



HELLENIC REPUBLIC  
CAPITAL MARKET COMMISSION

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**Notice by the HCMC according to article 27 paragraph 3 of the regulation EU no 236/2012.**

Regarding ESMA's negative opinion as of January 11, 2016 (ESMA/2016/28) on the subject of extending the short selling prohibition for the shares of ATTICA BANK S.A., the HCMC considers that this measure should be extended for a two-week period, for the following reasons:

The HCMC in order to protect the investors and to safeguard the stability of the Capital Market in Greece has imposed consistently the short selling prohibition in all previous cases of recapitalization of Greek credit institutions. The Short Selling ban applied for a few more days after the admission to trading of the new shares on the Athens Exchange, as it was considered that by adopting the above measure, the risk of price volatility would be mitigated. Within this context, the HCMC considers that, in order to ensure consistency and equal treatment, this measure should also apply under the same conditions for the shares of ATTICA BANK S.A. For the HCMC it is critical to treat investors of all banks equally, regardless of whether they have invested in a "significant" bank under the ECB criteria or not, and would be reluctant to deviate from such an important principle.

Although ATTICA BANK S.A. compared to the other four credit institutions does not represent an equally important threat to the system, as expressed in ESMA's opinion<sup>1</sup>, the HCMC believes that it is highly linked to them. These five credit institutions represent the whole of the Greek banking system and adverse price movements on ATTICA BANK S.A.' shares might possibly affect the price of the other banking shares. Given the vulnerability of the banking sector and the Greek and European efforts to stabilize it, the HCMC is determined to take all reasonable measures in order to avoid, to the extent possible, the risk of destabilisation.

ESMA has already acknowledged the above in its opinion as of December 21, 2015 (ESMA/2015/1900), issuing a positive opinion for the extension of short selling prohibition for the shares of ATTICA BANK S.A. on the basis of the same arguments. Additionally, in this opinion, ESMA "*considers that it would not be justified to prolong this measure once the new shares arising from the capital increase trade normally*".

However, a small delay in the finalisation of the process of the re-capitalisation of ATTICA BANK S.A. has been observed and thus an announcement from the Bank regarding the delivery of the new shares to the beneficiaries and the exact date for the admission to trading of the new shares is still pending. Such announcement is expected to take place

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<sup>1</sup> Quoting ESMA: "The question of whether the risk of falling prices on Attica Bank shares (which has not yet been observed) would endanger the orderly functioning of the whole Greek financial market and its integrity is not evident to ESMA, due to the small size of this particular institution and to the fact that the only pending element is the formal admission to trading of the new shares".

within the current week following the relevant decision of the Athens Exchange. Taking into account that probably the most important element of Attica Banks' re-capitalisation, that is the admission to trading of the new shares (and despite the fact that ESMA considers it as equal to the other elements) has not been concluded yet, and that the new shares are expected to be admitted to trading within the next working days, the HCMC decided to extend the measure of short selling prohibition for a final two-week period.

ESMA in its current opinion also notes "the evolution of the stock price of Attica Bank during the last month does not point towards, on average, a significant downward pressure on the prices". Although this statement is based on real market data, the HCMC considers that it is irrelevant to the HCMC's argumentation for extending the Short Selling ban: The new shares have not been admitted to trading yet, and only a small part of the total outstanding shares (less than 3%) is currently admitted to trading on the Athens Exchange. Therefore, the introduction of such an enormous quantity of new shares would most probably result in a downturn movement of the share price which could be mitigated (at least, partly) with the extension of the Short Selling prohibition.

For the above reasons the HCMC believes its decision to extend the short selling prohibition on Attica Banks' shares is well justified.