

# Bridging the Romanian & Hellenic Capital Markets

September 9, 2014

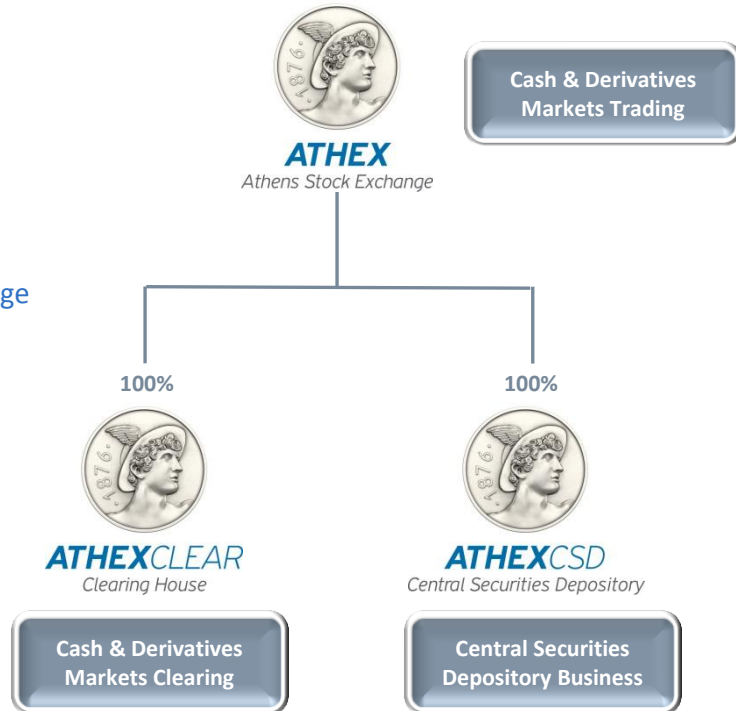
Dimitris Karaiskakis, COO ATHEX Group



1. **The Athens Exchange Group**
2. **Key Numbers of our Markets**
3. **The Client Network**
4. **ATHEX Cooperations**
5. **XNET Services**
6. **Membership**

# ATHEX Group Structure

- Operator of the Greek Cash, Derivatives & Bonds Markets
- **Vertical Integration:** Trading, Clearing, Settlement and Registry systems
- ATHEXGROUP listed on Athens Stock Exchange (Aug. 2000)  
Market Cap. approx. **€560m**
- Fully privatized group (2003)
- Net Earnings  
FY 2013: **€32.8m**  
H1 2014: **€13.1m**



# ATHEX - A Reliable, Developed Market

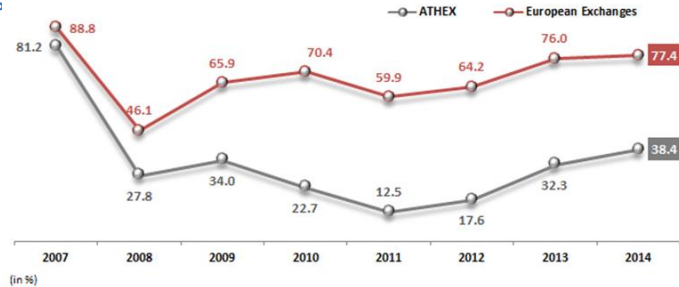
- ✓ **Fully Compliant** with the European Union regulatory environment
- ✓ **Settlement efficiency rate 100%** (ECSDA Statistical Exercise)
- ✓ **3rd best performing market in the world** in failed trades (OMGEO Report)
- ✓ Transactions settlement through **Eurosystem (Target 2)**
- ✓ With a **highest standard** Risk Management System for central counterparties (**EMIR application**)
- ✓ HELEX's Depository Risk Rating (by specialized auditor Thomas Murray) **remains at A+ since 2008**

# Market Capitalization Recovers

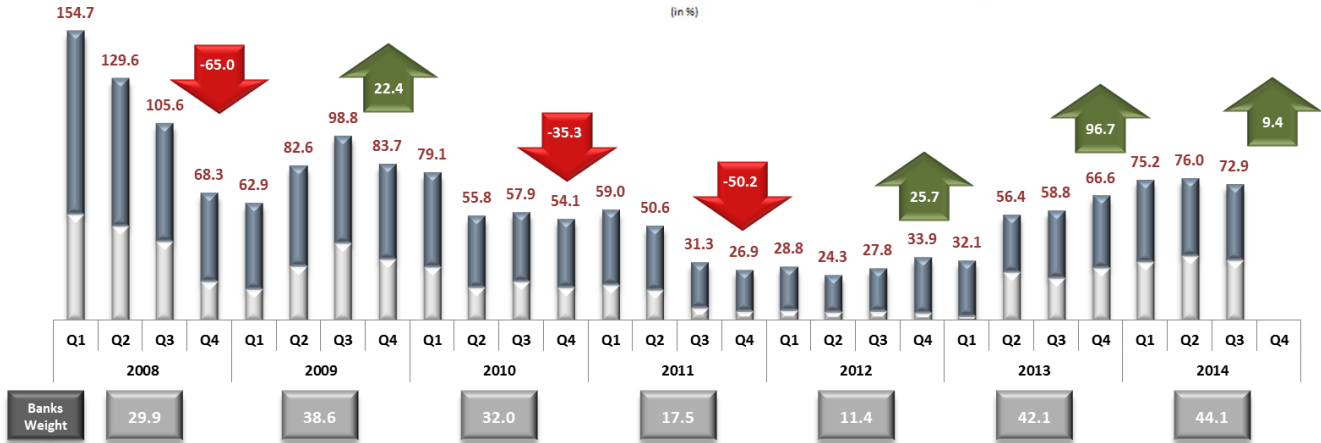
Recovery signs after almost two years of economic crisis

Market Cap to GDP at  $\sim 1/2$  of the European average

Market Cap to GDP

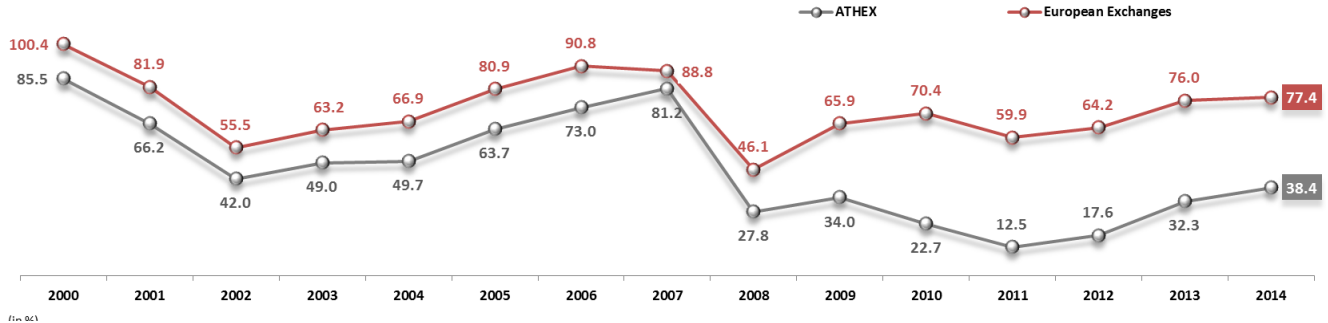


■ Ex - Banks Capitalization ■ Banks Capitalization

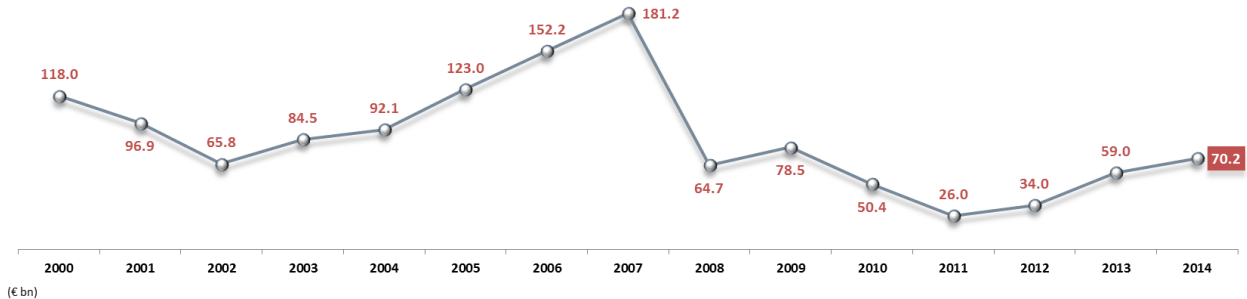


# European Peers Comparison (ii)

## Market Cap to GDP



## ATHEX Market Capitalization



Source : FESE, June 30<sup>th</sup> 2014

# Trading Activity Increases Cash Market

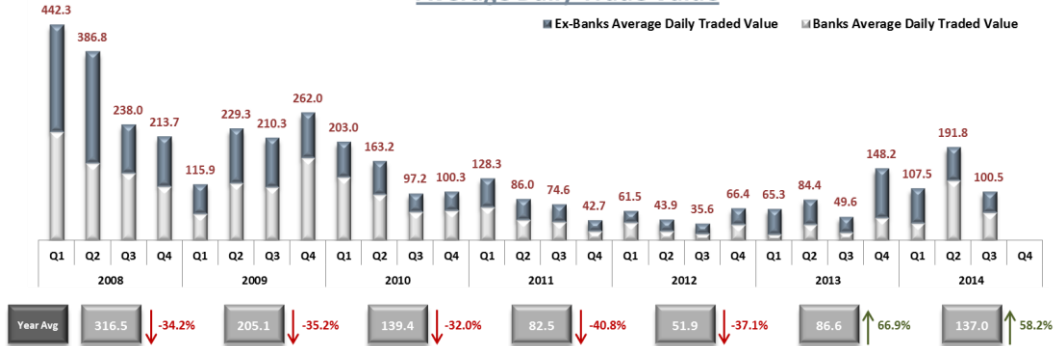
The highest level since 2008 by far!

## Average Daily Traded Volume



Increased at the levels of Q1-2010

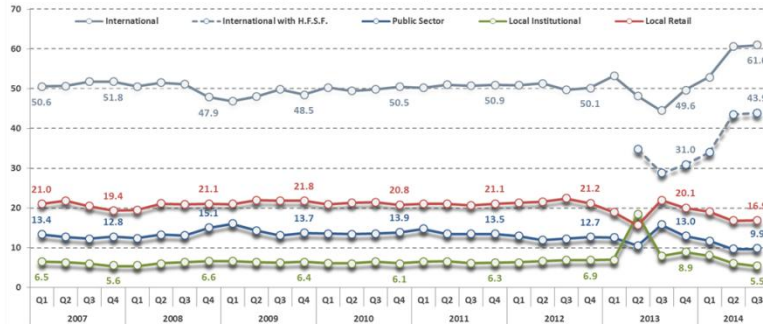
## Average Daily Trade Value



# Int'l Investors Increase their Presence and Activity

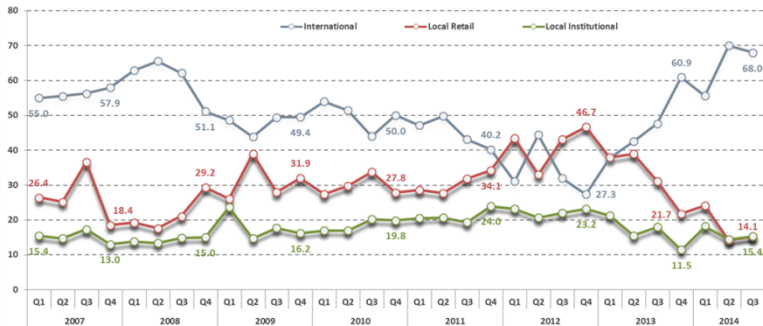
## Investor Participation in the Cash Market

(as % of total market capitalization)



## Investor Participation in the Cash Market

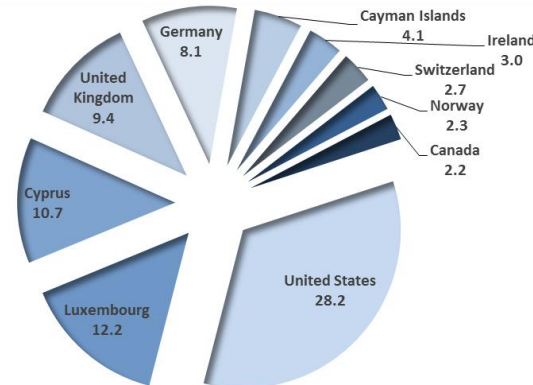
(as % of total trading activity)



Consistently strong presence by International Investors

## Foreign Investors' Geographical Allocation

(% of Foreign Capitalization)

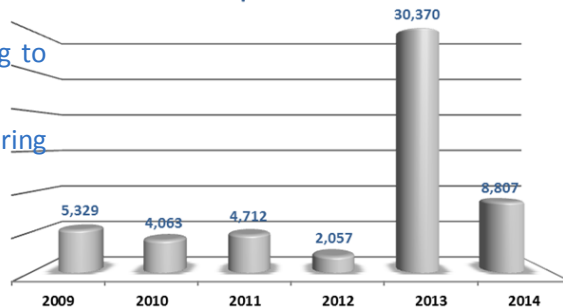




# Strong Capital Raising Ability

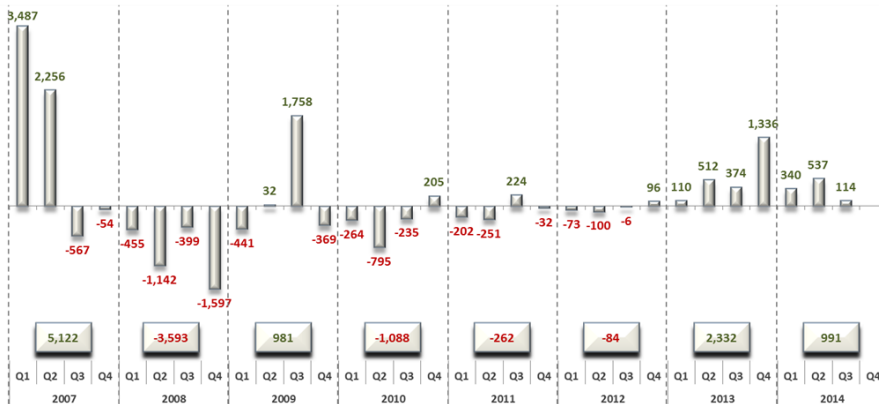
- Greek listed companies raised **€41bil** in the last three years
- In 2013 ATHEX was in the **3rd place** of the rank according to capital raised among FESE Members
- **€3.1bil** the new capital flows from the private sector during Banks recapitalization on 2013

Capital Raised



Capital Flows from International Investors

(€ mil. Buys minus Sells)



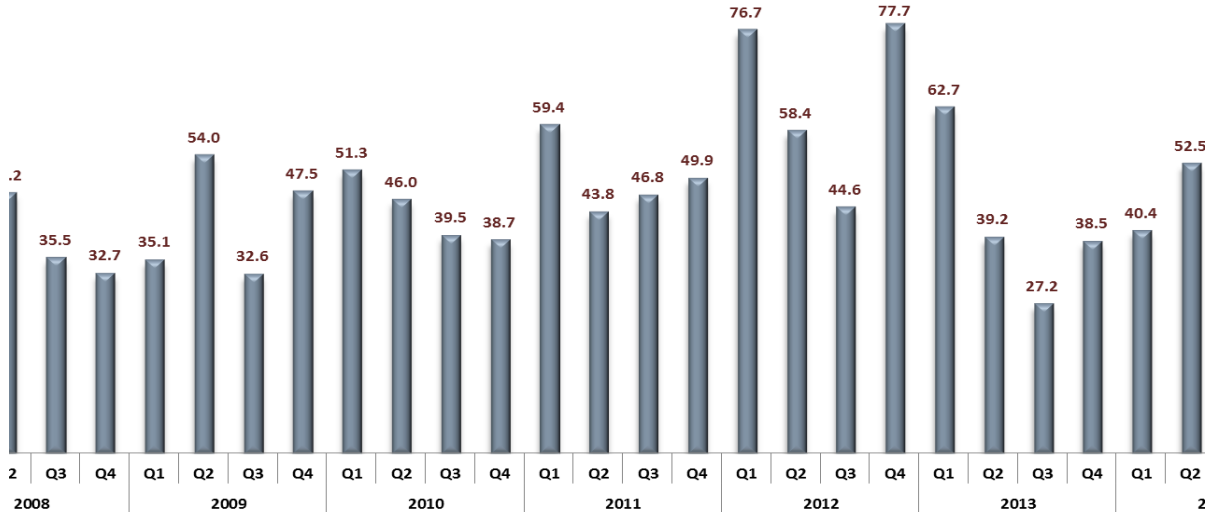
- Total Positive Flows from International Investors of **€3.3bil** in 2013 and 2014
- **7.6bil** the New Capital from International Investors during Greek Banks recent share capital increases

# Trading Activity Increases Derivatives Market

The derivatives market **grew significantly in 2011 – 2012**. The decline in 2013 is mainly due to the suspension of trading of the stock futures in the Greek banks following their recapitalization and the introduction of Warrants on the ATHEX

On 2014, the Average Number of Contracts per day is at **46.7 thousand contracts**

## Average Daily Number of Contracts

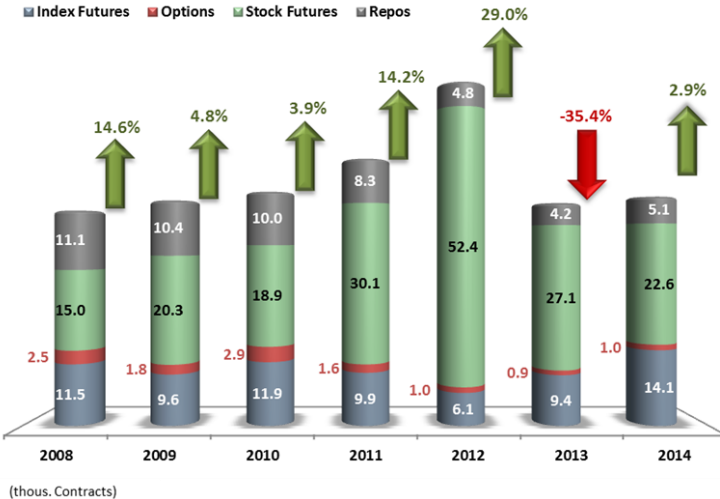


# Most Successful Products Derivatives Market

Single Stock Futures is the most successful product, followed by the Index Futures on our Big-Cap Index

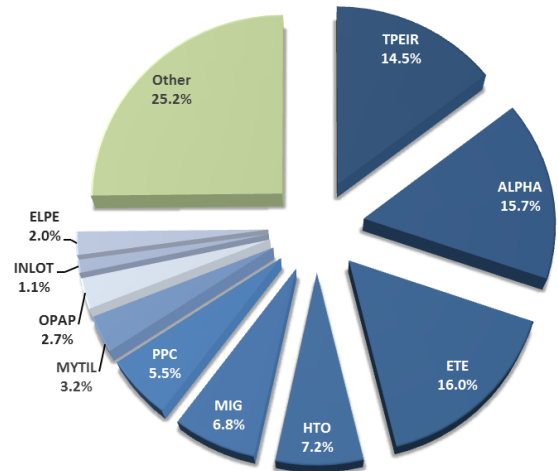
## Activity on Derivatives Market

(average number of contracts)



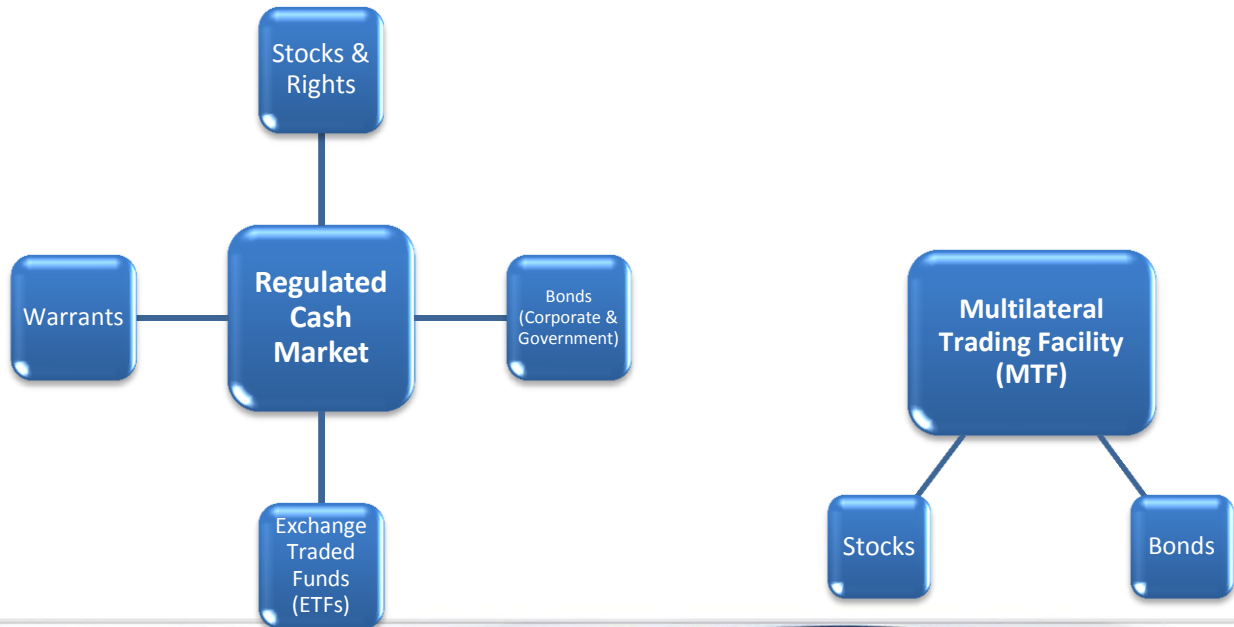
## Stock Futures Breakdown in 2014

(as a % of total number of contracts)



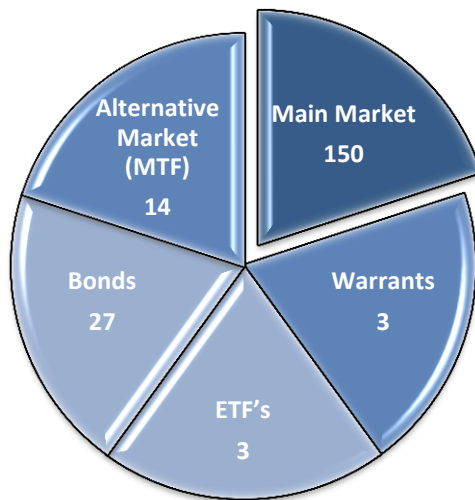
# ATHEX Cash Market Products

- ❖ ATHEXGROUP operates **2 Cash Markets**, the Regulated and the Alternative (MTF)
- ❖ The **products** that can be traded in each Cash Market are



# ATHEX Cash Market Trading Categories

- ❖ The **listed securities** can be initially traded in one of the following markets (trading categories)



# The Main Market of ATHEX

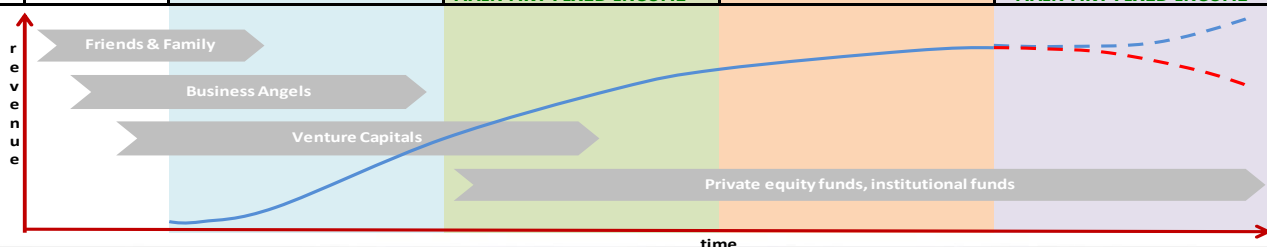
- ❖ The **Main Market** is the primary market for trading securities in ATHEX
- ❖ It is addressed to **medium and large sized companies** with prospects for further development
- ❖ It provides the opportunity for **cross-border fundraising** and participation in European stock indices
- ❖ The listing process and the obligations after listing of the companies involved, are similar to those of the developed European stock exchanges and governed by the European Directives (Transparency, Prospectus, etc.)
- ❖ For listing in the Main Market, the issue of a **Prospectus** is required, the content of which is approved by the Hellenic Capital Market Commission (HCMC).

## Basic requirements:

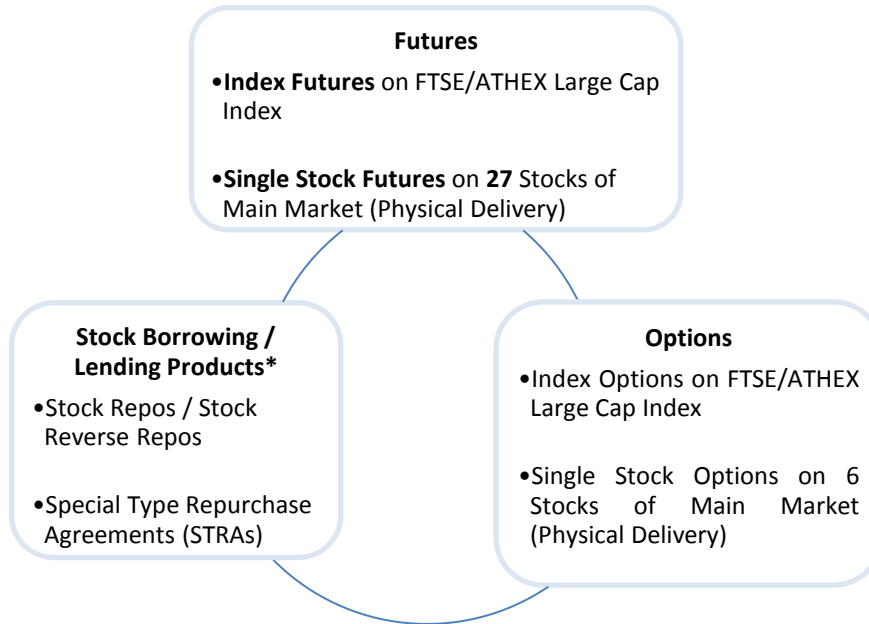
- ❖ Minimum equity upon application: **3.000.000 euros**
- ❖ Free float: at least **25% to 300 persons**, or at least **15% to 300 persons** in the case of large companies
- ❖ Profitability: **3 years aggregate EBT 2m euros, or EBITDA 3m euros**

# ATHEX provides Financing Tools for different stages of company development

Business life cycle	R&D / Prototype	Early stage / Commercial	Growth / Expansion	Establishment / Maturity	Further development or Decline
Typical ways of financing		Share Capital Increase	Share Capital Increase	Share Capital Increase	Share Capital Increase
			Bond Loan	Bond Loan	Bond Loan
					Refinancing / Debt to Equity conversion
Financing through ATHEX		Share Capital Issuance (Public Offer)	Share Issuance (Public Offer and/or Private Placement)	Share Issuance (Public Offer and/or Private Placement)	Share Issuance (Public Offer and/or Private Placement)
			Corporate Bonds Issuance (common, convertibles, etc)	Corporate Bonds Issuance (common, convertibles, etc)	Corporate Bonds Issuance (common, convertibles, etc)
CEBB tool		mandatory	optional	optional	optional
Investment funds		CIF CIC (PIC)	CIF CIC PIC	(CIF) CIC PIC	(CIF) CIC PIC
ATHEX Markets		ENA STEP	ENA STEP		
			ENA PLUS	ENA PLUS	ENA PLUS
			ENA FIXED INCOME	ENA FIXED INCOME	ENA FIXED INCOME
			MAIN MARKET	MAIN MARKET	MAIN MARKET
			MAIN MKT FIXED INCOME	MAIN MKT FIXED INCOME	MAIN MKT FIXED INCOME



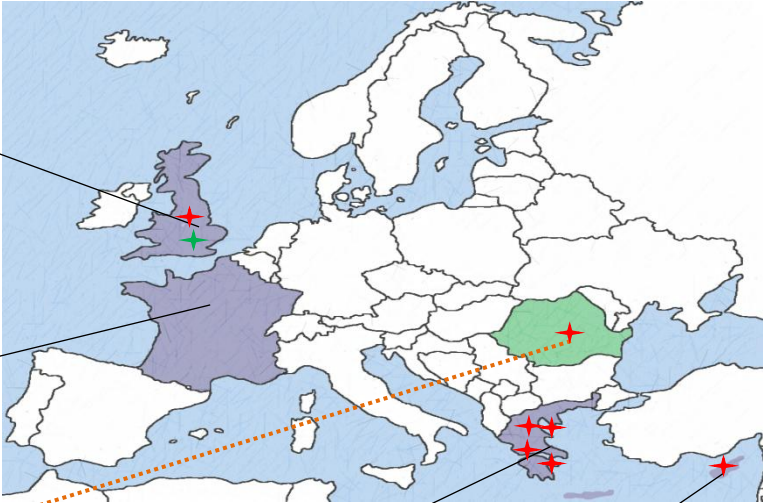
# ATHEX Derivatives Market Traded Products





# ATHEX Strong Network

Some of the **major international players** from London and Paris are direct ATHEX Members



4 PoPs in Greece ★

2 in ATHEX Building

1 DR away from ATHEX Building

1 in Thessalonica

2 PoPs in London ★

1 in production

1 in RFP stage ★

1 PoP in Cyprus ★

CSE Building

1 PoP in Romania ★

SIBEX Building

**Cash Market: 5**  
BoA Merrill Lynch  
UBS  
Deutsche Bank  
Citigroup  
Credit Suisse

**Cash Market: 1**  
**Der Market: 1**  
Societe Generale

**...and now we welcome the SIBEX Members!!!**

**Cash Market: 41**  
**Der Market: 31**

**Cash Market: 11**  
**Der Market: 3**

# Co-operations / ATHEX - CSE

- ❖ On 2006 the **Common Trading Platform** between ATHEX and CSE initiated, **presenting sound benefits** for the exchanges but mainly for the Members
- ❖ By giving the Cypriot community **equal environment to participate**, the results were
  - All the Members of CSE (11) are now Members of ATHEX
  - On 2006, the **1%** of the daily ATHEX turnover was coming from the Cypriot Members
  - Today, the **7%** of the daily ATHEX turnover is coming from the Cypriot Members

*This means an average of about **12.000.000 euros** / day from Cyprus*

# Co-operations

## ATHEX / ATHEXClear – SIBEX

- ❖ The use of Common Infrastructure, Market Models and Procedures, targets to
  - ❖ Provide **equal environment** to all our partners
  - ❖ **Reduce operating costs**, by achieving economies of scale
  - ❖ **Expand the suite of products and services** for all participants
  - ❖ **Increase visibility** of markets
  - ❖ Establish the foundations for **broader cooperation** in the region
  - ❖ **Strengthen the exchanges/markets/Members** in a competitive, globalized environment

# Co-operations

## ATHEX / ATHEXClear – SIBEX Advantages

- ❖ Use Multi Exchange Trading Engine (OASIS), together with ATHEX and CSE
  - ❖ **Common Visibility** of Markets and Products
  - ❖ “**One click**” Member Access to any market
  - ❖ Common Data Feed for Vendors
  - ❖ **No entrance fee** for Members
- ❖ Use of one Clearing Platform and CCP
  - ❖ ATHEXClear as a solid CCP (**~30 mil € cash reserves**), in the process of authorization under EMIR
  - ❖ Participation in one Clearing Fund for both ATHEX & SIBEX Derivative Markets
  - ❖ **Low entrance fees** for Members
- ❖ Use of **XNET services** to access 17 (currently) developed markets, with more than 3.000 products, using the same infrastructure and clearing procedures, with a very competitive pricing policy

# The XNET Model / Involved Entities

- ❖ The XNET participant (the Member) has to
  - Sign 2 agreements:
    - ❖ The **Electronic Trading Agreement** (ETA). It is signed by the Member and **XNET Trading Agent (XTA)** for the execution of the trades. (KBC is currently the XTA).
    - ❖ The **Novation Agreement**. It is signed by the Member, XTAs and ATHEXGroup. By this agreement, ATHEXGroup undertakes the obligation to clear the trades on behalf of the member.
    - ❖ All orders are routed to XTA for execution, according the **Best Execution principle** by MiFid
  - ❖ Follow the XTA's Know Your Customer procedure
  - ❖ Opening the cash settlement accounts for the foreign currencies at Alpha Bank
    - For trades in Euro, a **Target 2** account is used and is the same that is used for its ATHEX Cash Market trades

# XNET - Markets & Participants

Covered **all equities and ETFs** traded in developed European and US markets

MARKETS	XORDER AGENT	XSETTLE AGENT
Germany	KBC	Clearstream Banking Frankfurt (CBF)
France, Netherlands, Belgium, Portugal (Euronext)	KBC	Citi Global Transaction Services (CGTS)
UK (LSE), Swiss, Italy, Spain, Ireland, Austria		
Denmark, Finland, Norway, Sweden		
USA, Canada		

Who can participate?

- **Trading Members** (XNET participants) can benefit from the order routing services to all instruments traded in all supported markets
- **Clearing Members** (ATHEXClear Members) can participate in the clearing of trades executed through the XNET platform
- **Custodians** (DSS operators) are able to offer custody services to end-investors on instruments traded in all supported markets

Tradable instruments via XNET		
Stocks	2.581	79,46%
ETFs	667	20,54%
<i>Equity</i>	638	95,65%
<i>Commodity</i>	29	4,35%
<b>Total</b>	<b>3.248</b>	<b>100,00%</b>

## ❖ ATHEX CASH MARKET

- ❖ No initial or one-off fees
- ❖ No, or very low annual membership fees (only for annual turnover > 150M euros)
- ❖ No infrastructure fees
- ❖ Very easy and quick membership procedure

## ❖ ATHEX DERIVATIVES MARKET

- ❖ No initial or one-off fees
- ❖ Very low annual membership fees (2.000 euros / year)
- ❖ No infrastructure fees
- ❖ Very easy and quick membership procedure

# CLEARING Membership

## ❖ Direct Clearing Member (DCM) - CASH MARKET

- ❖ No initial or one-off fees
- ❖ No annual membership fees
- ❖ No infrastructure fees
- ❖ Very easy and quick membership procedure

*Min contribution to the Cash Market Clearing Fund: **30.000 euros***

*Required capital for DCM participation: **700.000 euros equity (own) capital***

## ❖ DCM - DERIVATIVES MARKET

- ❖ No initial or one-off fees
- ❖ Very low annual membership fees (2.000 euros / year)
- ❖ No infrastructure fees
- ❖ Very easy and quick membership procedure



*Min contribution to the Derivatives Market Clearing Fund: **30.000 euros***

*Required capital for DCM participation: **700.000 euros equity (own) capital***



## ❖ XNET Trading Member

- ❖ No initial or one-off fees
- ❖ No annual membership fees
- ❖ No infrastructure fees
- ❖ Very easy and quick membership procedure

*No min contribution*

*No Clearing Fund*

*Use only of collaterals  
(margin) for trading and  
clearing*

## ❖ XNET DCM

- ❖ No initial or one-off fees
- ❖ No annual membership fees
- ❖ No infrastructure fees
- ❖ Can clear any ATHEXClear Member

Date	Action
26/9/2014	Migration plan to the new environment
6-17/10/2014	Connection of SIBEX production systems to ATHEX and ATHEXClear trading and clearing engines
18-19/10/2014	Mock session for all ATHEX & SIBEX Members
1-2/11/2014	General rehearsal in production environments (ATHEX & SIBEX Members)
<b>3/11/2014</b>	ATHEX' Markets & Members in new Production Systems
3-7/11/2014	Account Opening at ATHEXClear's Systems (production)
8-9/11/2014	Final rehearsal in production for SIBEX Members
<b>10/11/2014</b>	SIBEX Markets & Members in Production (Go Live)

# Thank you!

## Dimitris Karaiskakis, Chief Operating Officer

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OASIS: **EXAE**

Bloomberg: **EXAE GA**

Reuters: **EXCr.AT**

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