Xnet NETWORK AND SERVICES: FREQUENTLY ASKED QUESTIONS

INFORMATION BULLETIN

Version: 1.13 - 09/05/2016

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Document Management	
Title	Xnet NETWORK AND SERVICES: FREQUENTLY ASKED QUESTIONS
Version	1.13
Status	Final version **Issued on:** May 09, 2016
Online address	http://www.athexgroup.gr/el/web/guest/functions-depository-foreing-securities http://www.athexgroup.gr/el/web/guest/settlement-cross-border
Authored by	Hellenic Central Securities Depository S.A. / Central Registry Division
Note	

Revision Table			
Version	**Date**	**Paragraph**	**Change Description**
1.0	29/11/2011		
1.1	30/11/2011		Slight enhancement of the initial version
1.2	12/04/2012		Addenda regarding General Clearing Members (GCMs) and Joint Investor Share Accounts (JISAs)
1.3	26/04/2012		Clarifications regarding PTM Levy and Finland Dividend Tax
1.4	02/05/2012		Clarifications on the use of the Transitory Account
1.5	08/05/2012		Clarifications regarding France Dividend Tax
1.6	27/06/2012	4.2	Amendment for computing the commission for US market
1.7	18/12/2012		Explanations regarding custody at the DSS (Chapter 3) were added - Remaining chapters were renumbered
1.8	19/03/2013		Austria and Canada were added as well as updates on taxation matters
1.9	27/05/2013	4.1	Sec Fee update
1.10	03/10/2013	2.5, 2.6, 4.1, 5.1, 6.1	ADR Fees description, clarifications regarding chilled/frozen securities, taxation of dividend distributed in the form of securities, Market Taxes and Duties list update
1.11	04/11/2014	1.1-1.9 3.6, 3.4, 3.7, 3.8, 3.9, 4.1.3, 5.1, 6.1	Trading matters added Security transfer to France and Italy, Deposit/Withdrawal At Custodian (DWAC) transfer process, EEEK & Viohalco security transfers, out of Xnet trade settlement, dematerializations, updated US SEC Fee, dividend taxation, Market Taxes and Duties update< 2}
1.12	24/03/2015	4.5, 5.1	Xnet new regulatory framework adaptation Discounts to Xnet Participants dividend and coupon taxation, removal of Market Taxes and Duties section

Revision Table			
Version	**Date**	**Paragraph**	**Change Description**
1.13	27/04/2016	1.2, 1.6, 1.8, 2.8, 3.9 4.1	New Intermediary Firm
			New Contact Details
			Interruption of Dematerialization services
			Sec Fee Update

Table of Contents

1   TRADING

1.1   What is the ISIN employed during order entry (e.g. Reuters, Bloomberg)?

Order placement is done via ISIN, Venue and Trading Currency where the Xnet Participant employs an application via an API. Order placement is done using the security ISIN and the exchange/market where the Xnet Participant employs Xnet client.

1.2   As regards supported markets, what is the starting time from which AKJ accepts orders?

Orders can be placed for order routing to the supported markets at market opening.

1.3   How long does it take between the time an Xnet Participant enters an order and the time AKJ enters it in the exchange?

Less than 1 second (order of magnitude) elapses between the moment an order placed by the Xnet Participant, be it through ODL or Xnet client, is received by ATHEX and the time it is routed to AKJ via FIX.

In general, DMA systems are employed for the automatic entry of orders and the exchange of messages pertaining to such orders.

1.4   How long does it take between the time a transaction is conduded and the time on which the Xnet Participant receives the respective ODL message?

Again, less than 1 second (order of magnitude) elapses between the moment ATHEX receives from AKJ a transaction message and the moment when the message is forwarded to the Xnet Participant via ODL.

In general, DMA systems are employed for the automatic entry of orders and the exchange of messages pertaining to such orders.

1.5   What are the files that ATHEX sends to Xnet Participants and at what time are such files sent?

The following files are sent by ATHEX to Xnet Participants via email on a daily basis:

1. **Xnet Markets Close Prices File** As regards the ISINs they use to trade on Xnet markets, Xnet Participants have the opportunity to be informed about the respective closing prices. The prices pertain to the day before the transaction day (T-1), and the file is sent to Xnet Participants on a daily basis at 8:50 am.

2. **Xnet Participants' Transactions File.** This file contains a breakdown of the transactions concluded by the respective Xnet Participant on the previous day (T-1) on the supported markets and is sent on a daily basis at 7:00 am.

3. **Reference Data File** The Reference Data File which is sent on daily basis on the following day at 8:45 and provides detailed statistics about the ISINs traded over Xnet.

1.6   As regards the making of transactions, what are the various limits set by in that respect;

- **Daily Limit of Transactions:** EUR 3,000,000 is the default daily limit of transactions set for each Xnet Participant. Any sums that exceed the aforementioned limit may be negotiated and KBC will normally accept them.

   Further, it should be reminded that the respective credit limit of each Xnet Participant also applies.

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- **Order Price Limits:** Order price limit is imposed only in case of a buy order placement according to which the order price must be such that in case of execution the trade price does not deviate from the last trade's price greater than 1%

1.7   With regards to calculating credit limit consumption, is there a list of risk factors for the securities traded over Xnet?

The Reference Data File received on a daily basis contains the Specific and General Risk per security supported for trading over Xnet.

1.8   At what time does AKJ send the trade confirmations that include the respective (buy and Agent) commissions based on which the respective receipts are issued?

With regards to all trades performed, grouped by order or ISIN, depending on the agreement made with the XOrder Agent, trade confirmations are issued and sent to the Xnet Participant by the XOrder Agent. The XOrder Agent sends the trade confirmations, to such email address as the Xnet Participant has provided to that end, either before the execution of the order has been concluded or at the close of each market.

1.9   Are commissions and such other fees as AKJ may charge, shown separately per trade in the detailed transactions file? Does the DSS show such information?

No commissions or other fees are shown in the orders/transactions file. Trade confirmations show fees collectively.

Further, the same reports that are used to show the fees for the ATHEX securities markets are also used to show all fees in detail.

1.10   What procedure is employed to activate new ISINs in Xnet?

With a view enabling Xnet Participants to manage more efficiently the data they receive either via ODLs or via email, and due to the great number of ISINs traded on Xnet markets, daily access is given to Xnet Participants to a functional subset of ISINs.

Responsibility for the initial activation and maintenance of such functional subset of ISINs lies with ATHEX as the latter is the XOrder system operator.

The following ad hoc requests made by Xnet Participants are also satisfied by ATHEX.

- Requests for confirmation of the activation and inclusion of the total number of ISINs included in the Xnet Participant's client portfolio.

- Requests for activation of the ISINs requested by Xnet Participants and contained in the functional subset of ISINs supported by XOrder.

An email indicating the ISIN, the market code (MIC) and the currency code for the particular ISIN(s) requested must be sent to xnet-ms@athexgroup.gr for new ISINs to be activated in XOrder.

1.11 Where they have queries or are faced with problems regarding the making of transactions in Xnet, who should participants contact?

- For general information regarding Xnet network (i.e. participation issues, provided services, pricing policy issues and more)

  E-mail xnet@athexgroup.gr

  Τηλ. 210 336 6330

  Fax. 210 336 6296

- For issues of every day operation (i.e. new ISINs activation, issues regarding technical infrastructure and more)

  E-mail xnet-ms@athexgroup.gr

  Τηλ. 210 336 6393, 210 336 6385, 210 336 6818 (μετά τις 19:00)

  Fax. 210 336 6286

2 TRANSACTION CLEARING & SETTLEMENT

2.1 When does the DSS provide to the operator information about the sums that corresponds to execution fees and various other fees (with the exception of any non-routine fees) that the different markets charge and the XOrder Agent implements?

Currently, it is on the settlement date (SD) that follows the loading of the Greek market transactions over the DSS, that the operator will receive information, either in euros or in foreign currency, on the various fees. (Please bear in mind that the various fees are calculated and collected in the currency of the transaction). ATHEXCSD will collect such fees on SD+1, namely on such business day as follows the settlement date.

2.2 For the purpose of settlement in Xnet, what procedure must be followed for the purpose of buying or selling foreign currency via Alpha Bank?

The procedure followed is as follows:

1. A foreign currency buy or sell request is faxed to Alpha Bank by the Xnet Participant. A special form must be filled in and used to send the request.

2. A reply with regards to the granting of the Xnet Participant's request will be faxed to them. The foreign currency conversion rate and the respective sum will be stated in the reply.

The foreign exchange buy or sell is done on the same day with a 2-day value date, pursuant to the contract, and in any case, at such price as Alpha Bank will establish on the date on which the request was sent. On a case to case basis, conversions with same-day value date are possible.

In practical terms, this means that on T + 1 participants will be able to buy (or buy in advance) such foreign currency as they will require on the day on which the transaction will be settled in Xnet, an on T + 1 sell such foreign currency as they will receive on the day of the settlement.

2.3 What are the reasons that could cause a security buy settlement to be delayed?

Where for any reason whatsoever the counterparty abroad delays to deliver the securities bought, this can cause the security buy settlement to be delayed. Both ATHEX and ATHEXCSD endeavor to the extent possible to address any such events. Nonetheless, it should be pointed out that in the event of non-liquid securities and given that buying such securities by exceptional procedures is difficult, this problem is made worse.

2.4 Are there securities whose settlement in supported markets is not supported by ATHEXCSD?

Yes, DTCC chilled/frozen securities in the United States market. Depository Trust & Clearing Corporation (DTCC) in the United States can limit settlement for specific securities. Such securities, which are settled through the transfer of certificates via transfer agents, are called chilled/frozen securities.

Therefore, major delays and increased costs, that cannot be calculated in advance and are borne by Xnet Participants/Operators, are involved in these cases.

The following documents of SEC and DTCC provide information about such securities:

- www.sec.gov/investor/alerts/dtcfreezes.pdf

- www.dtcc.com/downloads/legal/imp_notices/2010/dtcc/z0025.pdf

Xnet services do not support trading, clearing and settling transactions on such securities as of Monday, 7 October 2013.

2.5 In which cases is a Trading Member (TM) replaced by a General Clearing Member (GCM) when it comes to Xnet transactions?

Where a TM has failed to perform their obligations vis-a-vis ATHEX both money-wise (buys) and security-wise (sells), a GCM will replace the TM for the purpose of performing the TM's obligations. On the contrary, there will be no need for the GCM to take action and the GCM will have no other responsibilities where a settlement delay is attributed to the Xnet Provider.

2.6 Will the credit limit committed to the buy be released in the event that a delay in a buy settlement is attributed to the Xnet Provider?

There are various reasons, usually linked to the rules of usual functioning of a foreign market, why the settlement of transactions in Xnet can delay for a few (1-2) days. No provision is made for the release of the credit limit in such cases.

On the contrary, the credit limit committed may be released following prior contact with the Securities and Derivatives Clearing and Settlement Department in the event that there is no significant delay in the settlement and where TM-GCm has fulfilled their obligations.

2.7 What will be the obligation of a GCM with regards to the delivery of securities in the event that a TM fails to perform its obligations (the TM cannot deliver the securities to ATHEX)?

The GCM must take action to find and deliver the securities to ATHEX. The obligation can be fulfilled by a third party custodian either buying securities over Xnet (the General Clearing Member must be an Xnet Participant) or transferring existing securities by entering a OTC order (Investor CSD service). At any rate, the settlement of the buy will take place before the settlement of the defaulted sale.

2.8 Where they have queries or are faced with problems regarding the clearing or settlement of their transactions in Xnet, who should participants contact?

- For matters of daily operation that pertain to settlement:

  Athens Exchange Clearing House S.A.

  Risk Management & Clearing Division

  Securities and Derivatives Clearing Department

  Clearing&Settlement-Dpt@athexgroup.gr

  Tel. +30 210 3366766

Fax. +30 210 3366237

- For matters that regard the transfer of securities:

    Hellenic Central Securities Depository

    Central Registry Division

    Foreign Security Settlement

    FSS@athexgroup.gr

    Tel. +30 210 3366930

    Fax. +30 210 3366475

- For matters that regard corporate trades and taxation:

    Hellenic Central Securities Depository

    Central Registry Division

    Corporate Actions Department

    corporateactions@athexgroup.gr

    Tel. +30 210 3366713

    Fax. +30 210 3366712

3 FOREIGN SECURITIES IN THE DSS

3.1 On which basis does ATHEXCSD provide custody services in respect of foreign securities?

Under the provisions of Law 3756/2009 the framework for monitoring, in accounting form, of transferable securities was restructured extending the ability of the ATHEXCSD Dematerialized Securities System (DSS) to monitor any transferable securities, regardless of whether they have been issued by Greek or foreign corporate forms and regardless of whether they are listed on a regulated market or traded on a multilateral trading facility.

Under Article 5, by being the DSS Operator, ATHEXCSD may have an aggregate account in a foreign dematerialized or immobilized securities registry (depositories), directly or via a credit institution acting as custodian. Such account will be kept in ATHXCSD's name but on account of third party beneficiaries. Such securities accounts as are kept in the DSS in their name shall be used to monitor the beneficiaries of foreign securities held in a foreign registry (depository). Under the DSS Regulation, ATHEXCSD may, acting as custodian or sub-custodian, monitor the beneficiaries of transferable securities issued by foreign issuers and entered into a foreign dematerialized or immobilized securities registry (depository).

The aforementioned law also enables the ATHEXCSD DSS operation framework for the purpose of linking ATHEXCSD with other registries (depositories) of transferable securities in book entry form. Under Article 6, ATHEXCSD may, being the DSS Operator, enter into agreements regarding the keeping transferable securities in book entry form or associate with foreign systems or registries (depositories) or credit institutions acting as custodians. Where it believes that the smooth functioning of the market and the protection of investors is not safeguarded, the Hellenic Capital Market Commission may oppose to the conclusion of agreements or the creation of links.

Links have been created between the Clearstream Banking Frankfurt (Germany) and ATHEXCSD, as well as between Citibank and ATHEXCSD with a view to the provision of custody services in respect of securities held in the depositories of the markets of Austria, Belgium, France, Denmark, Switzerland, USA, Ireland , Spain, Italy, Canada, UK, Norway, Netherlands, Portugal, Sweden, Finland, Australia, Hong Kong, Japan, South Africa, Singapore, New Zealand, as well as at the International Central Securities Depository (ICSD) Euroclear Bank.

3.2 May foreign securities be registered in Joint Investor Share Accounts?

According to the relevant explanations of the competent bodies of the Hellenic Capital Market Commission, keeping positions on foreign transferable securities in Joint Investor Share Accounts (JISAs) in the DSS in the context of Xnet/Investor CSD services is inconsistent with the philosophy and the framework for the use of Joint Accounts under applicable legislation.

3.3 With regards to the transfer of foreign security portfolios to DSS/ATHEXCSD, what is the procedure that needs to be followed?

The procedure laid down next must be followed in the event that an operator wants to proceed to transfer to the DSS (and place under the management of ATHEXCSD) an existing portfolio of foreign securities held either on the operator's own account or on the

account of the operator's clients, and such portfolio is found in a depository in one of the supported countries and subject to the management of another custodian:

1. The operator must first agree in advance with the existing custodian on the settlement date, the securities (ISINs) to be delivered and their numbers, the foreign depository where the transfer will be carried, and counterparty details must be exchanged, namely:

   - the details of such account as ATHEXCSD holds with the foreign depository will be given to the existing custodiany for the latter to deliver the securities to such account (ATHEXCSD provides such details in the ATHEXCSD Standard Settlement Instruction Matrix); and

   - the details of such account as the existing custodian holds with the foreign depository (the existing custodian's respective Settlement Instructions) from which ATHEXCSD will receive the securities on the account of the Operator and the Operator's client.

2. Afterwards, the Operator must, pursuant to aforementioned agreements made, ask of the existing custodian to send a DFP instruction (Delivery Free of Payment) (SWIFT MT542) to the foreign depository in respect of the securities.

3. Simultaneously, the Operator must enter in the DSS (OTC transaction management screen) an RFP instruction for the receipt of the securities. In the order, the Operator will indicate as its counterparty the existing custodian with whom the Operator exchanged details as specified above.

4. Provided that the Operator has specified that the securities will be received in the DSS in the Transitory Account of the Operator's Share Account, the Operator must see to it that within 1 day from receiving the securities these are transferred to Securities Accounts of beneficiary investors. To do this, the Operator must, via the OTC Transaction Management screen of the DSS and specifying ATHEXCSD as the depository, enter in the DSS 2 orders (1 delivery order and 1 receipt order).

5. Pursuant to ATHEXCSD's existing pricing policy (see ATHEXCSD Board Resolution No 1), there will be a cost for each OTC settlement order addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Operator's transitory account to securities account of investors. As a result, it is in the interest of Operators-Xnet Participants to place, when practicable, aggregate orders for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the orders are executed separately and when an aggregate order is executed:

   (a) there is a cost of 2 x EUR 8 = EUR 16 if 2 orders are settled at the foreign depository; whereas

   (b) the cost is (1 x EUR 8) + (2 x EUR 1) = EUR 10, namely EUR 6 less than the cost involved in the previous point if an aggregate order is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.

3.4   Transfer of securities regarding the markets in France and Italy

It must be specified whether a transfer of securities for the markets of France and Italy leads to a Change/No Change of Beneficiary Owner - CBO / NCVO respectively, in order

for the securities to be transferred. The information should be inputted into the comments filed of the OTC entry screen of the DSS.

3.5 What is the procedure followed to transfer securities from the Direct Registration System (DRS)?

Certain issuers or transfer agents in the United States employ the DRS to register securities in book-entry form in the name of the investors. Where an investor holds securities in the DRS and wishes that the sale of such securities be settled via ATHEXCSD, such investor must first see to it that the securities are transferred to such account as ATHEXCSD holds with the DTCC.

Where the Operator of the investor wishes to receive the securities from the DTCC, the Operator must enter in the OTC transactions subsystem a settlement instruction to that effect. Besides the ISINs and the number of the securities involved, the Operator will also specify:

- the code (in the form of 78xx) that the transfer agent delivering the securities has in the DRS;
- such account number as the investor holds with the transfer agent.

Next, the Operator must send scanned copies of the following to the Foreign Security Settlement Department (FSS@athexgroup.gr):

- investor's tax ID (US citizens);
- W8-BEN form (non-US Citizens);
- statement of the above account of investor with the transfer agent.

Orders for receipt from the DRS must be entered at 15:00 Athens time at the latest in order for the same-day start of the processing of DRS orders to take place. An order may be rejected and cancelled where information is missing or where the information entered does not match that entered in the DRS by the counterparty transfer agent.

An order will be transferred to the intended transfer agent, provided no problems are identified during the checks run by the Provider or the DTCC. The transfer agent has 24 hours to either accept or reject the order. On the following business day ATHEXCSD is informed as to whether the order was accepted or rejected. Confirmation as to whether the transfer from the DRS was either performed or rejected may, therefore, require at least 2 business days. However, due to the time difference with the US as well as due to transfer agent delays, confirmation may take even longer.

The order of transfer from the DRS must be entered on the T of the sell transaction, or, if not possible, no later than 15:00 hours on T+1, where the securities that will originate from the DRS are to be used for the sell transaction settlement.

3.6 What is the procedure followed for a Deposit/Withdrawal at Custodian (DWAC) transfer of securities?

Where transactions/security transfers are made between brokers/dealers, DWAC is the method employed to transfer securities electronically between the DTCC, which acts as the Clearing House, and the transfer agents of companies that have issued the securities to be settled. Under the DWAC, just like under the DRS, investors can instead of keeping their securities in physical form, keep them in the transfer agent's books in registered form.

Where the Operator of the investor wishes to receive the securities from DWAC, the Operator must enter in the ATHEXCSD OTC transactions subsystem an order to that effect. Besides the ISINs and the number of the securities involved, in the order the Operator will also specify:

- the transfer agent's name, the transfer agent's DTCC code and a contact person at the transfer agent;

- the name of the shareholder at the transfer agent on the account of whom the transfer is performed.

Further, Data Source Scheme, DTCYID/3122 must be filled-in in the Counterparty and Order Originator Client fields in the OTC entry screen in the DSS.

3.7   EEEK & Viohalco Securities Transfer

As regards the transfer of EEEK securities between DSS/SIS/Crest/DTCC and of Viohalco securities between DSS/Euroclear Belgium specific instructions can be found on ATHEXGroup's website at:

- http://www.athexgroup.gr/el/web/guest/members-settlement-manuals

3.8   Settlement of transactions made outside Xnet

It should be pointed out that Versus Payment transactions made without using Xnet can be settled as part of the Investor CSD service. This applies in the following cases:

1) the broker involved in the transaction is other than AKJ; but

2) ATHEXCSD undertakes the settlement and custody.

In this case, besides the Operator entering a settlement order in the DSS on the basis of the counterparty broker's SSIs and informing the latter of ATHEXCSD's SSIs, a transaction is also made in the settlement date in the operator's cash settlement account. In order for ATHEXCSD to send the cash settlement amount to the Provider, the Operator must, when receiving securities, proceed to the timely placement of the corresponding cash amount in the cash settlement account on the day of the settlement. On the contrary, in the event of a sell, the Operator expects ATHEXCSD to credit the cash settlement account with the respective amount.

4 COMMISSIONS, FEES & DISCOUNTS

4.1 In the various markets what other fees apply besides the execution fees?

Besides the execution fees, the following fees are the most common according to the latest information obtained from ATHEXCSD providers:

4.1.1 England

- **Stamp Duty**: 0.5% on the value of buys

- **PTM Levy**: Where the value of a ticketed trade (set of trades corresponding to an order) exceeds £ 10,000 the PTM levy stands at £ 1. Such fee is levied on shares of companies established in the United Kingdom, the Channel Islands, the Isle of Man.

4.1.2 Ireland

- **Stamp Duty**: 1% on the value of buys

- **ITP Levy:** Where the value of a ticketed trade exceeds EUR 12,500 the ITP levy stands at EUR 1.25.

4.1.3 United States

- **SEC Fee**: 0.2180/1,000,000 on the value of sells (February 2016). The SEC Fee that applies each time is available at following address: http://www.sec.gov/divisions/marketreg/mrfreqreq.shtml

- In the event of securities on which DTCC has imposed restrictions, an additional, exceptional fee will apply for settlement with physical delivery (see 2.4). The number of certificates that will need to be transferred to cover the amount under settlement will determine the amount of the fee to be charged. Article 33 of ATHEXCSD Resolution No 1 makes provision for this fee, which is passed to to Operators.

- **Depository Servicing Fees** (applies where an American Depository Receipt (ADR) is held): Custody fees called Depository Servicing Fees or ADR Pass-through Fees, are charged by banks that offer ADR custody and act as ADR agents, in order to cover the cost incurred for managing the ADR issue.

  In the beginning, these fees were charged by ADR agents by deducting them from the dividend sums distributed. However, SEC approval was secured by Depository Trust & Clearing Corporation (DTCC) to collect such fees on the account of ADR agents and in respect of ADRs that do not give rise to dividend payments. Next, Depository Trust & Clearing Corporation charges such fees to its members, such as for instance Citi GTS, that hold ADRs on the account of their clients.

  For each ADR a different fee and time of charge applies. The fees and times when such fees are charged for each ADR are established in the ADR prospectus. Normally, 2 to 5 cents are charged for each ADR computed on the basis of the portfolio value held on a specific date. The following information document of SEC provides additional information: http://www.sec.gov/investor/alerts/adr-bulletin.pdf

Under Article 33 of <u>ATHEXCSD Resolution No 1</u>, the Provider charges such fees to ATHEXCSD, which then passes the fee to Operators.

4.1.4   France

- **Financial Transaction Tax** (FTT): The rate that corresponds to this tax is 0.2% computed on the value of buys of shares of companies seated in France, which in addition have an annual capitalization of over EUR 1 billion on December 1st each year. This tax is also imposed on other securities such as for instance ADRs, and ETFs whose underlying securities are shares of such French companies. The market on which the shares or other securities have been listed, be it a French or other regulated market, European or otherwise, does not affect the tax which is imposed regardless of market.

4.1.5   Italy

- **Financial Transaction Tax** (FTT): The rate that corresponds to this tax is 0.1% computed on the value of exchange transactions conducted in regulated markets in the countries in the respective white list. As regards other buys and OTC transactions whether versus payment or free (where a change of share owner is involved), the rate of the tax is 0.2% and is computed on the value of the transaction. This tax applies to shares and other securities such as for instance ADRs and ETFs whose underlying values are shares of companies seated in Italy with a capitalization greater than or equal to EUR 500 million as of November.

4.2   In what way is the value of transactions and any such additional fees as may apply (fees, stamp duty, SEC fee, etc.) computed by the XOrder Agent?

The average price of the transactions that correspond to the trade confirmation is used to compute the trade confirmation transaction value rather than the sum of the transaction value of the individual trades involved. More specifically, the volume-weighted average of trading prices is first computed and then the total volume is multiplied by the average price computed to give the "initial" value of transactions (gross amount, principal amount). It is on this transaction value that the different fees are computed.

Four decimal places are employed in computing the transaction value of individual trades. Four decimal places are used in the average price. A rounding up to two decimal places is employed for the "initial" transaction value of trade confirmations and the various fees. A simple sum of individual amounts is used to compute the net amount of trade confirmation transactions.

It should be made clear that a percentage of 5% on the value of the transaction is used, pursuant to the rules put in place by the SEC, as the maximum commission that may be charged for a trade confirmation in respect of transactions made in a United States market.

Next follows a calculation example for the transaction value of trades that have originated from one order:

- Trade 1 (buy): Amount = 250, Price = 7.1000
- Trade 2 (buy): Amount = 250, Price = 7.1000
- Trade 3 (buy): Amount = 250, Price = 7.3000
- Trade 4 (buy): Amount = 250, Price = 7.4000

<u>Average price</u> = (7.1000 x 250 + 7.1000 x 7.3000 x 250 + 250 + 7400 x 250) / 1000 = 7.2250 (4 decimal points)

<u>Initial transaction value</u> = 1000 x 7.2250 = 7225.00 (2 decimal points)

<u>Execution Fees</u> = 7.225.00 * 0.02% (2bps) = 1.45 (2 decimal points)

<u>Trade confirmation total value</u> = 7225.0000 + 1.45 = 7226.45 (2 decimal points)

4.3 What is the reason behind the differences in the (fee-free) net value of transactions between XOrder Agent and DSS trade confirmations? What is the fee to be charged to the Xnet Participant?

As a beginning, it should be pointed out that there is no difference between the different fees imposed on the net value of transactions between trade confirmations and the DSS. As regards the net value of transactions a slight difference may arise as a result of two reasons:

1. The first reason is because the XOrder Agent uses the average price to compute the total value of transactions whereas individual transactions are simply summed up at the DSS.

2. The second reason is because four decimal points, instead of the two decimal points used by the DSS, are used in computing the transaction value of individual trades.

The sum shown in the DSS is the one to be charged to the Xnet Participant.

4.4 What is the cost involved with regards to the transfer of foreign security portfolios to DSS/ATHEXCSD?

Pursuant to ATHEXCSD's existing pricing policy (see ATHEXCSD Board Resolution No 1), there will be a cost for each OTC settlement order addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Operator's transitory account to securities account of investors. As a result, it is in the interest of Operators-Xnet Participants to place, when practicable, aggregate orders for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the orders are executed separately and when an aggregate order is executed:

(a) there is a cost of 2 x EUR 8 = EUR 16 if 2 orders are settled at the foreign depository; whereas

(b) the cost is (1 x EUR 8) + (2 x EUR 1) = EUR 10, namely EUR 6 less than the cost involved in the previous point if an aggregate order is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.

4.5 Discounts

One half of the execution fees incurred in 2015 will be reimbursed to an Xnet Participant provided the Xnet Participant has collected, in respect of the execution of transactions in an ATHEX Securities Market in 2016, commission greater than or equal to the execution fees. Where the condition set in the previous point is not met, the sum to be reimbursed will stand at the amount of the fees paid for transactions in the ATHEX Securities Market.

5   TAXATION

The most recent information received by ATHEXCSD from the Ministry of Finance and its Providers on taxation is provided in the following sections.

5.1   How are dividends and coupons taxed?

The Provider making the payment to ATHEXCSD has already withheld the foreign tax before dividends/coupons are received by ATHEXCSD. All end-investors are subject to the highest tax rate that applies to each country which is the same for all of them. The reason for this is that all securities are kept together in an ATHEXCSD omnibus account in a foreign depository; therefore, each investor is not distinguished from other investors based on the tax regime that applies to him.

The following are envisaged in the new taxation framework that has been in force since 1 January 2014 (Law 4172 / 2013, as amended) and in Interpretative Circular POL No 1042/26-1-2015 of the Ministry of Finance on the tax treatment of income from dividends, interest and options following the entry of the new Income Tax Code (Law 4172 / 2013) into force:

1. As of Thursday, 19 February 2015, ATHEX Central Securities Depository SA (ATHEXCSD) will no longer withhold and pay to the government domestic tax on dividends and foreign interest distributed to end beneficiaries via the DSS and the competent Operators.

2. Under paragraph 12 of the aforementioned circular it is pointed out that in particular with regards to distributed foreign interest:

   I.   Competent Operators, being the "payment agents" (see Law 3312/2005 and Circular No 1082/2006), will withhold domestic tax at the time of payment of the distributed interest to their end beneficiaries-clients, the natural persons and bodies corporate alike.

As of Thursday, 19 February 2015, and for the purpose of facilitating the Operators, ATHEXCSD may via the DSS and subject to prior authorization by interested Operators, proceed to calculate, withhold and pay to the government the interest withholding tax.

5.2   Sales tax

The 0.2% sales tax that applies to the sale of Greek shares also applies to foreign securities (POL. 1056/2011). Investors-sellers are responsible for paying the tax to the tax authorities.