



HELLENIC REPUBLIC
CAPITAL MARKET COMMISSION

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PRESS RELEASE

Digital Conference - “Market Challenges In The Post Covid -19 Era”

The digital conference on “**Market Challenges In The Post Covid-19 Era**” organised by the Hellenic Capital Market Commission, which analysed the challenges of global markets in the post-COVID era in 3 panels, was successfully completed with very high attendance.

The Chair of the HCMC and Member of the Management Board of the European Securities and Markets Authority (ESMA) Ms Vassiliki Lazarakou opened the conference by stating that “the Hellenic Capital Markets Commission, in an effort to promote supervisory convergence, has decided to initiate discussions with other National Competent Authorities about important regulatory and supervisory issues of common interest. Such first discussion is going to take place in this Conference which focuses on EU regulatory and supervisory challenges in the post COVID era while other Conferences are being scheduled with similar topics of European interest, such ESG or digital transformation.”

EU regulatory and supervisory challenges in the post-Covid era

The speakers of the **first panel** analysing EU regulatory and supervisory challenges in the post-COVID era included the Chairmen of the supervisory authorities from Belgium, Mr Jean-Paul Servais (who is also Vice Chairman of the IOSCO Board, and Chairman of the IFRS Foundation Monitoring Board, the IOSCO European Regional Committee and the IOSCO Audit Committee), Italy, Commissioner Carmine Di Noia (who is also Chairman of the ESMA Committee for Economic and Markets Analysis & the ESMA Post Trading Standing Committee and Vice-Chairman of the OECD Corporate Governance Committee), and Spain, Mr Rodrigo Buenaventura (who is also Chairman of the ESMA Investor Protection and Intermediaries Standing Committee), and Ms Vassiliki Lazarakou, Chair of the Hellenic Capital Market Commission (who is also a Board Member of ESMA & Chair of the Joint Committee on Securitizations). The panel was moderated by Mr **Christos Gortsos, Professor of Public Economic Law, Faculty of Law, University of Athens, and Chairman of the HCMC Advisory Committee on Capital Markets Union issues.**

Mr **Jean-Paul Servais** discussed a number of supervisory challenges in the post COVID era, both in the EU and internationally. He referred to the increased retail investor interest in capital markets, as witnessed during the COVID period. This trend increases the need for adequate investor protection rules and further financial education initiatives. He also discussed the risks associated with digitalization that have come into focus and the strong momentum for scaling up sustainable investments. Finally, he referred to the need for international cooperation and the key role of IOSCO, given the cross-border nature of these challenges.

According to Mr. **Carmine Di Noia**, the Capital Markets Union (CMU) is the ambitious plan by the European Union to create a single market for capital. As he said, “We believe the

current geo-political, social and economic environment (Brexit, Covid-19 and the low-interest rate scenario) brings risks but also opportunities for the CMU. We are facing an unprecedented demand for (equity) capital, but an insufficient supply: CMU and digital finance revolution can help a sustainable economic recovery and capital markets development". He continued by stressing that three main priorities for CMU can be: i) increasing investor participation to capital markets; ii) a single (digital) place for getting standardized and comparable information about companies and markets; iii) proportionality in regulation and supervision through a more effective convergence of supervisory practices and a stronger role for ESMA together with National Competent Authorities.

According to Mr **Rodrigo Buenaventura**, investor protection will continue to be the key priority of supervisors, even more in a more advanced Capital Markets Union. Some cases (Gamestop) have shown that connected trading by a plurality of investors can pose risks to market integrity but also to those investors. Supervisors need to adapt the way they monitor and interact with markets to new forms of trading and retail investors need to improve their knowledge of the rules in order to have orderly markets. In his statement he also stated that As for more retail investment in newly listed SMEs, another CMU objective, I think that diversification and research will be essential and collective investment may be the smart way to combine them."

Ms Lazarakou pointed out that during the pandemic, EU regulators managed to coordinate their actions in relation to a great number of issues concerning our Markets and the impact of Covid - 19. Thereafter, she summarized the legislative initiatives that are taking place in the context of the Capital Markets Recovery Package in order to provide immediate support for the economic recovery from the COVID-19 crisis by facilitating access to finance for EU companies and, in particular, SMEs. Such legislative changes include amendments to: A) the Prospectus Regulation with the adoption of the "EU Recovery Prospectus", B) the Markets in financial instruments Directive (MiFID) II and the matters related to investor protection and C) the EU securitisation framework with special reference to the extension of the existing EU framework for simple, transparent and standardised (STS) securitisations to cover synthetic securitisations and to the removal of regulatory obstacles to the securitisation of non-performing exposures (NPEs). Answering the question about the HCMC priorities, she mentioned that, apart from the priorities that are set by all EU regulators, such as the ESG framework, digital transformation and data driven supervision, the HCMC has also set as priority to contribute to the changes in the national legislation that concern a) the amendments of its Organization in the direction of removing administrative burdens which exist due to its nature as a legal person of public law and by strengthening its independence as well as b) in relation to the capital markets framework that would allow the efficient financing of the Greek economy.

Developments and challenges in the Greek market

The participants of the second panel of the conference referred to the challenges for the Greek market. The panel was moderated by Mr **Nikolaos Kontaroudis**, **First Vice Chairman of the Hellenic Capital Market Commission**.

The General Director of the Foundation for Economic and Industrial Research (IOBE) and Professor at the Athens University of Economics and Business, Mr Nikos Vettas focused on how the Greek economy's financing characteristics affect its production structure, and on the need to strengthen the domestic capital market as a prerequisite for increasing the productivity and extroversion of businesses and, at the end of the day, for the necessary achievement of high growth rates.

Mr Ilias Plaskovitis, Advisor to the Governor at the Bank of Greece and Associate Professor at the Panteion University, presented the progress that the Greek banking system has made in dealing with non-performing loans, the possible effects of the pandemic and the next steps in the overall management of NPLs. Turning to monetary policy, he said that the accommodative monetary policy will continue for as long as it takes to enable the recovery of economic activity and to ensure that the objective of price stability is met.

Mr Ioannis Karagiannis, member of the Board of Directors and Head of the Corporate Governance team at the Hellenic Federation of Enterprises (SEV) and Executive Chairman of the Olympia Group, noted that “The emergence of competitive economies in the post-Covid-19 era will be judged not only by the effective utilization of available financing tools, but also by the ability to shape the appropriate business framework focusing on strengthening its pro-investment characteristics”.

Mr Anastasios Anastasatos, Chairman of the Scientific Council at the Hellenic Bank Union and Chief Economist of the Eurobank Group, referred to the key priorities of the Greek banking system and the role that the banking sector should play in supporting households and businesses, analyzing the ways in which Greek banks will face the major challenges of the next decade and support the growth dynamics of the Greek economy.

Mr Socrates Lazaridis, CEO of the Athens Exchange Group, referred to the unprecedented environment created by Covid-19, stressing that the Stock Exchange, while maintaining its key role of operating the organized market that serves to raise capital for businesses, has adopted a set of actions and initiatives focusing on the provision of digital services in support of domestic business, confirming the Stock Exchange’s strategic role in approaching and boosting the dynamic restart of the country’s productive fabric, to the national economy’s benefit.

Regulatory Challenges and Greek Capital Market

The participants of the conference’s 3rd panel, which was moderated by **Ms Anastasia Stamou, Vice Chair of the Hellenic Capital Market Commission**, discussed the regulatory challenges of the Greek Capital Market and how the latter fits into the wider environment.

On his part, **Mr Theofanis Mylonas President of the Hellenic Fund and Asset Management Association and Chairman & CEO of Eurobank Asset Management MFMC** said that “the time has come to increase institutional investments in Greece”, which, as he explained, will also signal economic growth, as evidenced by international experience. Among other things, he pointed out that “The growth prospects for professional management in Greece are indeed considerable. We are already getting a first taste of this, but I believe that the upcoming 1-2 years will be very important for the market”.

Mr Athanasios Koulouridas, Chairman of the Greek Union of Listed Companies and Assistant Professor of Corporate Law and the Capital Market at the Athens University of Economics and Business, pointed out that “Apart from the special conditions created by the coronavirus pandemic, there is yet another problem; European Capital Markets are “tired” and do not have the dynamics of those in the USA and the United Kingdom”. He stressed that “emphasis should be placed on providing incentives for new listings on ATHEX and the reduction of over-regulation in the market”.

Mr Evangelos Charatsis, Secretary-General of the Association of Members of the Athens Stock Exchange said that “The revival of investment interest should come through measures that will provide incentives for companies to be listed on and to remain in ATHEX, for private investors to invest in shares, and for investment vehicles to establish and create collective

bodies”.

Mr Ioannis Papadopoulos, Chairman of the Hellenic Venture Capital Association, referred to the small size of the Greek market, which is its main problem since it does not meet the requirements of international investors. According to him, “Raising the limit on the participation of insurance and professional funds in alternative investments such as Private Equity and Venture Capital funds to 10% of their reserves will contribute both to the economy's growth prospects, but most importantly will also give significant returns to the funds' reserves at a time of negative interest rates”.

The benefits of shareholder activism and the correct implementation of corporate governance in order to regain investor confidence were underlined **by Mr. Charalambos Englezos, Chairman of the Hellenic Investors Association**, who stated that the proper and honest implementation of the new law on corporate governance will be of key importance in the post-Covid era.

“The big problem in Greece is that there is no regulatory challenge,” said **Iraklis Roupas, Vice Chairman of the Association of Investment Firms**. The combination of a shortage of domestic investors and a shortage of a sufficient number of listed companies, creates a field of distortion that in the future will prevent the Stock Exchange from contributing to recovery and growth. On this, he added that “Specific actions and measures are needed to change both the context and the philosophy of how the stock exchange operates”.

At the end of the Conference, V. Lazarakou mentioned that the conclusions of the discussions are that collaboration, coordination and certainly creativity and innovation are needed in order to promote the relevant changes in the capital markets framework and it became clear that we all have the capability and the engagement to do so. “So, let us not consider the end of our conference as a final stop but as the beginning of many other actions where specific themes will be developed in the process”.