



## **ATHENS EXCHANGE GROUP**

### **Frequently Asked Questions**

#### **Bond Loans & Bonds**

**Version 2.0 - August 2014**

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## 1 General

### 1.1 What are Bond Loans?

A bond loan is a loan issued by an issuer (government, organization or company) and divided into bonds. Such bonds account for the rights of bondholders vis-a-vis the issuer pursuant to the terms of the loan.

### 1.2 What are bonds?

Bonds are securities on the basis of which the issuer of the bond certificate gives the promise to pay to the bondholder (investor-buyer) the initial borrowed sum (face value) in addition to interest paid at regular specified time intervals (coupon).

### 1.3 What are the characteristics of bond loans?

Next follows a summary of the characteristics of bond loans;

- Bond loans are issued by a societe anonyme and are divided into bonds, which account for the rights of bondholders vis-a-vis the issuer in accordance with the terms of the loan.
- Bonds include an interest-bearing claim against the company.
- Bonds do not give rise to a shareholder relationship but rather to claim to part of the company's debt.
- In the event of a Convertible Bond Loan, the bondholder will become a shareholder where bonds are converted.

### 1.4 What categories do bond loans fall into?

Pursuant to **Law 3156/2003** loan bonds fall into the categories listed next;

- common bond loans,
- bond loans with convertible bonds,
- bond loans with exchangeable bonds and
- bond loans with the right to participate in gains.

### 1.5 What is a common bond loan?

A common bond loan is the bond loan in its simplest form. A common bond loan is issued under a private agreement between the issuer and the bondholders and gives rise to the bondholder right to be paid interest at specific time intervals.

### 1.6 What is a bond loan with convertible bonds?

It is a bond loan that entitles the bondholder to convert their bonds into stocks. A bondholder will exercise that right by making a statement to the company; the conversion right entails a stock capital increase subject to disclosure formalities, while leads to a corresponding decrease in the amount of the loan.

### 1.7 What is a bond loan with exchangeable bonds?

It is a bond loan that entitles the bondholder to exchange their bond, wholly or partially, with existing stocks or such other transferable securities of the issuer or of a listed company other than the issuer (often a subsidiary).

### 1.8 What is a bond loan with the right to participate in gains?

It is a bond loan that entitles bondholders to receive, in addition to interest, a percentage on the gains of the company that remains following payment of the first dividend.

### 1.9 What bond loan categories does ATHEX support?

ATHEX **supports all types of bonds** (common, convertible, exchangeable, etc.).

### 1.10 May foreign bonds be listed on the ATHEX markets?

ATHEX allows companies to issue bond loans governed by **Greek or foreign law** (e.g. English law).

### 1.11 What ATHEX market are bonds listed on?

Bond loans issued by companies may be **listed** to trading on the ATHEX **Regulated Market** or **admitted** to trading on the ATHEX **Alternative Market (EN.A.)**.

### 1.12 What ATHEX market are bonds traded on?

Bonds are traded under **Fixed Income Securities**.

### 1.13 What investment advantages do bondholders have?

A summary of the investment advantages that bondholders have is given next;

- alternative form of investment for portfolio dispersion
- broadened investment options
- higher yield (interest rate) as compared to bank deposits
- cash flows are received at regular time intervals
- predetermined maximum time of participation to bond maturity
- bonds can be bought/sold at any time at the ATHEX Secondary Market
- market participation under specific transparency rules
- early redemption of bonds at a set price, subject to the loan terms (puttable bond)
- following up on the personal portfolio is made easy as the bond certificates are listed in the share account investors have in the DSS;
- security, as bonds are kept in dematerialized form in the electronic files of the Hellenic Central Securities Depository (HCSD).

## 2 Issuers

### 2.1 What conditions must be met for listing on the ATHEX Regulated Market?

Bonds are listed for trading on ATHEX subject to the **general conditions** set forth below being met;

- Approval by the HCMC and publication of Prospectus (subject to being required under the applicable provisions of Law 3401/2005).
- Bonds must be freely negotiable.
- Under the law the minimum issue amount is EUR 200,000.
- In particular with regard to **convertible** and **exchangeable** bonds and warrants, these shall be admitted solely subject to the underlying transferable securities having been previously listed on a regulated market or being listed at the same time.
- Paperless foreign bonds (or paper foreign bonds following their dematerialization) may be admitted to trading.

### 2.2 What conditions must be met for admission in the ATHEX Alternative Market?

Bonds are admitted to trading on the ATHEX Alternative Market subject to the **general conditions** set forth below being met;

- Bonds must be freely negotiable.
- For Private Placement an Information Document is published pursuant to the Alternative Market Rulebook (Resolution 3 of ATHEX BoD), while for Public Offering up to 5 million Euros a Prospectus is drafted pursuant to the Decision of the Hellenic Capital Market Commission (HCMC Decision 12/697/10.2014).
- No minimum issue amount applies.
- In particular with regard to **convertible** and **exchangeable** bonds and warrants, these shall be admitted solely subject to the underlying transferable securities having been previously listed on a regulated market or on an alternative market or on another MTF, or being listed at the same time.
- Paperless foreign bonds (or paper foreign bonds following their dematerialization) may be admitted to trading.

### 2.3 May bonds of unlisted companies be listed on ATHEX?

Besides the bond loans issued by companies that are already listed, bond loans of **unlisted** companies may also be listed/admitted to trading on both the ATHEX Regulated Market and the Alternative Market.

### 2.4 What procedure must be followed for listing corporate bonds on the ATHEX Regulated Market?

The procedure that must be followed for listing corporate bonds on the ATHEX Regulated Market, as well as the supporting documents required are detailed on the ATHEX website.

<https://www.athexgroup.gr/web/guest/listing-bonds-organized-market>

### 2.5 What procedure must be followed for admitting corporate bonds in the ATHEX Alternative Market?

The procedure that must be followed for admitting corporate bonds in the ATHEX Alternative Market, as well as the supporting documents required are detailed on the ATHEX website.

<https://www.athexgroup.gr/web/guest/listing-bonds-alternative-market>

### 2.6 What are the obligations of bond issuers to informing?

When an issuer proceeds to list/admit bonds to trading on either the Regulated Market or the Alternative Market of ATHEX, such issuer will have the obligations to informing as stock issuers (financial statements, major events, etc.).

In addition, the issuer must inform on;

- any changes in the terms of the bond loan
- the appointment or replacement of bondholders' representative
- any resolution by the General Assembly of bondholders
- the payment of interest, 3 days before the end of the interest-bearing period the latest
- the new interest rate for the following interest-bearing period, one business day at the latest prior to its commencement (only floating-rate listed bonds).

### 2.7 Who cover Bond Loans?

Bond loans are covered;

- either by individuals and institutional investors

- or a Bank
- or a syndicate of Bank that cooperate to give the loan, particularly when the amount of funding is high. Such loans are called syndicated loans.

## **2.8 What services does ATHEX Group provide to bond issuers?**

ATHEX Group provides full services to bond loan issuers;

- regarding listing on the Regulated Market or admission to trading on the ATHEX Alternative Market and, at the same time, trading, clearing, and mark-to-market procedure;
- regarding registration in the HELEX electronic records in dematerialized format.

In addition, the range of services available to all issuers include automated full services in support of corporate actions and payments. These include:

- coupon payment
- loan repayment
- partial early loan repayment
- full early loan repayment
- exchange offers
- bondholder General Meeting support
- a bondholder file is given
- provision of records with transfer deeds
- conversion of convertible bonds into listed stocks
- procedure for the conversion/exchange of bonds with listed stocks.

The services provided also include other services such as the dematerialization of paper bonds and the provision of ISIN & CFI codes.

## **2.9 What advantages does the issuing of bonds give to issuers?**

Issuers have the following advantages from issuing bonds;

- alternative form of funding
- medium-term and long-term capital securing
- loan term tailored to match the company's financial planning
- improved balance sheet structure in cases of short-term borrowing repayment
- bonds do not give rise to a shareholder relationship with the company
- the option is given to not repay the loan in cash (regards the issue of convertible bond loans, exchangeable bond loans, warrant bond loans)



- issue flexibility; the General Meeting may authorize the BoD to enable immediate issue when so allowed subject to capital market conditions.

### **More information**

At the Athens Exchange website: [www.athexgroup.gr](http://www.athexgroup.gr)

By e-mail contact at: [companies@athexgroup.gr](mailto:companies@athexgroup.gr)