

DECISION
no. 2 / 435 / 12.7.2007
approved by the Board of Directors

Subject: “Exchange Traded Funds (ETFs).”

**THE BOARD OF DIRECTORS OF
THE HELLENIC CAPITAL MARKET COMMISSION**

After taking into account:

1. The provisions of § 4 of article 24a of Law 3283/2004, regarding “Mutual Funds Management Companies (Sociétés Anonymes), organisations of collective investments in transferable securities (UCITS), mutual funds and other provisions” (Government Gazette A’/210/2.11.2004).
2. The provisions of case (g) of § 2 of article 1 and § 3 of article 9 of Law 3371/2005 regarding “Issues of the Capital Market and other provisions” (Government Gazette A’/178/14.07.2005).
3. Article 90 of presidential decree 63/2005 “Codification of the Legislation regarding the Government and the Government Bodies” (Government Gazette A’/98/22.4.2005).

UNANIMOUSLY DECIDES

Article 1

Field of application and definitions

1. The admission to trading in an Organised Market of the units of a newly-constituted mutual fund of § 1, article 24a, Law 3283/2004 is permitted, as well as the admission to trading of already listed mutual fund units that replicate the stock index and have obtained an operation license from the competent authorities of another Member State, pursuant to the provisions of Directive

85/611/EEC provided it is so foreseen in their regulations and the terms hereof are fulfilled (Exchange Traded Funds or ETF).

2. The mutual fund units of § 1, article 24a, Law 3283/2004 are considered transferable securities.
3. For the application hereof, as “Management Company’ we mean a Mutual Fund Management Company-Société Anonyme (ΑΕΔΑΚ) or a Management Company of Directive 85/611/EEC.

Article 2

Procedure for the admission in an Organised Market

1. The admission to trading of ETF units in an Organised Market takes place upon decision of the Operator of the Organised Market.
2. The Management Company submits an application to the Organised Market for the admission of the units as well as to the Hellenic Capital Market Commission for the approval of the prospectus, as such is determined in article 3.
3. In order for the Operator of the Organised Market to make a decision for the admission of the ETF units to trading:
 - (a) The minimum conditions provided for in article 4 must succor;
 - (b) Any eventual additional admission term and condition set out by the Organised Market regulations must be fulfilled; and
 - (c) The prospectus must be approved according to article 3 hereof.
4. The Organised Market verifies the initial fulfillment of the conditions for admission, according to cases (a) and (b) of § 3 and notifies accordingly the Hellenic Capital Market Commission within, at the latest, 10 business days from the day of application in order to proceed to the examination of the prospectus.
5. The Hellenic Capital Market Commission approves the contents of the prospectus, according to the relevant regulations and informs accordingly the Organised Market in which the application for the admission has been submitted.
6. The decision for the admission in an Organised Market is issued by the Operator of the Organised Market within one month, at the latest, from the date of the application for admission. The decision of the previous section is communicated

to the Management Company and is published in the Daily Bulletin of the Organised Market.

7. The application for admission must make reference to the total number of units the prospectus provides that may be issued by the Management Company as a maximum limit for the specific ETF.
8. The aforementioned procedure is not followed for the units that are created following the first admission to trading.
9. The Organised Market when examining the application for admission of ETF units, must take into account the number of ETFs that replicate the particular stock index, whose units are already listed in it.

Article 3

Prospectus

1. The prospectus includes the information of article 31 of Law 3283/2004, as well as the following additional information:
 - (a) The composition and the method of calculation of the stock index that is replicated by the ETF, as well as the specific risks related to the said index;
 - (b) The date of first issuance of units, the initial price of the units, the minimum quantity of units required for the application for the creation or the redemption of units, as well as the maximum number of units that can be issued;
 - (c) The Organised Market in which the Management Company has applied for the admission of the ETF units it manages, as well as information regarding the admission to trading procedure, including the method of calculation of the issue price;
 - (d) Information regarding the pursued maximum difference between the returns of the ETF and the index it replicates and information regarding the limit of the standard deviation of the difference between the returns of the ETF and the index, as such are set out in the Decision of the Board of Directors of the Hellenic Capital Market Commission for the replication of stock indexes from mutual funds;

- (e) Information regarding the percentage deviation of the price of the unit that prevails in the Organised Market as compared to the indicative net asset value (iNAV), according to the stipulations of § 1 of article 7;
 - (f) Information regarding the Market Maker; and
 - (g) Information regarding the ETF's dividend policy.
2. The prospectus must clearly reveal that:
 - (a) The investment aim of the ETF is to achieve the yield, either positive or negative, of the stock index it replicates;
 - (b) The return of the ETF is not guaranteed;
 - (c) The exchange price of the units may not depict their net asset value; and
 - (d) There are cases in which the trading of units in the Organised Market may be suspended or interrupted.
 3. The items of §§ 1 and 2 of this article are also included in the simplified prospectus of article 32 of Law 3283/2004.
 4. When the Management Company applies for the admission of ETFs to trading in an Organised Market, the prospectus, after being approved, is submitted to the Hellenic Capital Market Commission and is made available to the public within six days, at the latest, prior to the commencement of the trading of the units.
 5. The prospectus is made available to the public through:
 - (a) Publication in one or more newspapers of national or wide circulation; or
 - (b) Printed literature made available to the public, gratis, at the offices of the Organised Market or the Management Company; or
 - (c) Electronic form at the Management Company's website; or
 - (d) Electronic form at the website of the Organised Market in which the admission to trading is requested; or
 - (e) Electronic form at the Hellenic Capital Market Commission's website.

The publication with the use of the means of case (c) is obligatory, unless the Management Company publishes the prospectus using the means foreseen in cases (a) or (b).

Article 4

Minimum terms regarding the Management Company, the ETF and its units, which constitute the object of the application for the admission in an organised market

1. The ETF must have obtained a constitution permit from the Hellenic Capital Market Commission. With regard to mutual funds that have obtained an operation permit from the competent authorities of another Member State, the conditions of article 35 of Law 3283/2004 must be observed.
2. The legal status of the Management Company must abide by the Laws and regulations to which it is subject, with regard to its constitution and operation.
3. The Management Company must have entered into a written agreement with, at least, one member of the Organised Market for carrying out the market making on the listed units.
4. The assets of the mutual fund must be equal to, at least, three (3) million euros in total.
5. The ETF units must be freely traded.

Article 5

Suspension, interruption of trading and deletion of all units

1. The Organised Market may suspend the trading of units when its smooth operation is not safeguarded or in jeopardy or when it is so imposed for the protection of investors. The trading of units is obligatorily suspended in case the Hellenic Capital Market Commission submits a relevant request to this end.
2. The Organised Market may also, in exceptional cases, of abrupt and intense variations in the price of ETF units temporarily interrupt their trading, during the course of the session, for safeguarding the smooth operation of the market and protecting the investors.
3. In its decisions regarding the suspension or the interruption of the trading of ETF units, the Organised Market must also take into consideration any eventual failure to precisely determine and any eventual difficulty to effectively disseminate such prices to the investors, as well as the net price, the indicative net asset value (iNAV) of ETF units and the price of the stock index replicated by the ETF.

4. The Organised Market promptly informs the Hellenic Capital Market Commission for any decision to suspend or interrupt the trading of ETF units, as well as for the lifting of any such suspension or interruption.
5. The Hellenic Capital Market Commission may decide on the deletion of all units, following a request submitted by the stock market or ipso jure, when it deems that, due to special conditions, the smooth operation of the market is not safeguarded or when it is so dictated by the need to protect the investors. Factors that may be taken into account, indicatively, for deciding the deletion are:
 - (a) The suspension of trading of the units for an amount of time in excess of six (6) months;
 - (b) The repetitive lack of drafting on the part of the Management Company of the mutual funds reports and statements provided for in article 28 of Law 3283/2004;
 - (c) The repetitive lack of issuance on the part of the Management Company of the mutual funds prospectuses provided for in article 30 of Law 3283/2004;
 - (d) The revocation of the Management Company's operation permit by the competitive supervising authority of its country of origin.The Hellenic Capital Market Commission may, following a justified request submitted by the Management Company, give a deadline of six (6) months for the lifting of the reasons that impose the deletion of the units.
6. The Hellenic Capital Market Commission may decide the deletion of all units from the Organised Market, following a request submitted by the Management Company, and set specific terms to the Management Company for protecting the shareholders of the mutual fund.

Article 6

Procedure for the creation and redemption of ETF units

The creation and redemption of ETF units is made against items of its assets, cash or transferable securities of the stock index that is replicated by the ETF, according to the stipulations of the admission prospectus. The ETF units that are redeemed following their admission in the Organised Market are rendered void.

Article 7

Management Company's Responsibilities

1. The Management Company must safeguard that the ETF units price that prevails in the Organised Market does not deviate from its indicative net asset value (iNAV) in excess of the percentage set out in the prospectus. Such percentage must be set out taking into account the trading conditions of the transferable securities that form the stock index and, in any case, it may not exceed 3%. The Management Company must fulfil such term throughout the ETF units trading. In case the above limit is not observed, the Management Company must be in the position to justify such excess deviation to the Hellenic Capital Market Commission and to duly inform the shareholders through the annual and semi-annual reports and the simplified prospectus provided for in article 32 of Law 3283/2004.
2. The Management Company, without prejudice to the relevant provision of Law 3283/2004, is obliged to notify to the Organised Market and post on its website:
 - (a) *On each business day*, the net asset value of a unit, the composition of the ETF assets, the number of units created, the number of units redeemed and the total number of ETF units of that business day, at the latest, two hours prior to the commencement of trading on the following business day in the Organised Market;
 - (b) *On a weekly basis*, the standard deviation and the average difference in the returns of the ETF and the replicated index, as well as the limit of standard deviation that is in force, from time to time, as set out in the Decision of the Board of Directors of the Hellenic Capital Market Commission for the replication of stock indexes from mutual funds.

Article 8

Trading and transparency obligations

1. The trading of ETF units takes place according to what is specifically set out in the regulations of the Organised Market.
2. Throughout the trading of the units in an Organised Market, such market must diffuse at all times through its trading system:
 - (a) The indicative net asset value (iNAV) of an ETF unit on the basis of the net asset value (NAV) of the ETF unit of the previous day which is notified by the Management Company, and
 - (b) The level of the stock index that is replicated by the mutual fund, according to what is stipulated in its regulations.

Article 9

Enforcement

1. This Decision shall be into force as from its publication in the Government Gazette.
2. The provisions hereof do not generate any expenses on the national budget.
3. This Decision is to be published in the Government Gazette (issue B').

The Secretary

The Chairman

The 1st Vice-Chairman

The 2nd Vice-Chairman

Alexios A. Pilavios

Yiangos Haralambous

Anastasios Th. Gavriilides

The Members