

Comments of the Association of Members of the Athens Stock Exchange

On CESR's Consultation on Possible Implementing Measures of the Proposed Prospectus Directive

I. General Comments

Our Association agrees with CESR's general approach on possible implementing measures for the Proposed Prospectus Directive as set out in the consultation paper in respect of the introduction of a single and representative Prospectus to be published when securities are offered to the public or admitted to trading, while many of the proposed disclosure requirements have already been implemented on the domestic issues.

One general point that we would like to make is that the consultation paper as well as its annexes are legally proper and do not contain significant omissions. However, the implementation of the proposed measures will depend on the final Prospectus Directive.

II. Comments on the questions raised in the consultation paper

Regarding the various issues in which we are requested to provide advice concerning equity securities we would like to underline the following:

QUESTION

44. <i>Do you agree with the disclosure obligations set out in Annex A?</i>

Our association agrees with the proposed disclosure obligations.

Additionally, regarding the issues arising in Annex A (History and Development of the Company) we are about to make the following comments:

Regarding CESR's disclosure requirement, reference III.A. (History and Development of the Company) we consider necessary to make a reference to:

- a) the law applying to the establishment and operation of a company, for which the prospectus is been prepared (we note that reference to the company law is made only in Annex J: "IOSCO International Disclosure Standards relevant to the registration document", while we consider essential from a structural point of view to be made also in CESR's disclosure requirement, ref. III.A.: "History and Development of the Company" (Core Equity Building Block),

- b) the objective of the company (see CESR's reference III.C.1: "Principal Activities"),
- c) the share capital of the company (see CESR's reference VIII.A.: "Share Capital"),
- d) any possible amendments in the company's articles of association (see CESR's reference VIII.B: "Memorandum and Articles of Association").

Regarding CESR's disclosure requirement, reference III.A. (History and Development of the Company) we consider necessary the inclusion of the principal activities of the other companies belonging to the same Group.

Regarding CESR's disclosure requirement, reference III.E. (Property, Plants and Equipment) we consider necessary to incorporate information regarding insurance contracts and their coverage on the company's material tangible fixed or current assets.

Regarding CESR's disclosure requirement, reference IV.C. (Research and Development, Patents and Licenses, etc.) we consider necessary to emphasize on the issue of intellectual and industrial property rights which the company owns (patents, licenses, transfers, assignments from and to the company etc.) as reference is made only in the title of the paragraph, without any additional details required.

Regarding CESR's disclosure requirement, reference IV.D.2 (Trend Information) we consider necessary to make reference to the business plan, if any, of the company which will obviously provide information for a longer period of time than that of the current financial year.

Regarding CESR's disclosure requirement, reference V.A.1 (Directors and Senior Management) we consider necessary to mention any insurance coverage of the directors of the company against possible responsibilities deriving from the performance of their duties.

Regarding CESR's disclosure requirement, reference V.A.2 (Management and directors' conflicts of interests) we consider necessary to mention the stake of each director in the company's share capital for the purpose of monitoring potential conflicts of interests.

Regarding CESR's disclosure requirement, reference V.D. (Employees) we consider necessary to include information regarding the existence, if any, of written labour contracts and regulations, business practices, existing or upcoming claims and compensations paid or about to be paid to the employees. We also consider necessary to mention the existence of an insurance contract, if any, against civil responsibilities of the employees during the performance of their duties.

Regarding CESR's disclosure requirement, reference VI.A (Major Shareholders) we consider necessary to include any managerial positions that

the major shareholders may hold in the company (itself, other companies of the group or other legal entities). The above provide clear evidence regarding the existence of conflicts of interests.

CESR's disclosure requirement, reference VI.B (Related Party Transactions) assumes that shareholders owning at least 10% of the voting rights in the company have or are in position to have significant influence in the company. We consider that this threshold could be decreased to 5%.

Regarding CESR's disclosure requirement, reference VIII.B.2 (Memorandum and Articles of Association) we consider necessary to mention any shareholders' deals, which amend the Articles of Association of the company.

Regarding CESR's disclosure requirement, reference VIII.C (Material Contracts) we consider necessary to specify the term "material", so that the nature of the contracts involved is clear.

Risk Factors

QUESTION

47. Do you agree with this approach?

We believe that there should be a list of "risk factors" describing the specific and general risks, which the company encounters, in accordance with its principal activities and the sector in which it operates.

Pro forma information

QUESTIONS

51. Do you agree that pro forma should be mandatory in case of a significant gross change in the size of a company, due to a particular actual or planned transaction?

52. Do you agree that pro forma financial information should also be required in all cases where there is or will be a significant gross change in the size of a company?

53. Do you agree that 25% is the correct threshold figure? Would a different figure, say 10%, be more appropriate?

We consider that pro forma financial information should be mandatory in case of a significant gross change in the size of the company due to particular

business actions, while regarding as appropriate the threshold figure of 25%. We also consider that the 10% figure could be appropriate in the case of a more conservative approach.

QUESTION

55. Do you agree that the competent authority should be able to insist on pro forma information being included where this would be material to investors?

We agree that the competent authority should be able to insist on pro forma information being included where this would be significant to investors.

QUESTIONS

64. Do you agree with the disclosure requirements in respect of pro forma financial information as set out in Annex B, in particular with the obligation of an independent auditor's report?

65. Would it be more appropriate to restrict the disclosure of pro forma information to the occasions where securities are being issued in connection with the transaction and hence require pro forma information in the securities note?

We agree with the above questions.

Profit Forecasts

QUESTION

73. Do you have any comments at this stage about this preliminary definition of a profit forecast?

We agree with the definition.

QUESTIONS

85. Should issuers be required to repeat or update outstanding ad-hoc profit forecasts in the prospectus?

86. Do you agree with the disclosure requirements in respect of profit forecasts set out in disclosure requirement CESR reference IV.D.3 (a) and (b) of Core Equity Building Block (Annex "A")?

87. Do you agree with the arguments set out regarding mandatory reporting by the company's financial advisor?

We agree with the context of the questions.

Directors and senior management privacy CESR reference V.A of Core Equity Building Block (Annex "A")

QUESTION

89. *Do you agree that such information may be material to an investor's decision to invest? Would the provision of such details breach privacy laws in your jurisdiction?*

We agree with the above statement, because the investors should be aware of any felonies committed in the past by the directors and senior management of the company. The provisions of the national law concerning the personal data protection allow the use of personal data that relate, among else, to prosecutions and convictions.

Controlling shareholders CESR reference VI.A.2 of Core Equity Building Block (Annex "A")

QUESTION

91. *Do you think that the additional disclosures of any limiting measures should be required?*

We agree with the proposed requirement.

Documents on Display

QUESTION

93. *Do you feel that issuers should be required to put on display all documents referred to in the prospectus (as set out in CESR reference VIII in Annex A)?*

Would this cause problems due to privacy laws or practical problems as a result of having to review lots of documents for commercial information?

We agree with the general approach, with the exception of documents related to commercial policy, research as well as documents that could be used for competition purposes.

Specialist Building Blocks

QUESTIONS

95. *Do you believe that the building blocks in Annexes D, E, F, G and H are appropriate as minimum disclosure standards?*

96. *What other specialist building blocks (if any) should CESR consider producing in the future?*

We agree, while we would suggest specialist building blocks for construction, insurance, banks and shipping companies.

Start-up Companies

QUESTIONS

100. *Do you agree with the specific disclosure requirements set out in the building block for start-up companies?*

101. *Do you feel that additional disclosure requirements should be included, for example, an independent expert opinion on the products and business plan?*

102. *Do you feel that disclosure of restrictions regarding holdings by directors and senior management etc should be applied to all companies through the core building block? Or should this only be required for all companies where there are such restrictions?*

We agree with the above questions.

SMEs

QUESTIONS

105. *Do you believe that SMEs should only be required to provide details for two years under disclosure requirement II.A?*

We agree that SMEs should provide details for two years under disclosure requirement II.A. (Selected Financial Data).

106. *If so, do you believe that all historical information should be restricted to this two year period?*

Yes.

107. *Bearing in mind the materiality tests in the disclosure requirements contained in the Core Equity building block, if you believe that there should be some specific disclosure requirements for registration documents for SMEs, please list them.*

No.

Property Companies

QUESTIONS

111. *Do you agree that valuation reports as set out in Annex D should be required for property companies?*

We agree with the above disclosure requirement.

112. *Do you consider it appropriate that the date of valuation must not be more than 42 days prior to the date of publication?*

Yes.

113. *Do you agree that it would be more appropriate for such reports to be required when securities are being issued by a property company and hence should form part of the securities note?*

Yes.

Mineral Companies

QUESTIONS

116. *Do you agree that expert reports should be required for mineral companies?*
Do you agree that it would be more appropriate for such reports to be required when securities are being issued by a mineral company and hence should form part of the securities note?

Yes.

117. *Do you agree with the disclosure requirements in registration documents for mineral companies set out in Annex "E"?*

Yes.

Investment Companies

QUESTION

120. Do you agree with the disclosure requirements in registration documents for investment companies set out in Annex "G"?

We agree with the above disclosure requirements.

Scientific Research Based Companies

QUESTION

123. Do you agree with the disclosure requirements in registration documents for scientific research based companies set out in Annex "H"?

We agree with the above disclosure requirements.

Regarding the various issues in which we are requested to provide advice concerning debt securities we would like to underline the following:

QUESTION

129. Do you consider that the disclosure requirements for debt securities should be identical to those for equity, as set out in Annex A?

We consider that the disclosure requirements for debt securities should be identical to those for equity.

Disclosure about the advisers of the issuer – CESR disclosure ref: I.B (Corporate Retail Debt Building Block)

QUESTIONS

134. Do you consider disclosure about the issuer's bankers and legal advisers to the extent that the company has a continuing relationship with such entities to be relevant for corporate retail debt?

135. Do you consider that disclosure relating to the bankers and legal advisers who were involved in the issue of that particular debt instrument to be relevant?

We consider this information of significant importance since the bankers and the legal advisers who are involved in the issue of the corporate debt have at the same time a continuous relationship with the company.

History of the company's investments – CESR ref: III.B (Corporate Retail Debt Building Block)

QUESTIONS

137. *Do you consider disclosure about a company's past investments in other undertakings to be material for an investor to make an investment decision about investing in the company's debt?*

138. *Do you consider that disclosure about a company's current investments in other undertakings to be material for an investor to make an investment decision about investing in the company's debt?*

139. *Do you consider that disclosure about a company's future investments in other undertakings to be material for an investor to make an investment decision about investing in the company's debt?*

We consider that reference to past, current and future investments is essential and constitutes a significant element of the final decision of the investor to participate in the relevant issue.

Operating results, Liquidity and capital resources – IOSCO ref V.A and V.B

QUESTION

142. *Do you agree that these different interests should be reflected by different disclosure standards and in particular that retail bondholders do not need the same disclosures as shareholders in respect of these sections of the IOSCO IDS?*

We agree with the above.

Age of the latest accounts – CESR ref: VII.H.1 (Corporate Retail Debt Building Block)

QUESTIONS

145. *Do you consider it necessary for a disclosure requirement that stipulates when interim financial statements should be disclosed in the registration*

document, to also stipulate what the form and content of these statements should be?

146. *If you consider that the reduced level of detail is more appropriate, should the same approach be taken for equity?*

As far as transparency/information is concerned, we consider necessary the disclosure of the form and content of the financial statements, and, on the other hand, we do not consider appropriate the differentiation of the type and form of the information between debt and equity securities.

Documents on display – IOSCO Ref X.H

QUESTIONS

148. *Do you feel that issuers should be required to put on display all documents referred to in the prospectus (as set out in CESR reference VIII in Annex A)?*

Would this cause problems due to privacy laws or practical problems as a result of having to review lots of documents for commercial information?

We agree with the general approach, with the exception of documents related to commercial policy, research as well as documents that could be used for competition purposes.

149. *On review of the list of documents set out CESR ref VIII.E of the corporate retail debt building block in Annex "I", please advise with reasons:*

(1) Whether or not there are any documents that are listed that you consider do not need to be put on display?

(2) Whether or not there are any documents that are not listed that should be put on display?

We agree with the list of documents as set out in CESR's consultation paper and we believe that there is no need for other documents to be displayed.

150. *Please give views on which if any of the documents that are not in the language of the country in which the public offer or admission to trading is being sought should be translated.*

We consider necessary that all the relevant documents should be translated in the language of the country in which the public offer or admission to trading is being sought.

Additional information – IOSCO Ref: - X.I

QUESTIONS

153. *On a review of the equity disclosure requirements (CESR ref VIII.G of the Core Equity Building Block) set out in Annex "A", please advise which if any of these requirements you consider to be relevant for retail corporate debt.*

Please give your reasons.

We believe that these requirements are directly or indirectly relevant for retail corporate debt. Any omissions may create additional "administrative" costs.

154. *Do you agree with the CESR disclosure proposals for corporate retail debt as set out in Annex "I"?*

We agree with the above proposals.

155. *Please advise which if any items of disclosure should not be required for corporate retail debt. Please give you reasons.*

We consider necessary all the items of disclosure.

156. *Please advise if there are any items of disclosure for corporate retail debt that are not set out in the schedule, but should be. Please give your reasons.*

We believe that there is no need for additional disclosure requirements for the corporate retail debt.
