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Memorandum To: ATHENS STOCK EXCHANGE S.A.

This memorandum briefly summarizes the legal background and the benefits of the designation of the Hellenic Exchanges - Athens Stock Exchange, SA ("**ATHEX**") as a Designated Offshore Securities Market ("**DOSM**") within the meaning of Rule 902(b) of Regulation S of the United States of America ("**U.S.**") Securities Act of 1933, as amended (the "**Securities Act**").

ATHEX's designation as DOSM was confirmed by the U.S. Securities and Exchange Commission ("**SEC**") on July 15, 2016. The SEC decision letter can be found here. Shearman & Sterling (London) LLP ("**Shearman & Sterling**") advised ATHEX in connection with the application and coordinated the SEC approval process.

1. Legal Background

Two U.S. federal statutes provide the basic framework for securities regulation. The Securities Act primarily regulates the offer and sale of securities, creates a mechanism for registration of public offerings of securities and review of related prospectuses, sets standards of liability and defines exemptions from the requirement of registration. The U.S. Securities Exchange Act of 1934 (the primarily regulates the secondary market for securities and requires companies whose securities are registered under the Securities Act to provide the public and the SEC with on-going information.

The Securities Act prohibits the offer or sale of a security in the United States unless the security is registered with the SEC or an exemption from the Securities Act's registration requirements is available. Rule 144A ("Rule **144A**") and Regulation S ("**Regulation S**") under the Securities Act permit certain offers and sales of securities without registration under the Securities Act. In general, Rule 144A and Regulation S work together seamlessly to permit companies to access the global capital markets, including the United States. As a result, a vast majority of capital markets transactions in Europe are structured as private placements and rely on Rule 144A (for sales to 'qualified institutional buyers' in the United States) and Regulation S (for sales outside of the United States) under the Securities Act.

a) Regulation S under the Securities Act

In order to ensure that securities sold outside the United States are also exempt from registration pursuant to the Securities Act, an international offering should be conducted in accordance with Regulation S under the Securities Act. Regulation S provides a safe harbor from the registration requirements for certain offers and sales of securities taking place outside the United States.

The issuer safe harbor provided under Rule 903 of Regulation S is available for offers or sales by an issuer or a "distributor" (or any affiliate or person acting on their behalf), while the resale safe harbor under Rule 904 of the Regulation S, is available for offers and sales by all persons other than

those covered by the issuer safe harbor (i.e., issuer, a distributor, or persons acting on their behalf, except for certain officers and directors of an issuer).

In the case of a non-U.S. company which has no "substantial U.S. market interest ("**SUSMI**")"[1] in its securities and wishes to issue securities, the requirements for both offers and resales of securities that must be met in order to qualify for the safe harbor protections of Regulation S are as follows:

- the offers and sales must take place in an "offshore transaction"; and
- no "directed selling efforts" may be made in the United States by the company, a distributor of the securities, their respective affiliates or any person acting for them. "Directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities offered under Regulation S.

A transaction will be considered an "offshore transaction" if:

- the offer is not made to person in the United States; and
- either, at the time the buy order is originated,
  - the buyer is (or the seller and any person acting on its behalf reasonably believes that the buyer is) outside the United States; or
  - in the case of the issuer safe harbor under Rule 903, the transaction is executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the U.S., or in the case of the resale safe harbor under Rule 904, the transaction is executed in, on or through the facilities of a DOSM, provided there has been no pre-arranged sale in the United States. In the latter instance with respect to Rule 904, the location of the buyer does not matter.

Regulation S provides a list of stock exchanges that have been grated the DOSM status, which includes, among others, the Irish Stock Exchange, the London Stock Exchange and the Bourse de Luxembourg.

b) Publicity and Research Reports

U.S. securities laws impose restrictions on publicity in connection with the distribution of securities in the U.S. under the Securities Act that are commonly applied in the context of a Rule 144A / Regulation S offering of securities. To qualify for Rule 144A, as well as to preserve the offshore nature of the international offering under Regulation S, it is necessary to impose restrictions

[1] Regulation S provides that "substantial U.S. market interest" does not exist with respect to a company's equity securities unless either (a) the securities exchanges and inter-dealer quotation systems in the U.S. in the aggregate are the single largest market for such securities in the shorter of the company's prior fiscal year or the period since the company's incorporation, whichever is shorter, or (b) 20% or more of all trading in all such class of securities took place in, on or through the facilities of securities exchanges and inter-dealer quotation systems in the U.S. and less than 55% of such trading took place in, on or through the securities markets of a single foreign country in the shorter of the company's prior fiscal year or the period since the company's incorporation. For purposes of the SUSMI test, the value of the company's preference share capital is included in the category "equity securities". Even if a foreign company has equity securities listed on a major U.S. exchange, it is unlikely to have SUSMI, as the home market generally remains the predominant trading market.

on publicity, advertising, contents of the company's website and contacts with media and research analysts, including publication of research reports. The rationale behind these restrictions is that publicity relating to an offering which is disseminated into the United States could be viewed as an "offer" to the U.S. public, thus triggering the registration requirements of the Securities Act with respect to the securities offered in the United States pursuant to Rule 144A and, possibly, the offering as a whole. Accordingly, breach of U.S. publicity restrictions could result in the loss of any exemption from the registration requirements of the Securities Act.

A common feature of capital markets transactions in Europe is the publication and use of research reports in connection with offerings of securities which are used as part of the overall marketing efforts.

With respect to listed companies, Rules 138 and 139 of the Securities Act set forth conditions for publication or distribution of research reports in connection with an offering of securities. These are intended to encompass all types of research reports, whether issuer-specific or industry research separately identifying the issuer.

Rule 139 applies to research published by underwriters participating in the distribution whereas Rule 138 applies to research published by brokers or dealers about securities other than those they are distributing. The issuer-specific requirements applicable to both rules provide, among others, that the issuer that qualifies as a foreign private issuer:

- meets the registration requirements for Form S-3 other than certain reporting history;
- either satisfies a minimum public float threshold as set out in Form F-3, or is or will be offering non-convertible securities other than common equity and meets a certain threshold pursuant to the rules; and
- either has its equity trading on a DOSM and has had them so traded for at least 12 months, or has a worldwide market value of its outstanding common equity held by non-affiliates of $700 million or more.

In the case of industry reports, certain additional requirements apply, e.g., the report must contain similar information with respect to a substantial number of issuers in the industry or sub-industry and analysis regarding the issuer or its securities is given no materially greater space or prominence.

2. Practical Considerations and Benefits of the DOSM Designation

The designation of a securities market as a DOSM provides significant advantages to both investors and issuers. Certain of these advantages include the following:

- *Resale of Securities*: Securities listed on a DOSM may generally be resold by sellers other than the issuer or a distributor or persons acting on their behalf, without requiring that the seller forms a reasonable belief that the buyer is outside of the United States.

  In the case of ATHEX, prior to its designation as a DOSM, investors who wished to resell securities including equity or debt securities issued by ATHEX listed companies in offshore transactions pursuant to the Securities Act, were required to take certain measures to ascertain the location of the purchaser before making such resales. Since ATHEX is now a DOSM for purposes of Rule 904 of Regulation S, investors will be able to resell such securities listed on ATHEX (both the Securities Market and the Derivatives Market) without having to undertake

procedures to ensure that the securities are not being purchased by a buyer in the United States or by a U.S. person, making compliance with the Regulation S resale safe harbor easier and also adding certainty to an otherwise burdensome factual determination.

As a result, it is expected that resales of securities listed on ATHEX will now become more attractive to investors around the globe and over time result in a more liquid market for ATHEX-listed securities.

- *Research Reports*: Subject to satisfying other criteria set forth above, ATHEX's DOSM designation will also facilitate compliance with the safe harbors of Rule 138 and Rule 139 regarding distribution and publication of research reports in respect of listed companies. In particular, publication of research reports will now be facilitated in respect of companies that do not have the minimum worldwide market value of their outstanding common equity.

- *Increase reselling of dual-listed securities*: ATHEX's DOSM status may provide additional benefits to companies whose securities are traded both in the U.S. and on ATHEX, as directors and officers of dual-listed companies will generally be permitted to resell their securities on ATHEX regardless of any restrictions or holding periods that may apply under U.S. securities laws.

3. Shearman & Sterling's Experience in Greece

Shearman & Sterling boasts a strong team of Greek-speaking lawyers who understand the legal, business and cultural environment in the region and have a sophisticated understanding of the Greek market. Since over a decade, the firm has acted in multiple roles for both issuers and underwriters in connection with equity, debt and high yield offerings for many of Greece's largest companies and financial institutions.

The firm's equity capital markets experience includes acting for Piraeus Bank, Eurobank Ergasias S.A., NBG Pangaea REIC, Aegean Airlines and OTE plc in connection with their respective recapitalizations and IPOs. The firm advised the underwriters in connection with Hellenic Bank Public Company Limited's capital increase and the underwriters in connection with the National Bank of Greece's SEC registered IPO. The firm also advised Hellenic Telecommunications in connection with the privatization.

With respect to debt capital markets and high yield offerings, Shearman & Sterling has advised Piraeus Bank S.A., Frigoglass S.A.I.C., Public Power Corporation, S.A., Wind (formerly TIM Hellas), Eurobank, Motor Oil (Hellas) Corinth Refineries and Titan Cement on their respective bond offerings. The firm advised the underwriters in connection with the bond offerings of Emma Delta Finance, Excel Maritime Carriers Ltd., Glasstank B.V., FAGE and Intralot Finance Luxembourg S.A.

Shearman & Sterling has also established a presence in the Greek merger and acquisitions field through its work advising Eurobank Ergasias on the disposition of certain of its business as well as the acquisition of Alpha Bank's Bulgarian Branch, Olympia Capital Limited in the sale to CACEIS Fastnet Alternative Administration S.A.S. of certain of its businesses, The Hellenic Republic in the privatization of Public Power Corporation, Stelmar Shipping Limited in its merger with Overseas Shipholding Group, Inc., the National Bank of Greece in the sale of certain of its divisions, Citigroup, in its acquisition of certain divisions of ABN Amro N.V., Fairfax Financial Holdings Limited in its acquisition of Praktiker Hellas AE, Banco Comercial Portugues, S.A. in its sale of Millennium Bank (Greece), Texas Pacific Group and Partners Apax and Wind (formerly TIM Hellas) in the financing and acquisition of TIM Hellas and Eurobank.

In 2016, Shearman & Sterling was nominated for “Equity Team” of the Year by Financial News Excellence in Legal Services. The firm was awarded “Equity Deal of the Year” for the €1.3 billion Euronext IPO by IFLR European Awards in 2015 and in 2014, the firm was awarded “Finance Team of the Year” for Piraeus Bank’s €8.4 billion recapitalization by The Lawyer Awards.

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