (Slovenia, Slovakia and Latvia) have assessed themselves as applying 54-59% of the guidelines.

The revision of FESCO/CESR standards, guidelines and recommendations which are now superseded in light of the new framework of European Directives has been completed and the CESR has decided to update its Level 3 measures by removing six sets of measures, which have been incorporated into the new EU rules, mainly into the Markets in Financial Instrument Directive “MiFID” and its respective Level 2 provisions, and also into specific provisions of the Market Abuse Directive, and the Prospectus Directive.

Moreover, the Review Panel conducted a mapping exercise concerning the transposition and practical implementation of the Markets in Financial Instruments Directive (MiFID) and the Transparency Directive. More specifically, the exercise examined: (a) the responsibilities of the competent authorities, (b) the practical implementation of the aforementioned Directives, and (c) the sanctions provided for violation of the Directives. The relevant reports will be published in the first months of 2009.

CESR Expert Groups

Expert Group on Credit Rating Agencies

In February 2008, the CESR published a consultation paper titled "The Role of Credit Rating Agencies in Structured Finance", which covered the following areas: (a) transparency of rating processes and methodologies, (b) monitoring of rating performance, (c) CRA staff resourcing, (d) conflicts of interest. The key focus of the consultation was on whether the nature of CRA interaction with issuers during the structured finance presents additional, un-managed or poorly managed conflicts of interest leading to reduced rating integrity, and whether the CRAs' activities constitute advisory activity in this area. The consultation paper also deals with whether some of the ancillary services offered may lead to potential conflicts of interest and whether greater disclosure is required on the fees CRAs earn from structured finance activity as a result of the "issuer pays" model and the specific "success" fee structure for this activity, and (e) regulatory options. The paper remains open as far as policy options are concerned, and describes in detail the benefits and disadvantages of the current self-regulatory approach, and the benefits and costs that can be created by any regulatory regime.

In May 2008, the final report was submitted to the European Commission, including the recommendations of the CESR for enhancing the integrity and quality of the rating process. (a) The CESR urges the European Commission to form an international CRA standard setting and monitoring body to develop and monitor compliance with international standards in line with the steps taken by IOSCO, using full public transparency and acting in a "name and shame" capacity to enforce compliance with these standards via market discipline. This body should comprise senior representatives of the investor, issuer and investment firms' associations and have an international orientation. Moreover, CRAs should also be part of the body when acting in its standard setting capacity, but not when performing its monitoring activity. The members of the body would be appointed in their majority by the international regulatory community, and would be accountable to those that appoint them. (b) If international regulatory involvement cannot be achieved in the short term, CESR recommends that this body is formed on the EU level. CESR sees itself in a good position to play a key role in the process of regularly assessing whether the body is fulfilling its objectives. For this reason, the body should report periodically. (c) In the absence of support from market participants or failure of the body to meet the objectives of ensuring the integrity and transparency of ratings, this initiative would not add value and that the supervisory authorities should step in to ensure —probably through regulation— the integrity and quality of the rating process

In order to prepare the report, the CESR worked together with the CEBS (participated under observer status), the US SEC and IOSCO.

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

In March 2008, CESR published a guide for retail investors on the new European Directive for Financial Markets (MiFID). The purpose of the guide was to "explain, in a clear and straightforward language, the new protections retail consumers will experience in buying financial services, following the introduction of this legislation across Europe". The guide is expected to be translated into many European languages by national capital market regulators. This is the first time the CESR develops a guide for consumers, and reflects its strong commitment to increase retail investor confidence in markets.

In September 2008, the CESR prepared a report on the progress made under the protocol for the supervision of branches in the context of the Markets in Financial Instruments Directive (MiFID). During the months since the MiFID was first implemented, CESR Members have concluded 16 agreements for cooperation on the supervision of branches. This progress is a major step in order to achieve effective and transparent supervision, and promote cooperation among regulators. The protocol created two models of cooperation between CESR members. Cooperation can either be in the form of joint supervision, conducted through common oversight programmes, or through requests for assistance, based on the efficient allocation of supervisory tasks. The second model is general, while the first allows regulators to adopt "a tailored agreement for particularly important branch operations".

In October 2008, the European Regulator's Group for Electricity and Gas (ERGEG) and the CESR published their final advice to the European Commission on market abuse issues related to energy trading. In their common advice to the Commission, ERGEG and CESR are in favour of developing a well-thought framework against market abuse in the European electricity and gas markets, regarding issues beyond those regulated by the Market Abuse Directive, e.g. energy derivatives. In order to avoid market abuse in energy trading, the regulators ask for the imposition of record-keeping obligations, which will include mechanisms for the imposition of sanctions.

In 2008, the CESR and the CEBS continued their joint work on the treatment of firms providing investment services in relation to commodity derivatives under MiFID and CRD. CESR and CEBS identified the potential for market and regulatory failure with regard to commodity derivatives markets, and issued a technical advice, which includes recommendations, especially in regard to the scope of exemptions that exist in MiFID concerning the prudential supervision of firms dealing in commodity derivatives.

In November 2008, the CSR restated its positions on the protection provided by the convergent application of MiFID and announced new efforts to assess its impact. Given that the first anniversary of MiFID coincided with the global financial crisis, the CESR reinforced its ongoing work on market transparency, regarding the functioning of secondary markets and the scope of transaction reporting obligations. The CESR also announced that it updated its transaction reporting exchange mechanism (TREM), further improving the exchange of information among regulators.

(a) New version of TREM. One year after the implementation of TREM, the CESR launched a new version of the system. Since November 2007, TREM has facilitated the exchange of information on transactions between CESR Members. Almost one billion transaction reports have been exchanged during the first year of its operation. The new version of TREM enables CESR Members to exchange reports on transactions executed on major derivatives markets. It had not been possible to include these transactions in the exchange of information during the first year of the system's functioning, because of the need to address specific difficulties faced by some derivatives markets in adopting the widely used international standard for the identification of securities (ISIN codes). In order to reach a solution, the CESR worked closely with the industry, in particular the Federation of European Stock Exchanges (FESE), and introduced an alternative identifier (Alternative Instrument Identifier - AII). The new version of TREM incorporates new functionalities to better control the quality of data exchanged, aiming to enhance market supervision by CESR Members.

(b) Conclusions on the transparency of non-equity markets The CESR reviewed its conclusions on non-equity markets transparency, which were sent to the European Commission as technical advice in August 2007. This review covers corporate bond markets, as well as structured finance products and OTC derivatives, focusing on aspects of post-trade transparency in all markets.

Further new initiatives were launched in order to help CESR assess the impact and effectiveness of MiFID: (i) A 'Call for Evidence' on the impact of MiFID on secondary markets functioning, specially in relation to market transparency and integrity, regulated markets, Multilateral Trading Facilities and systematic internalisers; (ii) a 'Call for Evidence' on the review of the scope of the MiFID transaction reporting obligation, especially regarding the scope of the transaction reporting obligation (i.e. what constitutes "execution of a transaction" for transaction reporting purposes); and (iii) a reassessment of CESR's methodology for market transparency calculations (regulated, MTF, internalized, OTC), by updating the thresholds of pre-trade transparency obligations and for delayed post-trade publication regarding liquid shares.

In December 2008, the CESR published a consultation paper on non-equity market transparency. Given the recent financial market crisis, the consultation seeks to gather views that will assist CESR in analyzing the role of transparency on corporate bond, structured finance product, and credit derivative markets. As regards corporate bonds, the work of CESR aims at assessing whether its conclusions on trade transparency in bond markets that were published in August 2007, "remain appropriate in light of the experiences from the recent market turmoil". Regarding structured finance products and credit derivatives, the key question the CESR considers is whether post-trade information plays a role to support price formation, reinforce valuation practices and provide supplementary information about the scale of credit risk transfers.

Expert Group on Investment Management

In February 2008, the CESR published its advice to the European Commission on the content and form of Key Investor Document disclosures for UCITS. The new document (KID) aims at simplifying and stressing the key information that retail investors should take into account when investing in UCITS funds. The purpose of KID is to ultimately replace the simplified prospectus for retail investors. This work began following a request from the European Commission in April 2007, as part of its overall work for revising the UCITS Directive.

The main points of the CESR's advice include (a) the definition of UCITS, Mutual Fund Management Firm and depository domiciles, in a manner that facilitates the remote management of funds that are not legal entities; (b) the applicable law and supervisory responsibilities in the case of the free provision of services, and services provided through branches, and the facilitation of cooperation among competent authorities, including the mutual transfer of regulatory responsibilities and the option to establish colleges of supervisors and (c) the procedure for licensing UCITS whose management firm has been established in other member-states, on the basis of the passport. They also include detailed regulations on the flow of information from involved undertakings to the competent authorities, as well as among undertakings, as well as regulations concerning the role of auditors in the context of the passport.

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.

In October 2008, the two authorities published for public consultation a document containing draft recommendations for securities clearing and settlement systems and draft recommendations for central counterparties in the European Union. The first part of the consultation paper contains 19 recommendations, concerning central securities depositaries (CDSs) and the second part contains 15 recommendations, concerning central counterparties (CCPs). These recommendations aim at increasing the safety, soundness, and efficiency of securities clearing and settlement systems and CCPs respectively. The annexes include an assessment methodology and a glossary of terms. The recommendations were based on the recommendations on CCPs issued by the

Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions (CPSS-IOSCO). The recommendations no longer refer to the supervision of custodian banks, which nonetheless play a major role in clearing and settlement, and therefore further work has been undertaken by the CEBS in order to "ensure a level playing field".

CESR - Econet
In the past few years, an ad hoc group of economists (financial experts' network) has been meeting at regular intervals, mostly to discuss issues pertaining to statistical data that could be recorded in order to prepare reports on financial trends in securities markets, to be dispatched to the Economic & Financial Committee. This group is chaired by the Chairman of the Hellenic Capital Market Commission.

Given that the CESR proceeds to Level 3 work, it formed a new group, titled ECONET, whose task is to assist the CESR in dealing with its increasing commitments to submit reports on market trend forecasts with the assistance of expert economists. The aims of CESR-EcoNet are to (a) improve 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, and (b) to develop practical impact analysis methodologies regarding financial regulation and supervision.

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 work of the group clarifies the responsibilities for executing each step of the project, participation to the estimated cost, the legal issues, personnel issues, and outsourcing issues.

Takeover Bids Network
In 2008, representatives from member-state authorities continued work on takeover bids in order 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 most of the authorities that

compose 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.

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 financial crisis

In November 2008, in an open letter addressed to the G-20 forum, IOSCO welcomed the efforts of the G-20 Heads of State to meet in order to address issues arising from the global financial crisis. In the letter, IOSCO states that “to resolve this current crisis, co-operation and coordination amongst financial regulators and policy makers, supported by the political will to make the necessary regulatory or legislative changes, are critical”. Moreover, IOSCO offers its global reach and technical experience, which are necessary to assist policymakers in developing and implementing common regulatory solutions on a global basis.

IOSCO has already laid solid foundations for a strong securities framework. IOSCO’s Securities Regulation Principles are recognized as benchmarks for all securities market, while its Multilateral Memorandum of Understanding (MMoU) “has been instrumental in strengthening cross-border enforcement cooperation and enabling regulators to exchange information”. The letter calls for a strong political will to ensure that the IOSCO Principles are implemented in all countries, and that the legislative requirements for signing the Memorandum are also implemented in all jurisdictions. IOSCO points out that “in the face of the present crisis it has become evident that regulatory gaps, particularly those posed by certain unregulated or under-regulated parts of the global market will need to be closed and IOSCO is the appropriate vehicle to achieve this”. “It is also increasingly clear that, while financial regulatory structures remain national, consistent global solutions are desired by many”.

Building on its existing principles for a high quality regulatory framework for securities, IOSCO examines ways for dealing with some of the regulatory gaps highlighted by the crisis. This examination includes (a) international financial reporting standards and the accountability of standard setters to the community of national authorities responsible for reporting by public companies; (b) building investor confidence, including through measures such as strengthening cross-border enforcement cooperation and addressing concerns about abusive short-selling in current market conditions; (c) transparency in markets and disclosure with respect to all financial products; and (d) establishing global norms for regulators of credit rating agencies through the IOSCO Code of Conduct

Fundamentals for Credit Rating Agencies and promoting CRA compliance with rules through cooperative oversight and inspection.

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, 49 IOSCO members, including the Hellenic Capital Market Commission, have already signed the multilateral MOU. The Hellenic Capital Market Commission is one of the first counterparties to the Memorandum, having signed the MMU on October 9th, 2002.

The Organisation expressed its satisfaction for the major success of the effort to include all its members as signatories to the Multilateral Memorandum of Understanding before 2010. Adopted in May 2002, the MMU provides for improved terms of cooperation on issues pertaining to the imposition of sanctions and the exchange of information among regulators. It is one of the most important initiatives of the Organisation, and will facilitate legislative cooperation and the effective cross-border imposition of sanctions. IOSCO's Regional Committees, assisted by the General Secretariat of the Organisation, have consistently worked to encourage the member-states of their region to participate in IOSCO's Multilateral Memorandum of Understanding.

During the Organisation's Annual Conference that was held in Paris, France, in May 2008, the Securities Commission of Thailand was admitted as a full signatory. IOSCO continues to monitor the progress of the 15 candidate members in promoting the necessary reforms that will allow them to become full signatories. During the Paris Annual Conference, the Securities Commission of El Salvador was admitted as a candidate member. IOSCO remains committed to achieving its target of having all candidate members sign, or commit to sign, the Memorandum of Understanding.

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 2008, 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 November 2008 in Madrid.

Annual Conference

The world's securities and derivatives regulators and other members of the international financial community met in Paris, France, during May 26-29, on the occasion of the 33rd 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 2008. The first meeting was held during the Paris Annual Conference, in May 2008. 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; (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 of IOSCO was held in Madrid, Spain, in November 2008.

APPENDICES

APPENDIX 1

RULES AND REGULATIONS ISSUED BY THE HELLENIC CAPITAL MARKET COMMISSION

No. Of Rule / Gazette	Title	Summary
1/495/31.12.2008 (Gazette B/82/23.1.2009)	AMENDMENT OF HCMC RULE 3/304/10.6.2004:	This rule amends articles 1, 4, 14, 34, 38, 39, 46, 51, 67, 68 and 77 of the Rulebook of the Dematerialized Securities System.
2/495/31.12.2008 (Gazette B/82/23.1.2009)	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 at meeting 189/15.12.2007 of the Board of the ATHEX.
3/495/31.12.2008 (Gazette B/82/23.1.2009)	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DERIVATIVES	This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Derivatives adopted at meeting 189/15.12.2008 of the Board of the ATHEX.
15/493/11.12.2008 (Gazette B/2674/31.12.2008)	AMENDMENT OF HCMC RULE 1/488/10.10.2008 (GAZETTE B 2176/23.10.2008)	This rule extends the validity of HCMC Rule 1/488/10.10.2008 (Gazette 2176/23.10.2008) on the prohibition of short sales till May 31, 2009.
1/490/31.10.2008 (Gazette B/2350/19.11.2008)	AMENDMENT OF HCMC RULE 1/488/10.10.2008 (GAZETTE B 2176/23.10.2008)	This rule extended the validity of HCMC Rule 1/488/10.10.2008 (Gazette B 2176/23.10.2008) on the prohibition of short sales till 31.12.08.
1/488/10.10.2003 (Gazette B/2176/23.10.2008)	AMENDMENT OF HCMC RULE 1/485/23.9.2008 "SHORT SHALES OF SHARES LISTED IN THE ASE"	This rule prohibits the short sales of shares listed in the securities market of the Athens Stock Exchange from the period since the issuance of the Rule, i.e. October 10 2008, till October 31, 2008.
1/487/7.10.2008 (Gazette B/2256/1.11.2008)	AMENDMENT OF THE RULEBOOK OF THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at the meeting of the Board of Hellenic Exchanges SA that was held on 17.9.2008.
1/486/6.10.2008 (Gazette B/2136/15.10.2008)	AMENDMENT OF HCMC RULE 1/485/23.9.2008 "SHORT SHALES OF SHARES LISTED IN THE ASE"	This rule amends articles 1 and 4 of HCMC Rule 1/485/23.9.2008.

1/485/23.9.2008 (Gazette B/2028/1.10.2008)	SHORT SALES OF SHARES LISTED IN THE ATHENS STOCK EXCHANGE	This rule regulates the short selling of ASE-listed shares.
1/480/24.7.2008 (Gazette B/1564/6.8.2008)	AMENDMENT OF HCMC RULE 6/448/11.10.2007 ON THE DATA AND INFORMATION THAT ARISE FROM QUARTERLY AND SEMI-ANNUAL FINANCIAL STATEMENTS	This rule amends appendixes C and E of HCMC Rule 6/448/11.10.2007.
2/480/24.7.2008 (Gazette B/1564/6.8.2008)	AMENDMENT OF HCMC RULE 3/452/1.11.2007 (GAZETTE B /2138/1.11.2007) "EVALUATION OF QUALIFYING HOLDINGS"	This rule amends articles 1 and 2 and the appendix of HCMC Rule 3/452/1.11.2007.
1/479/17.7.2008 (Gazette B/1564/6.8.2008)	AMENDMENT OF 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 amends articles 3 and 6 of HCMC Rule 1/459/27.12.2007.
2/477/1.7.2008 (Gazette B/1933/19.9.2008)	CRITERIA FOR THE LICENSING OF MULTILATERAL TRADING FACILITIES (MTFS)	This rule sets the conditions for the provision of operation licenses to multilateral trading facilities.
1/477/1.7.2008 (GAZETTE B 1456/24.7.2008)	AMENDMENT OF THE RULEBOOK OF THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at meeting number 11 (subject 1) of the Board of Hellenic Exchanges SA, held on 17.4.2008, as well as at the meeting of 6.5.2008 (subject 9.1).
1/474/13.6.2008 (GAZETTE B 1368/14.7.2008)	EVALUATION REPORT REGARDING INVESTMENT FIRM COMPLIANCE WITH THE ORGANIZATIONAL REQUIREMENTS OF LAW 3606/2007	This rule defines the content, manner and timing regarding the submission of evaluation reports on Investment Firm compliance with the organizational requirements of Law 3606/2007.
1/473/5.6.2008 (GAZETTE B' 1172/26.6.2008)	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 at meeting 178/21.4.2008 and 179/12.5.2008 of the Board of the ATHEX.
1/470/5.5.2008 (Gazette B 946/22.5.2008)	AMENDMENT OF HCMC RULE 3/304/10.06.2004 (GAZETTE B 901 B/16.6.2004) "REGULATION FOR THE OPERATION OF THE DEMATERIALIZED SECURITIES SYSTEM".	This rule amends articles 13 and 39 of the Rulebook of the Dematerialized Securities System.

1/469/18.4.2008 (Gazette B/795/7.5.2008)	AMENDMENT OF THE RULEBOOK OF THE ATHENS STOCK EXCHANGE SA	This rule ratifies the amendments of the Rulebook of the Athens Stock Exchange that were adopted at meeting number 11 (subject 12.1) of the Board of Hellenic Exchanges SA, held on 17.4.2008, and abolished HCMC Rule 5/403/8.11.2008 on the short sales of shares in regulated markets.
1/465/3.3.2008 (Gazette B/353/4.3.2008)	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 at meeting 174/3.3.2008 of the Board of the ATHEX.
2/465/3.3.2008 (Gazette B/353/4.3.2008)	AMENDMENT OF THE REGULATION FOR THE CLEARING OF TRANSACTIONS ON DERIVATIVES	This rule ratifies the amendments to the Regulation for the Clearing and Settlement of Transactions on Derivatives adopted at meeting 174/3.3.2008 of the Board of the ATHEX.
1/462/7.2.2008 (Gazette B 297/25.2.2008)	CODE OF CONDUCT FOR MUTUAL FUND MANAGEMENT FIRMS AND PORTFOLIO INVESTMENT FIRMS	This rule sets and specifies the conduct principles for MFMFs and PICs.
2/462/7.2.2008 (Gazette B 297/25.2.2008)	ORGANIZATION OF MUTUAL FUND SHARE DISTRIBUTION NETWORKS	This rule specifies MFMF obligations regarding the organization of networks for the distribution of shares in their mutual funds.
4/461/24.1.2008 (Gazette B 283/25.2.2008)	CRITERIA FOR THE LICENSING OF INVESTMENT FIRMS	This rule sets the conditions for the provision of operation licenses to investment firms.
5/461/24.1.2008 (Gazette B 283/25.2.2008)	CRITERIA FOR THE LICENSING OF FINANCIAL INTERMEDIATION FIRMS	This rule sets the conditions for the provision of operation licenses to financial intermediation firms.
6/461/24.1.2008 (Gazette B 264/20.2.2008)	APPROVAL OF THE TRAINING PROGRAM FOR INDIVIDUALS INVOLVED IN THE DISTRIBUTION OF MUTUAL FUND UNITS.	This rule sets the training program for individuals involved in the distribution of mutual fund units.
13/461/24.1.2008 (Gazette B 264/20.2.2008)	AMENDMENT OF HCMC RULE 1/387/19.6.2006 ON THE CERTIFICATION OF THE PROFESSIONAL ADEQUACY OF INVESTMENT FIRM, FINANCIAL INTERMEDIATION FIRM, MUTUAL FUND MANAGEMENT FIRM, AND PORTFOLIO INVESTMENT COMPANY EMPLOYEES AND EXECUTIVES	This rule amends article 24 of HCMC Rule 1/387/19.6.2006.

APPENDIX 2

PARTICIPATION IN INTERNATIONAL CONFERENCES, FORA AND MEETINGS IN 2008

- January 17 , 2008, Helsinki, TREM User Network Meeting;
- January 18, 2008, Helsinki, CESR-Tech Meeting;
- January 22, 2008, Rome, Meeting of the CESR Working Group on investment management;
- January 22, 2008, London, Meeting of the MiFID CESR Working Sub-Group for market intermediaries;
- January 22 & 23, 2008, Amsterdam, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards;
- January 23, 2008, Paris, Meeting of the CESR Working Group on Takeover Bids
- January 24, 2008, Paris, CESRPol Meeting
- January 25, 2008, Paris, Meeting of the Level 3 MiFID CESR Working Sub-Group on Regulated Markets;
- January 25, 2008, Budapest, CESR Post Trading Group meeting;
- January 28, 2008, Lisbon, Conference of the CESR Review Panel;
- February 8-10, 2008, Berlin, Meeting of the Standing Committee IV, and the Screening Group of IOSCO;
- February 12, 2008, Paris, CESR Summit;
- February 15, 2008, Amsterdam, Meeting of the CESR MiFID Review Panel;
- February 15 & 16, 2008, Brussels, Meeting of the Work Group on Corporate Law;
- February 20, 2008, Paris, TREM User Network Meeting;
- February 22, 2008, Budapest, CESR Post Trading Group meeting;
- February 27-29, 2008, Paris, Meeting of the Plenary of OECD's Financial Action Task Force (FATF);
- March 04, 2008, Paris, Conference of the CESR Review Panel;
- March 06, 2008, Paris, Meeting of the Level 3 MiFID CESR Working Group on Regulated Markets;
- March 11, 2008, Paris, Meeting of the CESR Working Group on Transparency;
- March 12, 2008, Paris , Meeting of the CESR Working Group on Prospectuses;
- March 12, 2008, Budapest, Meeting of CESR-Pol Sub-committee on Surveillance and Intelligence;
- March 13, 2008, Paris, TREM User Network Meeting;
- March 14, 2008, London, Meeting of the MiFID CESR Working Sub-Group on Market Intermediaries;
- March 14, 2008, Paris, CESR-Tech Meeting;
- March 14, 2008, Paris, CESR-Fin Meeting;
- March 18, 2008, Paris, Conference of the CESR Review Panel;
- April 2, 2008, Paris, Meeting of CESR-Pol Subgroup on Market Abuse;
- April 11 & 12, 2008, Valetta, CESR Summit;
- April 15, 2008, Amsterdam, Meeting of the CESR MiFID Review Panel;
- April 16 & 17, 2008, Paris, Annual OECD Meeting on Corporate Governance;
- April 17 & 18, 2008, Prague, CESRPol Meeting;
- April 22, 2008, Frankfurt, Meeting of the CESR-ESCB group on Clearing and Settlement;
- April 23, 2008, Paris, TREM User Network Meeting;
- April 24, .2008, Paris, CESR-Tech Meeting;
- April 28-30, 2008, Madrid, Meeting of the Standing Committee IV, and the Screening Group of IOSCO;
- April 28-30, 2008, Madrid, Meeting of the Standing Committee IV, and the Screening Group of IOSCO;
- April 29, 2008, Brussels, Meeting of the MiFID CESR Working Sub-Group on Market Intermediaries;

- April 30, 2008, Brussels, Meeting of the Level 3 MiFID CESR Working Group;
- May 6-9, 2008, Prague, 17th Annual Conference of the International Securities Lending Association;
- May 6-10, 2000, Barcelona, EIPA Seminar on “Evaluation of public policies”;
- May 13 & 14, 2008, Ljubljana, CESR Summit;
- May 15 & 16, 2008, Brussels, CESR,CEBS & CEIOPS Seminar on Risk Models;
- May 15 & 16, 2008, Helsinki, Meeting of CESRFin Sub-committee on the Enforcement of International Accounting Standards (EECS);
- May 22-23, 2008, Brussels, Meeting of the European Council’s Work Group for the Revision of the Directive on Settlement Finality and the Directive on Financial Collateral Arrangements;
- May 26-30, 2008, Paris, IOSCO Annual Conference;
- May 28, 2008, Paris, TREM User Network Meeting;
- May 29, 2008, Paris, CESR-Tech Meeting;
- May 30, 2008, Paris, Meeting of the Level 3 MiFID CESR Working Group on Regulated Markets;
- June 5-6, 2008, Budapest, CESR Post Trading Group meeting;
- June 5, 2008, Paris, Meeting of the CESR Working Group on Takeover Bids;
- June 6, 2008, Sofia, Conference of the Securities Commission of Bulgaria on: “The effects from EU entry on SE Capital Markets”.
- June 6, 2008, Brussels, Meeting of the Work Group on Corporate Law;
- June 6, 2008, Amsterdam, Meeting of the CESR MiFID Review Panel;
- June 10, 2008, Paris, CESRPol Meeting;
- June 11-12, 2008, Brussels, Meeting of the European Council’s Work Group for the Revision of the Directive on Settlement Finality and the Directive on Financial Collateral Arrangements;
- June 16-17, 2008, Amsterdam, Meeting of the MiFID Review Panel;
- June 17 & 18, 2008, London, Annual FSA Conference on sanctions;
- June 17-20, 2008, London, Meeting of the Plenary of OECD’s Financial Action Task Force (FATF);
- June 18, 2008, Paris, CESR’s ECONET Meeting;
- June 20, 2008, London, Meeting of the MiFID CESR Working Sub-Group on Market Intermediaries;
- June 20, 2008, Berlin, CESR-Fin Meeting;
- June 24, 2008, Paris, TREM User Network Meeting;
- June 24, 2008, Paris, Meeting of CESR-Pol Sub-committee on Surveillance and Intelligence;
- June 25, 2008, Paris, Meeting of CESR-Pol Subgroup on Market Abuse;
- June 26, .2008, Paris, CESR-Tech Meeting;
- June 26-27., 2008, Paris, Meeting of the Level 3 MiFID CESR Working Sub-Group on Regulated Markets;
- July 1, 2008, Amsterdam, Meeting of the CESR Working Group on Transparency;
- July 03, 2008, Lisbon, Conference of the CESR Review Panel;
- July 04, 2008, Budapest, CESR Post Trading Group meeting;
- July 4, 2008, Paris , Meeting of the CESR Working Group on Prospectuses;
- July 6-12, 2008, Maastricht, Training Programme of the European Institute of Public Administration “Perspectives on e-Government: How to strengthen cooperation on the national, regional and local level”.
- July 8, 2008, Copenhagen, Meeting of CESRFin Sub-committee for the Enforcement of International Accounting Standards (EECS);
- July 2, 2008, Paris, TREM User Network Meeting;
- Jul 25, .2008, Paris, CESR-Tech Meeting;

- July 27-28, 2008, Rome, Meeting of the CESR Expert Group on Investment Management;
- July 30-31, 2008, Paris, Meeting of the MiFID Review Panel Sub-group;
- August 22, 2008, Paris, Meeting of the CESR-ESCB group on Clearing and Settlement;
- September 01, 2008, Paris, Meeting of the Level 3 MiFID CESR Working Group on Regulated Markets;
- September 04, 2008, Paris, CESR Summit;
- September 7-10, 2008, Helsinki, CESR Post Trading Group meeting;
- September 9-10, 2008, Larnaca, CESRPol Meeting;
- September 10, 2008, Helsinki, TREM User Network Meeting;
- September 11, 2009.08, Helsinki, CESR-Tech Meeting;
- September 11, 2008, Paris, Meeting of the MiFID CESR Working Sub-Group on Market Intermediaries;
- September 12, 2008, Rome, Meeting of the CESR Working Group on investment management;
- September 14-20, 2008, Maastricht, Training Programme of the European Institute of Public Administration "Structural Funds Programming".
- September 15, 2008, Frankfurt, Meeting of the CESR-ESCB group on Clearing and Settlement;
- September 16, 2008, Madrid, Meeting of IOSCO's Implementation Task Force;
- September 17, 2008, Brussels, Meeting of the Level 3 MiFID CESR Working Group;
- September 18, 2008, Brussels, Meeting of the Workgroup for the Revision of Directive 85/611/EEC-UCITS;
- September 18, 2008, Rome, Meeting of CESRFin Sub-committee for the Enforcement of International Accounting Standards (EECS);
- September 23, 2008, Paris, CESR-Fin Meeting;
- September 24-26, 200, Frankfurt, CESR Seminar on the Instrument Reference Data System (IRDS);
- September 29-30, 2008, Paris, CESR Summit and Meeting with the CESR Market Participants Consultative Panel;
- October 2 & 3, 2008, Brussels, Meeting of the Workgroup for the Revision of Directive 85/611/EEC-UCITS;
- October 06, 2008, London, Meeting of the Level 3 Committees Workgroup (CESR-CEBS-CEIOPS)q
- October 07, 2008, Amsterdam, Meeting of the CESR Working Group on Transparency;
- October 10, 2008, Paris, TREM User Network Meeting;
- October 14, 2008, Brussels, Meeting of the Workgroup for the Revision of Directive 85/611/EEC-UCITS;
- October 13-17, 2008, Rio de Janeiro, Meeting of OECD's Financial Action Task Force (FATF);
- October 16, 2008, London, Meeting of the Level 3 MiFID CESR Working Group on Regulated Markets;
- October 16, 2008, Vienna, Meeting of CESR-Pol Sub-committee on Surveillance and Intelligence;
- October 24, 2008, Rome, Meeting of the CESR Working Group on investment management;
- October 26-29, 2008, Cyprus, Conference on: "Justice, Regulators & Regulated Entities in the new Financial Environment".
- October 26-29, 2008, Bohn, CESR-CEBS Seminar on: "Enforcement and Supervision of AML & CTF-How to Combat National and International Illegal Practices";
- October 28 & 29, 2008, London, Meeting of CESRFin Sub-committee on the Enforcement of International Accounting Standards (EECS);
- October 29, 2008, Brussels, Meeting of the Workgroup for the Revision of Directive 85/611/EEC-UCITS;
- October 30, 2008, Vienna, Meeting of CESR-Pol Subgroup on Market Abuse;
- October 31, 2008, Budapest, CESR Post Trading Group meeting;
- October 31, 2008, Vienna, Meeting of CESR-Pol Subgroup on Short Selling;
- November 3, 2008, Madrid, Meeting of the European Regional Committee of IOSCO

- November 1-8, 2008, Washington, US SEC Seminar on Securities Enforcement and Market Oversight;
- April 4-6, 2008, Madrid, Meeting of the Standing Committee IV, and the Screening Group of IOSCO;
- November 11, 2008, Brussels, European Commission Conference on: "Revision of the Market Abuse Directive".
- November 12-13, 2008, Brussels, CESR-Pol Meeting;
- November 12-13, 2008, Brussels, Meeting of the Work Group on Corporate Law;
- November 18, 2008, Paris, Meeting of the Level 3 MiFID CESR Working Group on Regulated Markets;
- November 19 to 20, 2003, Paris, Annual OECD Conference on Corporate Governance;
- November 20, 2008, Paris, CESR-Fin Meeting;
- November 20, .2008, Budapest, CESR-Tech Meeting;
- November 21, 2008, Paris, Meeting of the MiFID CESR Working Sub-Group on Market Intermediaries;
- November 21, 2008, Brussels, Meeting of the Workgroup on Credit Rating Agencies;
- November 21 & 22, 2008, Budapest, CESR Post Trading Group meeting;
- November 21, 2008, Budapest, TREM-User Network Meeting;
- November 26 & 27, 2008, Dublin, CESR-CEBS-CEIOPS Seminar on Financial Group Supervision;
- November 27, 2008, Paris, Conference of the CESR Review Panel;
- November 28, 2008, Paris, Open CESR Hearing on Market Abuse;
- December 4 & 5, 2008, Brussels, Meeting of the Workgroup on Credit Rating Agencies;
- December 08, 2008, Paris, CESR Post Trading Group meeting;
- December 8-9, 2008, Paris, CESR,CEBS & CEIOPS Seminar on Risk Models;
- October 9-10, 2008, Warsaw, Conference on: "Financial Statements and Auditing in the Public Sector".
- December 9, 2008, Paris, Meeting of the CESR-Tech Work Sub-group on OTC Derivates Reporting;
- December 9-11, 2008, warsaw, Meeting of CESRFin sub-committee for the Enforcement of International Accounting Standards;
- December 11-12, 2008, Paris, CESR Summit;
- December 15, 2008, Brussels, Meeting of the Workgroup on Credit Rating Agencies;
- December 15-16, 2008, Paris, TREM User Network Meeting;
- December 16, 2008, Paris, TREM-User Network Meeting;
- December 16-17, 2006, Paris, Meeting of IOSCO's Implementation Task Force;
- December 16-17, 2008, Ankara, Conference held by the Capital Markets Board of Turkey on "Draft Turkish Commercial Code and EU Company Law".

TABLE I

Developments in Selected International Stock Exchanges, 2006

Stock Exchange	Stock Exchange Indices		Market Capitalization		Value of transactions[1]		Tradability Index[2]	No. of listed companies
	Closing price	Annualized Change (%)	Value (US$ billion)	Annualized Change (%)	Value (US$ billion)	Annualized Change (%)	(%)	
London	4.434,20	-31,33%	1.868,15	-51,50%	6.473,61	-37,30%	346,52%	3.096
Germany	4.973,07	-38,36%	1.110,58	-47,25%	3.880,94	-10,24%	349,35%	832
Euronext[3]	N/A	N/A	2.101,75	-50,23%	4.454,42	-21,14%	211,94%	1.002
Paris	3.217,97	-42,68%	-	-	-	-	-	-
Switzerland	5.534,53	-34,77%	880,33	-30,74%	1.509,90	-19,95%	171,51%	323
Amsterdam	245,94	-52,32%	-	-	-	-	-	-
Italy	15.505,00	-47,27%	522,09	-51,32%	1.526,24	-33,98%	292,33%	300
Madrid[4]	1.006,70	-38,69%	948,35	-46,76%	2.438,65	-17,91%	257,15%	N/A
Stockholm[5]	214,01	-39,17%	563,10	-54,68%	1.335,00	-28,35%	237,08%	824
Brussels	1.908,64	-53,76%	-	-	-	-	-	-
Athens	1.786,51	-65,50%	90,95	-65,68%	115,47	-31,84%	126,97%	285
Vienna	1.812,54	-59,84%	76,29	-67,74%	106,37	-18,23%	139,43%	118
NYSE	5.757,05	-40,89%	9.208,93	-41,16%	33.638,94	15,16%	365,29%	3.011
NASDAQ	1.577,03	-40,54%	2.396,34	-40,30%	36.445,91	29,62%	1.520,90%	2.952
Tokyo	8.859,56	-42,12%	3.115,80	-28,06%	5.586,33	-13,73%	179,29%	2.390
Hong-Kong	14.387,48	-48,27%	1.328,77	-49,94%	1.629,26	-23,82%	122,61%	1.261

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, 2006-2008

MFMF	31.12.2008 Number of M/F	31.12.2008 Assets (€ mil.)	31.12.2008 Market Share	31.12.2008 % Annual Change	31.12.2007 Number of M/F	31.12.2007 Assets (€ mil.)	31.12.2007 Market Share	31.12.2007 % Annual Change	31.12.2006 Number of M/F	31.12.2006 Assets (€ mil.)	31.12.2006 Market Share	31.12.2006 % Annual Change
ALICO AIG	25	276,77	2,66%	0,7	25	480,66	1,96%	-0,19	18	452,20	1,89%	0,13
ALLIANZ	7	128,63	1,23%	0,29	10	232,23	0,95%	-0,11	10	262,31	1,10%	-0,14
ALPHA ASSET MAN	36	1.874,04	17,98%	-5,11	32	5.647,66	23,03%	-6,04	27	4.208,08	17,60%	-1,05
ALPHA TRUST MFMF	14	178,11	1,71%	0,36	11	325,14	1,33%	-0,11	11	356,91	1,49%	0,20
ASPIS INT'L	4	58,14	0,56%	0,09	7	115,46	0,47%	-0,08	10	137,10	0,57%	-0,17
ATTICA WEALTH MAN	8	80,96	0,78%	0,38	-	-	-	-	-	-	-	-
EFG MFMF	80	2.390,01	22,94%	-1,27	69	5.949,94	24,27%	-5,76	33	6.914,55	28,92%	-1,57
HSBC (HELLAS)	11	351,83	3,38%	1,72	11	407,86	1,66%	-0,02	10	416,79	1,74%	-0,46
ING-MFMF	9	123,70	1,19%	0,17	7	249,40	1,02%	-0,09	8	275,58	1,15%	-0,72
ING PIRAEUS	-	-	-	-	-	-	-	-	-	-	-	-
INTERNATIONAL	7	50,03	0,48%	0,12	7	87,13	0,36%	-0,01	7	90,87	0,38%	0,05
MARFIN GLOBAL AM	13	270,68	2,60%	1,67	11	228,83	0,93%	0,37	8	28,60	0,12%	0,03
MILLENNIUM MFMF	9	62,55	0,60%	0,04	9	136,33	0,56%	0,19	-	-	-	-
PROFUND MFMF	4	43,74	0,42%	0,28	3	33,96	0,14%	0,02	3	28,63	0,12%	0,04
PROTON MFMF	5	19,05	0,18%	0,02	7	43,23	0,18%	-0,03	3	20,03	0,08%	0,02
SOCIAL SECURITY FUNDS	2	822,03	7,89%	3,91	2	974,00	3,97%	0,28	2	913,71	3,82%	0,87
ATE MFMF	11	233,10	2,24%	0,65	11	389,32	1,59%	-0,24	11	454,28	1,90%	-0,31
ATTIKI	-	-	-	-	6	98,95	0,40%	0,01	6	96,20	0,40%	0,10
GENIKI	-	-	-	-	-	-	-	-	-	-	-	-
DIETHNIKI	-	-	-	-	60	7.635,71	31,14%	1,77	28	6.929,74	28,98%	4,34
EGNATIA	-	-	-	-	-	-	-	-	7	128,75	0,54%	0,07
ETHNIKI ASSET MGT	61	2.776,56	26,65%	-4,49	-	-	-	-	-	-	-	-
ELLINIKI TRUST	-	-	-	-	-	-	-	-	8	80,39	0,34%	-0,07
EMPORIKI ASSET M	9	374,09	3,59%	-0,51	10	1.003,76	4,09%	-1,83	-	-	-	-
ERMIS	-	-	-	-	-	-	-	-	12	1.465,21	6,13%	-2,20
EVROPAIKI PISTI	10	35,06	0,34%	0,07	9	66,79	0,27%	-0,01	10	69,89	0,29%	0,05
CYPRUS MFMF	8	69,03	0,66%	0,13	6	128,97	0,53%	0,11	5	102,89	0,43%	0,06
LAIKI	-	-	-	-	-	-	-	-	4	46,88	0,20%	0,04
P & K	-	-	-	-	-	-	-	-	12	117,17	0,49%	0,01
PIRAEUS ASSET M	13	165,57	1,59%	0,64	12	231,65	0,94%	-0,06	5	234,89	0,98%	0,69
PSB GREEK POST MFMF	6	36,58	0,35%	0,14	4	57,69	0,21%	0,03	3	45,37	0,19%	-0,01
OMEGA	-	-	-	-	-	-	-	-	8	33,41	0,14%	0,00
TOTAL	352	10.420,26			329	24.518,67			269	23.910,45	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 01.01.08.

1. Since 01.01.07, the total net assets of Mutual Fund Management Firms, as well as the existing categories, include M/Fs that have been formed in other countries (e.g. Luxembourg, Ireland) and are managed by Greek MFMFs. Unclassified M/Fs remain under the "Foreign Market Mutual Funds" category. The net assets presented concern distribution in Greece.

2. M/Fs are UCITS in the sense of Directive 85/611/EC, as currently in force, are subject to the legal and tax regime of their country of origin, are licensed and supervised by the competent authorities of their country of origin, and distribute their shares in Greece after duly notifying the Hellenic Capital Market Commission in accordance with article 35 Law 3283/2004.

TABLE III

Net assets of Mutual Fund Management Firms per MF classification 31.12.2008

MFMF	Bond			Money market			Mixed			Equity			Funds of Funds			Grand Total	
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total		
ALICO AIG MFMF	5,36%	38,61%	43,98%	11,35%	1,19%	12,54%	0,69%	11,93%	12,61%	23,54%	1,65%	25,20%	4,56%	1,12%		5,68%	
ALLIANZ MFMF	19,47%		19,47%	7,71%		7,71%	45,46%		45,46%	25,84%	1,51%	27,35%					
ALPHA ASSET MANAGEMENT MFMF	6,77%	29,23%	36,01%	4,03%	22,31%	26,35%	6,33%	2,62%	8,95%	21,67%	1,31%	22,98%	4,20%	0,57%	0,93%	5,71%	
ALPHA TRUST MFMF	9,64%	4,69%	14,33%	6,11%		6,11%	9,56%		9,56%	65,52%	1,02%	66,55%	3,46%			3,46%	
ASPIS INTERNATIONAL MFMF	51,83%		51,83%	29,55%		29,55%	2,62%		2,62%	15,99%		15,99%					
ATTICA WEALTH MANAGEMENT MFMF	3,55%	31,16%	34,71%	18,01%		18,01%	7,04%	25,43%	32,47%	13,92%	0,89%	14,82%					
EFG MFMF	8,99%	29,83%	38,83%		5,27%	5,27%	1,38%	3,38%	4,75%	15,13%	23,82%	38,94%	4,84%	6,93%	0,44%	12,21%	
HSBC (HELLAS)	3,02%	0,83%	3,85%	51,25%		51,25%	11,37%		11,37%	23,85%	5,82%	29,67%		3,86%		3,86%	
ING-MFMF				12,35%		12,35%	13,03%		13,03%	47,27%	27,35%	74,62%					
INTERNATIONAL MFMF	30,21%		30,21%	3,59%		3,59%	22,02%	3,45%	25,47%	40,73%		40,73%					
MARFIN Global Asset Management MFMF		7,14%	7,14%	50,99%		50,99%		2,66%	2,66%	19,96%	3,02%	22,98%	14,43%	1,81%		16,24%	
MILLENNIUM MFMF	5,42%		5,42%	14,30%		14,30%				45,00%	5,24%	50,24%		30,04%		30,04%	
PROFUND MFMF	19,60%		19,60%	63,08%		63,08%	1,94%		1,94%	15,39%		15,39%					
PROTON MFMF	53,94%		53,94%				15,99%	9,54%	25,53%	20,53%		20,53%					
SOCIAL SECURITY FUND MFMFs	41,46%		41,46%				58,54%		58,54%								
ATE MFMF	23,08%	4,35%	27,43%	9,13%		9,13%	13,14%	13,96%	27,10%	30,85%	4,00%	34,85%	1,50%			1,50%	
ΕΘΝΙΚΗ ASSET MNG MFMF	5,05%	26,09%	31,14%	0,36%	42,70%	43,06%	4,96%	1,43%	6,39%	9,89%	4,33%	14,22%	0,53%	3,63%	0,47%	4,63%	0,56%
EMPORIKI ASSET MGT	17,67%		17,67%	41,99%		41,99%	6,62%		6,62%	32,42%		32,42%		1,30%		1,30%	
ΕΥΡΩΠ ΠΙΣΤΗ	3,92%	37,13%	41,06%				12,71%		12,71%	21,79%	24,45%	46,24%					
CYPRUS	14,40%	27,44%	41,84%	7,53%		7,53%	15,89%		15,89%	34,74%		34,74%					
PIRAEUS ASSET M	21,38%	2,73%	24,11%	34,74%		34,74%	10,64%		10,64%	21,25%	2,48%	23,73%		6,79%		6,79%	
PSB GREEK POST	28,78%	3,33%	32,12%	20,45%		20,45%	41,57%		41,57%	2,74%	3,13%	5,87%					
MARKET SHARES	10,92%	21,07%	31,99%	7,58%	16,63%	24,21%	9,88%	2,55%	12,44%	17,22%	7,79%	25,02%	2,60%	3,20%	0,39%	6,19%	0,15%

Source: Union of Greek Institutional Investors.

TABLE IV

Mutual Fund Returns, 2004-2008

M/F Classification	Annual return					Annual return*				
	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
BOND										
Domestic	-1,68%	1,58%	0,57%	0,89%	2,45%	-1,68%	1,58%	0,57%	0,89%	2,53%
Foreign	-5,34%	-1,61%	-0,68%	4,05%	3,32%	-7,09%	-1,93%	-0,90%	4,63%	3,32%
International	-		-	-	1,03%	-		-	-	1,03%
MONEY MARKET										
Domestic	2,62%	2,87%	1,92%	1,12%	1,72%	2,62%	2,87%	1,92%	1,12%	1,77%
Foreign	4,02%	1,06%	0,47%	4,55%		4,43%	1,06%	0,47%	7,45%	
International	-		-	-	1,01%	-		-	-	-0,95%
EQUITY										
Domestic	-55,56%	15,36%	26,40%	29,21%	9,81%	-57,81%	15,76%	26,55%	29,48%	10,23%
Foreign	-33,02%	3,44%	10,63%	20,02%	2,82%	-37,17%	4,03%	11,14%	19,79%	2,67%
International	-		-	-	5,90%	-		-	-	5,90%
MIXED										
Domestic	-27,14%	7,48%	11,19%	14,03%	8,07%	-28,83%	7,72%	11,19%	14,03%	8,64%
Foreign	-24,99%	1,20%	4,59%	6,49%	0,41%	-25,35%	1,14%	4,25%	7,82%	0,41%
International	-		-	-	3,06%	-		-	-	2,86%
FUNDS OF FUNDS										
Equity	-44,82%	1,47%	10,21%	7,05%		-45,96%	1,47%	10,97%	-	
Mixed	-19,42%	-0,26%	5,40%	5,60%		-20,30%	2,05%	6,11%	-	
Bond	-3,75%	-0,07%	1,12%	-		-3,75%	-0,07%	-	-	

Source: Union of Greek Institutional Investors.
*Note. *: Excluding mutual funds that started operating during 2008*

TABLE V

Monthly distribution of mutual fund assets, 2006-2008

Month / Year	Total Assets (mn €)	Bond		Domestic Equity		Domestic Mixed		Domestic Money market	
		Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change	Assets (mn €)	% monthly change
Dec 08	9.759,57	3.333,97	0,33%	1.794,50	-3,74%	1.029,84	-2,85%	789,97	-1,70%
Nov 08	10.141,32	3.322,87	-4,90%	1.864,20	-3,96%	1.060,02	-2,44%	803,65	-1,61%
Sep 08	10.930,32	3.494,06	-19,66%	1.941,00	-25,49%	1.086,58	-13,63%	816,80	-17,25%
Oct 08	16.195,51	4.348,92	-3,25%	2.605,03	-15,21%	1.258,04	-6,23%	987,12	-0,82%
Aug 08	17.537,21	4.495,06	8,88%	3.072,38	-3,19%	1.341,61	-0,69%	995,30	11,08%
Jul 08	17.671,82	4.128,43	-1,89%	3.173,76	-1,96%	1.350,90	-1,23%	896,01	-1,09%
Jun 08	18.288,27	4.207,75	-4,84%	3.237,20	-12,71%	1.367,78	-5,53%	905,88	3,37%
May 08	19.376,73	4.421,93	-4,88%	3.708,62	-0,36%	1.447,84	1,48%	876,36	-2,06%
Apr 08	19.768,87	4.648,71	-3,44%	3.722,19	5,07%	1.426,66	2,26%	894,81	-5,08%
Mar 08	19.877,28	4.814,08	26,34%	3.542,63	-2,08%	1.395,18	-1,93%	942,73	-2,41%
Feb 08	18.386,08	3.810,45	-6,26%	3.617,84	-5,52%	1.422,59	-2,40%	965,96	2,73%
Jan 08	18.818,76	4.064,91	-6,49%	3.829,24	-13,85%	1.457,63	-7,66%	940,28	-7,04%
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%

Source: Union of Greek Institutional Investors.

TABLE VI

Net Mutual Fund Assets and the General Index of the ASSE, 2006-2008

Month / Year	Total M/F Assets		Market Capitalisation of ASE companies (mn €)	ASE Gen. Index	Return (%)
	Value (€ million)	Change (%)			
Dec 08	10.420,27	-3,76%	270.035,81	1.786,51	-6,64%
Nov 08	10.827,65	-7,14%	273.681,45	1.913,52	-7,12%
Oct 08	11.660,01	-28,00%	279.413,45	2.060,31	-27,87%
Sep 08	16.195,52	-12,89%	307.491,93	2.856,47	-13,25%
Aug 08	18.591,27	-0,87%	315.690,47	3.292,69	-3,00%
Jul 08	18.753,77	-3,51%	318.815,53	3.394,64	-1,31%
Jun 08	19.436,49	-6,04%	327.787,82	3.439,71	-17,64%
May 08	20.686,76	-2,21%	351.159,02	4.176,51	-0,89%
Apr 08	21.154,05	-0,78%	346.897,47	4.214,16	5,72%
Mar 08	21.320,84	-3,00%	358.628,36	3.985,97	-3,56%
Feb 08	21.980,60	-2,76%	359.615,61	4.133,03	-5,27%
Jan 08	22.603,53	-7,81%	362.509,74	4.362,79	-15,76%
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%

Source: ASE, Union of Greek Institutional Investors.

TABLE VII

The performance of Portfolio Investment Companies, 31.12.2008

Company	Date of Listing in the ASE	Share Price (€)	Market Capitalization (thousand €)	Premium / Discount (%)	Net Asset Value (€ million)
Alpha Trust Andromeda	19.12.2001	1,26	35.537,91	-40,85%	60.045.958,69
ALTIUS SA	16.08.2002	0,91	4.804,80	-27,20%	6.596.690,75
EUROLINE INVESTMENT SA	11.12.2002	1,25	13.286,49	-31,69%	19.407.110,49
INTERINVEST SA	15.01.1992	0,86	9.589,00	-43,05%	16.824.782,86
AEOLIAN INVESTMENT FUNDS SA	09.08.1993	1,95	21.797,10	-29,09%	30.710.786,14
DIAS INVESTMENT CO	27.07.1992	0,46	49.187,36	-47,73%	94.040.834,26
OMEGA SA	31.7.2003	0,52	4.680,00	-47,47%	8.941.860,85
TOTAL					236.568.024,04

1. GLOBAL NEW EUROPE FUND SA was absorbed by DIAS INVESTMENT Co on 06.11.08.
Source: Union of Greek Institutional Investors, HCMC.

TABLE VIII

Net mutual fund assets in EU member-states, 09.30.2008

Member States	Total Assets (mn €)		UCITS members net assets (mn €)		Non-member UCITS assets (million €)	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007	30.9.2008	30.9.2007
Austria	140,576	171.262	90,023	115.953	50,553	55.309
Belgium	109,147	131.559	103,333	124.457	5,814	7.102
Bulgaria	237	-	237	-	-	-
Czech Republic	6,116	5.842	6,047	5.818	69	24
Denmark	112,324	133.647	57,326	72.608	54,998	61.039
Finland	50,559	68.534	42,355	57.184	8,204	11.350
France	1,350,800	1.566.000	1,204,400	1.407.000	146,400	159.000
Germany	964,606	1.050.982	213,419	270.276	751,187	780.706
Greece	16,579	24.341	15,470	23.440	1,109	901
Hungary	12,487	12.340	9,325	9.646	3,162	2.694
Ireland	733,832	819.211	578,819	649.211	155,013	170.000
Italy	282,530	353.501	214,529	299.432	68,001	54.069
Lichtenstein	18,162	19.125	16,216	17.624	1,946	1.501
Luxembourg	1,796,696	2.059.144	1,558,850	1.840.279	237,846	218.865
Netherlands	71,689	96.778	59,126	83.448	12,563	13.330
Norway	39,972	50.315	39,972	50.315	-	-
Poland	25,189	36.682	19,167	31.726	6,022	4.956
Portugal	28,387	38.224	14,232	24.010	14,155	14.214
Romania	2,744	-	245	-	2,499	-
Slovakia	4,335	3.811	4,164	3.664	171	147
Slovenia	2,616	-	2,072	-	544	-
Spain	224,887	288.416	215,353	279.010	9,534	9.406
Sweden	105,077	147.860	102,701	143.410	2,376	4.450
Switzerland	159,021	155.861	119,329	119.356	39,692	36.505
Turkey	16,286	16.965	13,638	14.526	2,648	2.439
Un. Kingdom	569,135	865.963	480,812	712.669	88,323	153.294

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

TABLE IX

Structure of mutual fund assets in EU member-states, 2008

Type of M/F	30.9.2008		30.6 .2008		31.12.2007	
	Total assets (billion Euros)	% of Total	Total assets (billion Euros)	% of Total	Total assets (billion Euros)	% of Total
Equity	1,500	33%	-239	-13,7%	-699	-31,8%
Mixed	734	16%	-35	-4,6%	-119	-14,0%
Funds of funds[1]	75	2%	-5	-6,3%	-25	-24,8%
Bond	1,025	22%	-38	-3,6%	-172	-14,4%
Money Market	1,040	23%	26	2,5%	129	14,2%
Other	228	5%	-17	-7,0%	-25	-9,8%
Total [2]	4,602	100%	-309	-6,3%	-911	-16,5%
Incl. Ireland	5,181		-356	-6,4%	-979	-15,9%

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

TABLE X

Share Capital Increases by ASE-listed Companies, 2008

no	Company	Trading Category upon approval	Approval Date	Ex-right Date	SCI Period	Initial Trading Day for new shares	Capital Raised (€)	Share Price (€)	Number of shares	Beneficiaries	Inv. Firm Advisor / Underwriter
1	HATZIOANNOU SA (1)	Middle and Small Capitalization	24/1/2008	5/2/2008	13/2/2008-27/2/2008	26/3/2008	30.107.240,52	0,98	30.721.674	3N CR-4E common/ preferred	ALPHA BANK
2	BIOSOL SA (2)	Probation	7/2/2008	31/12/2007	7/1/2008-21/1/2008	22/2/2008	8.343.794,40	0,30	27.812.648	1N common – 2E common or preferred	PENTEDEKAS INV.
3	NEL SA (3)	Large Capitalization	7/3/2008	18/3/2008	27/3/2008-11/4/2008	2/5/2008	16.681.095,20	0,70	23.830.136	4N common – 10E common	EUROCORP SA.
4	MULTIRAMA SA (4)	Middle and Small Capitalization	20/3/2008	-	-	27/3/2008	15.000.003,00	9,00	1.666.667	Abolition of pre-emptive right in favour of 1 individual	EUROBANK E.F.G. TELESIS FINANCE SA
5	BIOSOL SA (5)	Probation	22/5/2008	-	-	28/5/2008	2.499.900,00	0,30	8.333.000	Abolition of pre-emptive right in favour of 5 individuals	-
6	FORTHNET SA (6)	Large Capitalization	10/7/2008	14/7/2008	18/7/2008-1/8/2008	11/8/2008	299.593.877,01	2,57	116.573.493	3N common -1E common	-
7	IDEAL GROUP (7)	Probation	10/7/2008	15/7/2008	22/7/08-22/8/08	15/10/08	8.033.575,68	1,44	5.578.872	44N common – 1E common or preferred	-
8	INTRACOM CONSTRUCTIONS (8)	Middle and Small Capitalization	28/8/2008	8/9/08	12/09/08-26/09/08	13/10/08	16.040.062	0,55	29.163.750	3N common – 15E common	ALPHA BANK
9	PLIAS SA (9)	Probation	23/10/2008	31/10/2008	6/11-20/11/2008	29/12/2008	36.059.944	0,32	112.687.325	1.569262106529 N common-1E common	
10	ASTIR PALACE SA (10)	Middle and Small Capitalization	31/10/2008	4/11/2008	10/11/2008 -24/11/2008	28/11/2008	99.684.000	4,68	21.300.000	1N common – 2E common	
11	AEGEK SA (11)	Probation	27/11/2008	-	-	28/11/2008	75.216.779,50	0,50	150.433559	Abolition of pre-emptive right in favour of banks	
Total 1							607.260.271,31				
13	XYLEMPORIA SA	Middle and Small Capitalization		_	_	16/1/2008	326.040,00	0,44 €	741.000	SCI with contribution in kind (absorption of subsidiary)	-
14	AXON HOLDING SA	Middle and Small Capitalization		_	_	11/9/2008	5.490.000,00	0,61 €	9.000.000	SCI with contribution in kind (absorption of subsidiary)	-
15	CENTRIC SA	Middle and Small Capitalization		_	_	9/9/2008	3.673.518,94	1,82 €	2.018.417	SCI with contribution in kind (absorption of subsidiary)	-
16	GEK SA	Middle and Small Capitalization	19/12/2008	_	_	2/1/2009	24.933.073,06	0,57 €	20.419.328	SCI with contribution in kind (absorption of subsidiary)	-
17	UNISYSTEMS SA	Suspension of Trading		_	_	0/1/1900	22.399.014,71	0,47 €	34.522.643	SCI with contribution in kind (absorption of subsidiary)	-
Total 2							56.821.646,71				
Grand Total							664.081.918,02				

Source: HCMC
Notes:
General note: Share capital increases (1)-(12) were performed by cash payment, while increases (13)-(17) were performed by contribution in kind.
(1) The share capital increase was initially 95.82% (29,438,735 common registered shares) subscribed by existing shareholders and the those that acquired pre-emptive rights during their trading in the ASE. 5,625 revocation rights were exercised during the revocation period. Subsequently and after the acquisition of unsold shares by the principals of the company (1,288,564 common shares) it was covered by 100% (i.e. 30,721,674 common shares).
(2) The share capital increase was initially 43.75% (12,168,140 common registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Subsequently and after the acquisition of unsold shares by interested investors (15,644,508 common registered shares) it was covered by 100% respectively (i.e. 27,812,648 common shares).
(3) The share capital increase was initially 25.03% (11,830,875 common registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE, while 11,830,875 shares remained unsold. Consequently, and in accordance with a decision reached by the Board of the company on 15.04.08, an additional 11,999,261 unsold shares were distributed on the basis of share subscription, raising the final share capital increase subscription rate to 50.41% (23,830,136 new common shares were issued in total).
(4) The share capital increase was 100% subscribed by two legal entities.
(5) The share capital increase was 100% subscribed by a group of 5 individuals. 8,333,000 new shares were issued, of which 7,953,000 were common registered voting shares, and 38,000 preferred registered non-voting shares.
(6) The share capital increase was initially 88.59% (103,270,707 common registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Subsequently, and after the acquisition of 13,302,786 unsold shares by investors who exercised their oversubscription rights the share capital increase was covered by 100%.
(7) The share capital increase was initially 38.11% (4,146,076 new common shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Subsequently and after the acquisition of unsold shares by interested investors (1,432,796 new common shares) it was covered by 51.28% respectively (i.e. 5,578,872 common shares).
(8) The share capital increase was initially 83.1% (24,235,626 common registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Consequently, they were distributed on the based of subscriptions (17,134 common registered shares) and the remaining shares (4,910,990 common registered shares) were subscribed by a credit institution on the basis of the relevant subscription guarantee agreement. Thus, the increase was 100% subscribed (i.e. 24,235,626 common shares in total).
(9) The share capital increase was initially 52.24% (69,249,825 new common non-registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Subsequently and after the acquisition of unsold shares by interested investors (43,437,500 common non-registered shares) it was covered by 85.01% respectively (i.e. 112,687,325 common shares).
(10)The share capital increase was initially 78.12% (16,640,327 common registered shares) subscribed by existing shareholders and those that acquired pre-emptive rights during their trading in the ASE. Subsequently, and after the acquisition of 4,659,673 unsold shares by the principal, the share capital increase was covered by 100%.
(11)The share capital increase was 99.93% subscribed by creditor banks. .

TABLE XI

Public Offerings of Non-Listed Companies, 2008

Company	SCI Period	Date Of HCMC Approval	Initial Share Price (€)	Public offering of new shares	New shares sold to RCI	Total Number of new shares	Funds Raised (€)	Advisor
PAOK FC (1)	16/6-21/7/ 2008	5/6/2008	0,3333	781.076	-	781.076	234.322,80	CYCLOS SEC SA
DODECANESE COOPERATIVE BANK (2)	22/9/2008-31/10/2008	16/9/2008	110	102.906	-	102.906	11.319.660	
PANATHINAIKOS FC (3)	13-18/3/08	7/3/08	3,34	3.425.972		3.425.972 + 380.664	11.419.908	
PANATHINAIKOS FC (4)	21-31/7/08	10/7/08	8,40	519.326	7.154.368	7.673.694 + 852.632	64.459.029,60	

Source: HCMC
Notes:
General note: RCI = Restricted Circle of Investors; QI = Qualified Investors, NQI = Non-Qualified Investors, P.O.= Public Offering
(1) The share capital increase was 1.30% subscribed.
(2) The cooperative capital increase was 66.31% subscribed.
(3) The share capital increase was xxx% subscribed.
(4) The share capital increase was xxx% subscribed.

TABLE XII

Trading Status of ASE-listed companies, 31.12.2008

Markets /companies	Normal Trading	Under Probation	Total under trading	Under Suspension	Under listing Gen.	Total Number of Companies
Large Capitalization	67					
Middle & Small Cap	143					
Low dispersion and Specific Features	46					
Total Number of Companies	256	22	278	13	-	291

COMPANY DE-LISTINGS

Companies	De-listing Date	ASE market	Reason for De-listing
ACTIVE INVESTMENTS SA	28.05.2008	Under Suspension	Par. 3, article 17, Law 3371/2005
POULIADIS ASSOCIATES CORP.	17.09.2008	Under Suspension	Par. 3, article 17, Law 3371/2005
ELAIS UNILEVER SA	14.01.2008	Low Dispersion and Specific Features	Par. 5, article 17, Law 3371/2005
ETHNIKI INS	11.02.2008	Under Suspension	Par. 5, article 17, Law 3371/2005
COSMOTE SA	20.05.2008	Low Dispersion and Specific Features	Par. 5, article 17, Law 3371/2005
NEOCHIMIKI SA	27.10.2008	Under Suspension	Par. 5, article 17, Law 3371/2005
UNISYSTEMS SA	04.11.2008	Under Suspension	Par. 5, article 17, Law 3371/2005
KEGO SA	03.11.2008	Middle & Small Cap	Merger by absorption
GLOBAL NEW EUROPE FUND PIC	06.11.2008	Middle & Small Cap	Merger by absorption
TERNA SA	24.12.2008	Large Capitalization	Merger by absorption
BLUE STAR SHIPPING SA	24.12.2008	Middle & Small Cap	Merger by absorption
ALLATINI Ind. & Com Co	31.12.2008	Middle & Small Cap	Merger by absorption
EVEREST SA	02.12.2008	Under Suspension	Merger by absorption

UNDER SUSPENSION	Date
ALISIDA SA	19.04.2006
HELLATEX SA SYNTHETIC YARNS	01.09.2006 & 11.10.2007
ETMA SA	1.09.2006 & 11.10.2007
HITECH SNT	26.02.2007 & 28.06.2007
GENER SA	19.03.2007
ERGAS SA	30.03.2007
LAN-NET SA	30.06.2008
ASPIS PRONIA GENERAL INSURANCES SA	30.07.2008
MARITIME COMPANY OF LESVOS (NEL)	01.09.2008
DIEKAT SA	28.11.2008
MESOCHORITI BROS Corp	28.11.2008
SHEET STEEL Co	01.12.2008
PIREAUS LEASING SA	19.12.2008

COMPANIES UNDER PROBATION	Date
EMPORIKOS DESMOS SA	23.09.1999
KERAMICS ALLATINI	07.03.2003
PLIAS SA	07.03.2003
UNITED TEXTILES SA	18.02.2005
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	04.04.2006
ALMA-ATERMON SA	16.10.2006
IDEAL GROUP SA	02.04.2007
PETZETAKIS SA	02.10.2007
PRAXITELIO HOSPITAL SA	09.11.2007
PROODEFTIKI SA	11.02.2008
PERSEFS SA	07.04.2008
AEGEK SA	27.06.2008
COMPUCON COMPUTER APPLICATIONS SA	02.09.2008
TECHNICAL OLYMPIC SA	26.09.2008
BETANET SA	13.10.2008
ALTEC SA	20.10.2008
HELLENIC FISHFARMING SA	21.10.2008
MICROLAND COMP SA	11.12.2008

Source: HCMC

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