

Report on the listing requirements of foreign securities in ASE

I. Foreign Securities can be listed on the Athens Stock Exchange (hereinafter “ASE”) by virtue of the EC 79/729 Directive on the co-ordination of listing requirements between the Member States and the 80/390 Listing Particulars Directive embodied in Greek legislation. As it is clearly stated in article 2 § 1 of Presidential Decree 350/1985, which constitutes the basic legislation on the listing requirements on the ASE, transferable securities issued by domestic or foreign companies limited by shares (societe anonyme) can be listed on the ASE subject to their authorization by the Board of Directors of the ASE.

- Foreign securities therefore can be listed on the ASE provided that they fulfill the conditions set for the listing of domestic securities.
- Companies domiciled in an EU Member State can list their securities/bonds on the ASE regardless of the fact whether they are admitted or not in another Stock Exchange of an EU Member State, due to the guarantees provided to investors and deriving from the EU coordinated legislation on capital market.
- On the contrary, the appearance of foreign shares/bonds of a company domiciled in a non-EU country must provide sufficient guarantees for the protection of the investors and for that reason it is required that prior to their listing on the ASE they should already be admitted in their home country Stock Exchange or the Stock Exchange of the state where their securities exhibit the widest dispersion.
- The ASE Board of Directors may request the satisfaction of special requirements essential for the protection of Greek investors and may even refuse to grant permission if the listing of the particular company would be contrary to the interest of the investors, or if the issuer, in case the securities are admitted to the Stock Exchange of another Member State, does not comply with his obligations there.
- The appearance of the securities listed on the ASE of a company established in a Member State must be in compliance with the legislation of that Member State, whereas in case of securities of a

company established in a non-EU State, sufficient guarantees must be provided regarding their appearance for the protection of the investors.¹

- In the listing application it must be noted whether another listing application has been submitted in the Stock Exchange of another Member State simultaneously, previously or is about to in the near future.

Foreign securities can be listed on the Main Market of the ASE, on the Parallel Market or on the recently introduced New Market. In any case, a Prospectus should be published before the public offering begins, which must present the legal status of the foreign company being in compliance with the relevant law and regulations it is subject to, regarding its establishment, activities and shares.

II. 1. Main Market

The general requirements for the listing on that market are according to the Presidential Decree 350/1985 as amended, as follows:

- i) Own funds at least equal to GRD 4 billion at the time of the listing application.
- ii) Disclosure of annual financial statements audited by certified auditors and published or submitted in accordance with the applicable law for the last 3 years preceding the listing application. In case of disclosure of consolidated statements, these statements as well as those of the companies included in the consolidation must be audited by certified auditors.

The company must present a satisfactory financial structure demonstrated by the balance sheet of the last fiscal year.

- iii) Tax audit and certifications for all the years for which financial statements, have been submitted. In the case of holding companies, the subsidiaries have to provide tax audit and certification for all the fiscal years they have been included in the holding company's consolidated financial statements. The prerequisite audit must be conducted by internationally recognized auditors who also prepare a special report on the company's tax obligations.

¹ However, with the introduction and establishment of dematerialized securities, the significance of this provision is failing.

iv) Public offering of the shares could be combined with a private placement under the following conditions:

a) the issue price of the shares distributed through other than public offering type of placement (except for placement to employees) must not be lower than the issue price of the shares distributed through public offering.

b) the distribution of the shares issued through other than public offering type of placement must be concluded before the beginning of the public offering and all payments must have been received and confirmed.

c) The issuer must submit to the ASE Board of Directors a list of the investors who subscribed to shares through private placement.

d) the shares not publicly offered must not exceed 5% of the shares distributed through public offering in case of listing of companies with total capitalisation (based on the issued price of the shares publicly offered) not exceeding GRD 80 billion. Derogation may be permitted by a decision of the Capital Market Commission for companies of large capitalisation or in case of an offering of shares in markets outside Greece.

v) Allocation of at least 25% of the outstanding share capital of the company to the public either when the offering involves a share capital increase or sale of the company's existing shares to other shareholders.

- Large companies can meet the dispersion criterion even with 5% distribution of their share capital.
- In order to estimate that the criterion for sufficient dispersion of shares has been met, the shares must be allocated to at least 2000 investors, none of whom may have a participation of more than 2%.
- The issuer must submit to the ASE Board of Directors and the Capital Market Commission a list of the investors who subscribed to shares publicly offered.
- Further derogation may also be allowed in case the Board of the ASE can ascertain that sufficient dispersion will take place in a short period of time.

The dispersion of the shares must take place either within the Greek territory or the territory of a Member State. Therefore, allocation of shares in the market of non-EU states is not taken into consideration. However, the ASE Board of Directors may allow the listing of a company on the ASE if satisfactory dispersion has taken place in a non-EU state where the company is already listed.

vi) A principal underwriting agreement must be signed with Banks or investment firms qualified therefor. The company and the underwriter assume responsibility for the accuracy of the information presented in the Prospectus.

vii) The shares to be listed must be freely tradable. However, the ASE Board of Directors may allow the listing of shares, already listed on another Stock Exchange, whose trading is subject to previous authorization or certain restrictions under the condition that the aforementioned restrictions do not apply to more than the 50% of the total of the company's shares and the listing of such shares shall not disturb the Greek market.

viii) The shares to be listed must be fully paid up.

ix) The listing application must apply to all the shares issued of the same category.

2. Parallel Market

The requirements for the listing on that market are according to general requirements of the Presidential Decree 350/1985 as amended, as well as the specific requirements set by the 2063/B.69/1999 as amended Decision of the Minister of the National Economy, as follows:

i) Own funds at least equal to GRD 1 billion at the time of the listing application.

ii) Disclosure of annual financial statements audited by certified auditors and published or submitted in accordance with the applicable law for the last 2 years preceding the listing application. In case of disclosure of consolidated statements, these statements as well as those of the companies included in the consolidation must be audited by certified auditors.

The company must present a satisfactory financial structure demonstrated by the balance sheet of the last fiscal year.

iii) Tax audit and certifications for all the years for which financial statements have been submitted. In the case of holding companies, the subsidiaries have to provide tax audit and certification for all the fiscal years they have been included in the holding company's consolidated financial statements. The prerequisite audit must be conducted by internationally recognized auditors who also prepare a special report on the company's tax obligations.

iv) The company, whose shares are not listed on the Stock Exchange of an EU Member State, even if they are listed on the Stock Exchange of a non-

EU State, must offer to the public at least 25% of its existing share capital plus any new shares issued by capital raise and distributed through private placement.

v) When, in the case of the aforementioned capital raise, part of the new shares is distributed through private placement, the following requirements must also be met:

a) the shares distributed through private placement must not exceed 5% of the shares distributed through public offering.

b) the issue price of the shares distributed through public offering must not be higher than the issue price of the shares distributed through private placement. The same applies in case the company has decided a capital raise in the six months preceding the application for listing.

c) The distribution of shares through private placement, the payment and the attestation of the payment of the capital raise must have taken place before the beginning of the public offering.

d) The issuer must submit to the ASE Board of Directors a list of the investors who subscribed to shares through private placement.

vi) The dispersion of the shares is considered to be satisfactory when the shares are allocated to at least 300 investors.

vii) A principal underwriting agreement must be signed with Banks or investment firms qualified therefor. The company and the underwriter assume responsibility for the accuracy of the information presented in the Prospectus.

viii) The shares to be listed must be freely tradable.

ix) The shares to be listed must be fully paid up.

x) The listing application must apply to all the shares issued of the same category.

3. New Market

The New Market, where medium sized yet dynamic or innovative companies are to listed, was recently introduced by Law 2733/1999. The requirements for the listing on that market are according to general requirements of the Presidential Decree 350/1985 as amended, as well as the specific requirements set by Law 2733/1999, as follows:

i) Own funds at least equal to GRD 200 million for the fiscal year preceding application for listing.

ii) Disclosure of annual financial statements audited by certified auditors and published or submitted in accordance with the applicable law for the last 2 years preceding the listing application. In case of disclosure of consolidated statements, these statements as well as those of the companies included in the consolidation must be audited by certified auditors.

- Upon decision of the ASE Board of Directors a company can be listed on the ASE even if it has published financial statements for only 1 fiscal year, if it is considered as a specially dynamic company or submits a highly innovative business plan.

iii) Tax audit and certifications for all the years for which financial statements, have been submitted. In the case of holding companies, the subsidiaries have to provide tax audit and certification for all the fiscal years they have been included in the holding company's consolidated financial statements. The prerequisite audit must be conducted by internationally recognized auditors who also prepare a special report on the company's tax obligations.

iv) 80% of the company's share capital before listing can not be transferable for a period of one year from listing. In addition, for a period of two more years, i.e. three years from listing, 50% of the company's share capital before listing must not be transferable as well. The same applies to any stockholder holding shares of nominal value equal to 5% of the total share capital.

v) At least 100.000 shares of at least GRD 250 million must be offered to the public. 80% of those shares must be issued due to capital raise.

a) shares distributed through private placement can only be offered to employees of the company.

b) the shares distributed through private placement must not exceed 5% of the shares distributed through public offering.

c) the issue price of the shares distributed through public offering must not be higher than the issue price of the shares distributed through private placement.

d) The distribution of shares through private placement, the payment and the attestation of the payment of the capital raise must have taken place before the beginning of the public offering.

e) The issuer must submit to the ASE Board of Directors a list of the investors who subscribed to the shares offered.

vi) Adequate dispersion of the shares must be ensured by the time the company is about to be submitted in ASE, by distributing to the public at least

20% of the shares to be listed to at least 150 investors each holding no more than 2%. The dispersion of the shares can either take place within the Greek territory or the territory of another Member State.

vii) The company must present a business plan analyzing specific investments prospects. Responsibility for the issuance and progress of that plan is rested upon the Underwriter.

viii) A principal underwriting agreement with a minimum duration of three years must be signed with Banks or investment firms qualified therefor. The company and the underwriter assume responsibility for the accuracy of the information presented in the Prospectus.

viii) The company must appoint at least one market maker, who is member of the ASE.

III. Regarding the Prospectuses issued, in accordance with the EU coordinated legislation and the principle of mutual recognition embodied in Greek legislation with the Presidential Decrees 50/1992 and 52/1992 the following apply:

- In case a company has applied for listing on the Stock Exchange of another Member State at the same time or within the last three months preceding the listing application to the ASE, the ASE Board of Directors acknowledges the relevant Prospectus under the conditions that it has been certified by the competent authorities of the issuer's domicile state and has been translated in Greek. The aforesaid does not apply to the issuer whose domicile state is a non-EU state.
- In case a company has been listed on a Member State's Stock Exchange within the last 6 months preceding the listing application to ASE, the ASE Board of Directors may exempt the company from the obligation of issuing a new Prospectus, under the condition that the previous one has been translated in Greek and has been complemented where necessary.
- A partial or total exemption from the obligation of issuing a Prospectus may be allowed in the case where the shares to be listed are already listed on a Member State's Stock Exchange for a period of at least 3

years preceding the listing application to ASE and the competent authorities of that State have affirmed the Greek competent authorities that the company has complied with all the requirements set by the EU regarding the listing procedure.

- The issuer, if domiciled in a non-EU state, has the right to choose the legislation according to which the listing particulars are to be prepared.
- The ASE Board of Directors may request from the issuers the inclusion in the Prospectuses of special information regarded as requisite for the protection of the Greek investors.
- Any important differences between the applicable to the issuer law and the Greek law regarding the legal status of the company must be presented by the Underwriter.

IV. The following should also be noted:

- Accounting statements should be drafted according to International accounting standards (IAS). Any important differences between those and the Greek Accounting Standards must be noted by the Underwriter.
- Foreign warrants and convertible bonds can be admitted for listing on the ASE provided that the shares and bonds to which they refer have already been listed on ASE.

V. Under the concept of securities that can be listed on the ASE are also included the “Greek Certificates” (hereinafter “GC”), which represent shares of a foreign company. The functional aim of the legislative introduction of the GC is the ability offered to a foreign company, already admitted in a foreign Stock Exchange, to have its shares traded in the Greek market. Regarding the nature, the function and the listing requirements of the GC the following should be taken into consideration:

- GC can be issued only by licensed therefor Banks in Greece. The Bank-issuer (hereinafter simply “issuer”) is the owner of foreign securities which it administers nominally on behalf of the entitled investors.

- ✓ The issuer attributes to the entitled investors the corresponding dividends, interest and any other benefits deriving from the shares represented in the GC/GCs the investor possesses.
- ✓ In case the foreign company distributes free shares to its stockholders, the issuer administers the new shares as well, in the investors' interest under the same conditions.
- ✓ The issuer is obliged to convey to the entitled investor the ownership of the shares immediately in case of a relevant request or due to dissolution of the GC's contract.
- ✓ The shares represented by GCs are not subject to insolvency proceedings against the issuer and therefore cannot be seized.
- GCs can also be issued in order to cover a foreign company's capital raise, which should be effected through public subscription.
- In case the shares of the foreign company are listed on the ASE, the GC contract is dissolved.
- The GCs can be listed in the ASE as vouchers of the foreign stocks.
- The listing proceedings of the GCs is carried out by the issuer correspondingly to the provisions for the listing requirements on the Main or Parallel Market.
- Upon a Presidential Decree there can be introduced the issuance of GCs representative of foreign stocks other than shares, especially foreign companies' bonds.
- Investors who possess GCs and do not reside in Greece, are exempted from any tax obligation regarding GCs' proceeds.