

Greece

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The latest developments in the Athens Exchange Rulebook

In 2011, some significant changes to the Athens Exchange (ATHEX) Rulebook have been introduced. These changes will be discussed here together with some recent developments in the Greek Capital Markets.

In summary, the changes in the ATHEX Rulebook include the abolition of some of the existing categories and the creation of new categories in which the securities of the

listed companies are classified, the introduction of new rules for the deletion of listed companies and the harmonisation of rules for both direct and indirect listing of companies to the ATHEX Securities Market.

The securities of companies listed on the ATHEX Securities Market are classified into one of the following categories:

Main-market category. The previously existing categories of Big Capitalisation and Mid/Small Capitalisation have been merged to form the Main-market category. Issuers that participate in this

category need to meet the following criteria of financial performance: (i) shareholders equity of no less than €3 million (\$3.9 million); and (ii) three year pre-tax profits of no less than €2 million and pre-tax profits for the last two financial years or three-year Ebitda (Earnings Before Interest, Taxes, Depreciations and Amortisation) of no less than €3 million and a positive Ebitda for the last two financial years. In case of secondary listing of companies in the ATHEX Securities Market, as well as in case of companies with estimated capitalisation of

over €300 million, requirement (ii) does not apply.

Special categories: The Low Dispersion, Low Liquidity and Special Characteristics category has been abolished, while the following special categories are now being introduced:

- **Low Dispersion (Low Free Float):** Issuers classified in the Low Dispersion category are those that either have a free float of less than 15% of the total of their common shares or a free float of less than 10% of the total of their common shares due to specific events announced by the company, indicatively public offer or other equity participation.
- **Under Surveillance:** A company is classified in this category when at least one of the following criteria is met: (i) the company has negative equity; (ii) the company's losses in the fiscal year are greater than 30% of the company's equity and the company has not committed to proceed to any remedy such as convocation of a general meeting for the purpose of increasing its share capital; (iii) the company has sizeable overdue debts; (iv) an application with regard to the submission of the company into the rehabilitation procedure has been filed; or (v) an announcement has been made or events have occurred which give rise to serious doubts as to the company's ability to continue its business activity.
- **Under Deletion:** An issuer is classified in this category when one of the following events occur: (i) its annual sales income drops below €2 million; or (ii) the issuer has a free float of less than 10% of the total of its common shares and at the same time this percentage is held by less than 30 shareholders.

Following the release at the end of March 2012 of the annual financial results for fiscal year 2011, the Hellenic Capital Markets Commission and the ATHEX have suspended the trade of 10 issuers and placed several issuers in the Under Surveillance category.

The rest of the categories under which the securities of the listed companies may be classified (the Fixed Income Securities, Structured Products and the Exchange Traded Funds categories) remain unaltered.

Indirect listing

The amendment of the ATHEX Rulebook has also led to the harmonisation of the rules for both direct and indirect listing of securities. Events of indirect listing are considered as:

- the share capital increase of an issuer due

to a merger, assumption of a segment of a non-listed company or contribution by a non-listed company, in case the financials of the non-listed company have a significant impact on the financials (in terms of turnover, equity, profits) of the issuer;

- the buy-out of a non-listed company, which has important value for the issuer (over 50% of the issuer's net position), and may result in a change of business or a change of control for the issuer; and
- the conversion of bonds (or other titles) issued by a listed company into shares.

Other changes

Apart from the above, the revised Rulebook has also abolished the prohibition of investments of listed companies in ocean (deep sea) shipping, has imposed an obligation for all issuers, irrespective of the category under which they are classified, to publish a Financial Calendar within the period stipulated for the publication of their annual financial statements and finally has imposed the obligation on all issuers participating in the FTSE Indices to make bilingual announcements provided by the Rulebook (that is in both the Greek and the English language).

As a final remark, it is worth mentioning that the Hellenic Capital Markets Commission, with its decision no. 1/608/26.1.2012 has decided to extend the prohibition on short-selling until July 25 2012.

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