Legal 500
Country Comparative Guides 2024

Greece
Capital Markets

Contributor

Papapolitis &
Papapolitis

Elena Papachristou

Partner, Co-Head of Capital Markets & Financial Services | epapachristou@papapolitis.com

Nikolas Katsaros

Partner, Head of Finance & Capital Markets | nkatsaros@papapolitis.com

Maria-Roxani Karydi

Associate | mrkarydi@papapolitis.com

This country-specific Q&A provides an overview of capital markets laws and regulations applicable in Greece.

For a full list of jurisdictional Q&As visit **legal500.com/guides**

Greece: Capital Markets

1. Please briefly describe the regulatory framework and landscape of both equity and debt capital market in your jurisdiction, including the major regimes, regulators and authorities.

The main stock exchange in Greece is the regulated market of the Athens Exchange ("**ATHEX**"), whereas the ATHEX alternative market (**EN.A.**) is a multilateral trading facility ("**MTF**") subject to lighter requirements (e.g. in terms of free float), reduced compliance and other costs (e.g. given the non-applicability of the rules on public offers and mandatory tender offers). Admission to trading on the ATHEX regulated market requires in principle (a) prospectus approval by the Hellenic Capital Market Commission ("**HCMC**") in accordance with the EU regulation 2017/1129 ("**Prospectus Regulation**") and (b) ATHEX approval on the admission to trading provided fulfillment of the listing requirements is achieved. Admission to trading on EN.A., on the other hand, requires only the ATHEX approval on the EN.A. registration document and admission to trading.

The ATHEX regulated market lately introduced a special professional segment focusing on large-ticket investments in bonds and units of open-ended alternative investment funds. The EN.A. is also broken down into four trading segments: a) EN.A. PLUS, b) EN.A. STEP (the entrepreneurship support segment) which is particularly tailored to small and medium-sized enterprises ("**SMEs**") and start-ups, c) corporate bonds, d) warrants, e) other transferable securities (classified on the basis of the main business activity of the issuers).

The recently revised ATHEX rulebook brings out EN.A. as an alternative to delisting e.g. if the ongoing free-float requirements of the ATHEX regulated market are not met.

The most important set of rules on equity and debt Greek capital market are the following:

- Prospectus Regulation, including the relevant delegated and implementing acts, the ESMA guidelines, the ATHEX Rulebook and the relevant decisions and guidelines of the ATHEX;
- Regulation 596/2014 ("**MAR**"), including the relevant delegated and implementing acts, ESMA guidelines, Greek law 4443/2016 transposing directive 2014/57/EU on criminal sanctions for market abuse and the decisions of the HCMC;
- law 3371/2005 on capital markets and listing requirements;
- law 3556/2007 transposing directive 2004/109 on the harmonisation of transparency requirements for issuers of securities admitted to trading on a regulated market, as amended and currently in force, into Greek law ("**Transparency Law**") and implementing HCMC decisions;
- law 3461/2006 on takeover bids transposing the corresponding EU directive 2004/25 ("**MTO Law**") and implementing HCMC decisions;
- law 4706/2020 on corporate governance of sociétés anonymes, modern capital markets, transposition of Directive 2017/828 ("**SRD II**"), measures for the implementation of EU regulation 2017/1131, as well as implementing HCMC decisions;
- law 4449/2017 inter alia transposing EU directive 2006/43 on statutory audits of annual and consolidated accounts;
- law 4548/2018 on sociétés anonymes;
- law 3156/2003 on bond loans, securitizations and other provisions.

2. Please briefly describe the common exemptions for securities offerings without prospectus and/or regulatory registration in your market.

The public offer of securities in Greece requires, in principle, the publication of a prospectus previously approved by the HCMC. For offers of securities which do not exceed 5 million Euro within the EU over the last 12 months, the publishing of a prospectus is not required, but offers with a total value exceeding Euro 500,000 and not exceeding 5 million Euro within the EU over the last 12 months are subject to the requirement of publishing an information document approved by the HCMC.

The most common exemptions from the prospectus publishing requirement, in accordance with the Prospectus Regulation, are the following:

- private placement, i.e. offers addressed exclusively to qualified investors and/or to

fewer than 150 retail investors in Greece;
- offers of a denomination per unit of at least Euro 100,000;
- ticket size of at least Euro 100,000 per investor;
- securities offered in connection with a public exchange offer, a merger or demerger, provided that a prospectus exemption document is made available whose content varies depending on the type of corporate transformation;
- securities offered in connection with an in-kind distribution of dividends provided that an information document is made available;
- securities offered to directors and/or employees provided that an information document is made available.

3. Please describe the insider trading regulations and describe what a public company would generally do to prevent any violation of such regulations.

The insider trading regulations in Greece are those provided in the MAR and Greek law 4443/2016 (transposing directive 2014/57/EU on criminal sanctions for market abuse).

The MAR defines inside information as information that is non-public and precise, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if made public, would likely have a significant effect on the prices of those financial instruments or of related derivatives ("**Inside Information**").

Under the MAR the following are prohibited:

- unlawful disclosure of Inside Information;
- tipping on the basis of Inside Information;
- insider trading.

Articles 25 et seq. of Greek law 4443/2016 lay down both the criminal and the administrative sanctions arising from MAR breaches.

In order to prevent a breach, a public company must:

- disclose Inside Information to the public immediately unless disclosure can be delayed on the issuer's responsibility provided that the conditions set out in article 17 of MAR are met;
- establish and maintain effective arrangements, systems and procedures aimed at preventing insider trading and ensuring that persons discharging managerial responsibilities duly comply with their duties with respect to (a) notification of transactions on the respective public company's securities and (b) closed periods as per the below:

a. persons discharging managerial responsibilities and persons closely associated with them must notify the issuer and the competent authority within three working days of the transaction date of any transaction relating to listed securities of the issuer that is concluded after each and any of them has crossed the gross threshold of Euro 5,000 in a calendar year (subject to certain exemptions) ("**Managers' Transactions**");
b. persons discharging managerial responsibilities must not trade on the issuer's listed securities or linked derivatives (on its own account or for a third party, directly or indirectly) during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the issuer is obliged to make public according to the rules of the trading venue where the issuer's shares are admitted to trading, or national law. An issuer may allow trading during a closed period in exceptional circumstances such as severe financial distress requiring immediate sale ("**Closed Period**").

- limit, to the extent possible, the number of persons who have access to Inside Information;
- draw-up and maintain of up-to-date lists with persons who have access to Inside Information; such lists are made available to the HCMC upon request.

4. What are the key remedies available to shareholders of public companies / debt securities holders in your market?

First of all, there are certain items which require a GM resolution taken with increased quorum (1/2 reduced to 20% on repeat meeting) and majority (2/3 of represented share capital), such as the sale of assets above 51% of the total asset value, change of the company's seat or purpose, share capital increase and share capital decrease, merger or other transformation etc.

In addition, apart from claims for damages arising from

prospectus liability which are outlined under Question 9. below, equity- and debt-holders have the following key rights:

Rights of shareholders

Apart from voting rights, the following are the main rights attached to shares of publicly traded companies:

(a) on a pro-rata basis:

- preemptive rights (upon share capital increase or convertible bond loan);
- rights to dividends (if any distributable earnings) and liquidation proceeds.

(b) each shareholder has the right:

- to invoke nullity of a decision of the general meeting ("**GM**") that is against the law or in breach of convocation formalities;
- to request specific information from the board of directors ("**BoD**") on GM agenda items;
- to request copies of financial statements and reports.

(c) in the form of minority rights (individually or collectively):

- holders of at least 2% may file a petition to declare null and void a GM decision where they were absent or opposing if said GM was not properly convened, any resolution was not properly adopted in accordance with law or articles of association or any resolution was adopted by abuse of majority rights;
- holders of at least 5% may:
    - request revaluation of an in-kind capital contribution;
    - request convocation of an extraordinary GM to approve a related party transaction already approved by the BoD within ten days from publication of the announcement pertaining to said BoD approval;
    - block a related party transaction at the level of a GM if the transaction has already been concluded before the lapse of the above ten-days period without the GM approval;
    - request inclusion of items in the agenda of a GM or table draft resolutions or request adjournment;
    - request provision of information before an ordinary GM regarding remuneration, bonuses, fees paid to BoD members over the last two years;
    - veto a waiver or settlement of claims of the company against BoD members in case proceedings were already initiated;
    - request collective action against the members of the board;
    - file a petition to decrease remuneration or other benefits to BoD members;
    - file a petition to declare null and void a GM decision where requested information has not been provided;
    - request from the court a statutory audit if indications exist that there have been infringements of laws or the articles of association or corporate resolutions;
    - request convocation of an extraordinary GM.
- holders of at least 10% may:
    - request provision of information regarding the corporate affairs and status of assets and property;
    - veto a waiver or settlement of claims of the company against BoD members in case proceedings were not already initiated;
    - veto a GM decision on the approval of remuneration or other benefits to BoD
- holders of at least 20% may request from the court a statutory audit for non-prudent management of the corporate affairs;
- holders of at least 33,33% of represented share capital may block a related party transaction involving a shareholder at the level of a GM despite a BoD approval thereon with the majority of the independent BoD members.

The above minority rights may be also exercised by shareholder unions acting for the account of shareholders. In Greece, the Hellenic Investors Association has been created with the aim to protect the interests of minority shareholders of companies listed on the ATHEX, with the power to also intervene in judicial proceedings (such as in the recent case of Folli Follie).

In addition to the right of minority shareholders holding 5% of the share capital, the HCMC has also the right to request from the court a statutory audit if indications

exist that there have been infringements of laws or the articles of association or corporate resolutions.

Rights of holders of debt securities

The main (and in practice, to-date, only) type of debt securities offered to the public and/or listed on ATHEX are "bonds". For the purposes of this section and the remainder of this article, reference to debt securities is meant to corporate bonds.

In case the bond issuer defaults in its obligations under the bonds' terms, whether with respect to due and payable amounts or to breach of other important covenants, the bondholders' main remedy is to instruct the bondholder agent to terminate and accelerate the bonds. Such instruction to the bondholder agent typically, as set by market standard practice, requires a bondholder group resolution with a 66.67% quorum and majority of outstanding bonds.

Further, any amendment by the issuer to the terms of the bonds (or any waiver thereof) also requires bondholder consent, typically, again as set by market standard practice, with a 50% quorum and majority of outstanding bonds except as regards certain particular terms of major importance where a 66.67% quorum and majority might be required. In any event, pursuant to express provision of the Greek corporate law, any amendment to the terms of the bonds rendering them more adverse for the bondholders than the initial terms, requires consent of 2/3 of all outstanding bonds.

In all instances, bonds held by the issuer and/or by its affiliates or by its 25% shareholders are excluded from voting.

5. Please describe the expected outlook in fund raising activities (equity and debt) in your market in 2024.

After Greece's return to investment grade, the first half of 2024 has dynamically started with the largest IPOs on the ATHEX the last fifteen years, the one of the Athens International Airport as well as by the recent IPO and listing of SOFTWeb on the EN.A.. Significant private placements (including those of Piraeus Bank for HFSF's shares, Austriacard, Jumbo, and METLEN (previously Mytilineos)) have already taken place and others are expected to follow in the aftermath of the stricter free float requirements recently introduced by the latest amendments to the ATHEX Rulebook. METLEN has already announced its intention to proceed to a dual listing of its shares within 2025 and other IPOs are also under way. At the same time, investors' demand for debt securities is expected to lead to new issues, such as the recent corporate bonds of Intralot and Autohellas listed on the Athens Exchange.

6. What are the essential requirements for listing a company in the main stock exchange(s) in your market? Please describe the simplified regime (if any) for company seeking a dual-listing in your market.

For initial listing and admission of its shares to trading on the ATHEX regulated market, an issuer must, in principle:

- meet the minimum free float requirements (which vary depending on magnitude of the expected capitalisation and on whether market makers will be appointed or not for a fixed period following admission);
- have at least € 1 million own funds;
- have at least € 40 million capitalisation upon commencement of trading;
- have published (or, if not yet published, declare completed submission for publication of) audited financial statements for at least the last 3 financial years in line with the IFRS or, for third-country issuers, in line with the equivalent accounting and reporting standards of the country of origin;
- comply with the applicable corporate governance requirements;
- ensure that its shares are freely transferable and fully paid up;
- provide safeguards that its business activity has consistency and completeness and does not otherwise pose risks for the investors;
- make sure that, under certain circumstances and subject to certain exemptions, persons holding at least 5% of the voting rights or share capital, directly or indirectly, are bound by a lock-up prohibiting the transfer of shares exceeding 25% of their holdings during the first semester following the listing and admission to trading.

ATHEX may assess additional information (e.g. indicatively, financial situation, operating profits, tax obligations, business sector and prospects and the current state, administration and management of the issuer's corporate affairs).

The pre-requisites, criteria, supporting documentation, procedures and deadlines may be adjusted on a case-by-

case basis to be tailored to the respective regime governing the issuer and, in case of dual listing, the rules of the primary market.

7. Are weighted voting rights in listed companies allowed in your market? What special rights are allowed to be reserved (if any) to certain shareholders after a company goes public?

Weighted voting rights

Weighted voting rights are explicitly prohibited under Greek law since they contravene the basic principles of equity and equal treatment of shareholders. Nevertheless, as part of the EU Listing Act package, an EU directive is expected to come into force (pending its transposition by member states) introducing the obligation for member states (including Greece) to offer companies the possibility to adopt multiple-vote share structures if they seek admission to trading of their shares on an MTF (notably SME growth market). This will be subject to harmonized safeguards and exemptions.

Special rights and agreements

Preference shares with enhanced economic rights (such as priority in the distribution of dividends or liquidation proceeds) are permitted even after a company goes public, as well as provisions in the articles conferring the right to shareholder[s] to appoint up to 2/5 of the total number of directors (who may be revoked on serious grounds, by petition of 10% of the paid-in capital). Shareholder agreements, agreements on the exercise of voting rights are also in principle allowed.

8. Is listing of SPAC allowed in your market? If so, please briefly describe the relevant regulations for SPAC listing.

No, there are no Greek rules on SPACs.

9. Please describe the potential prospectus liabilities in your market.

Persons responsible for the prospectus are the issuer, the offeror or the person asking for admission to trading on a regulated market or the guarantor (or both), as the case may be, the members of the aforementioned persons' BoD, the credit institution or investment firm in charge of underwriting and/or placing the financial instruments (on a firm commitment- or best-efforts basis), as well as the persons mentioned in the prospectus as advisers or joint coordinators and bookrunners or persons carrying out similar tasks and any other person explicitly stated as being responsible for separate sections of the prospectus.

Law 4706/2020 lays down a mechanism for the reversal of the burden of proof through a rebuttable presumption of negligence or misconduct in establishing civil liability in case of inaccuracy or incompleteness of information included in the prospectus. In this respect, investors may request damages (only for direct damages and not loss of profit) against the persons responsible for the prospectus within 12 months of the date on which the prospectus was made available to the public if they prove a causal link between the investors' loss and the inaccuracy of the prospectus.

10. Please describe the key minority shareholder protection mechanisms in your market.

In addition to minority shareholder rights described under Question 3, key minority shareholder protection mechanism is the obligation of a shareholder crossing certain thresholds to address a mandatory tender offer (MTO) to all shareholders and the right of minority shareholders to request the sell-out of their shares. More specifically, where a person, acquires, individually or by acting in concert with other persons, securities of a company listed on the regulated market of ATHEX which, added to any existing holdings of such persons(s), come to exceed 1/3 of the total voting rights in that company, held directly or indirectly, thereby conferring to such person(s) for the first time control of said company, such person should launch – within a period of 20 or 30 days, as applicable from said acquisition – a mandatory tender offer ("**MTO**") to all shareholders of said company to acquire all their holdings at a fair and reasonable price as a means of protecting the minority shareholders.

Same obligation arises each time a shareholder holding more than 1/3 but less than 1/2 of the total voting rights acquires, individually or acting in concert with others, securities of a company listed on the regulated market of the ATHEX which come to exceed within a period of six months 3% of the total voting rights in that company, held directly or indirectly.

Following a bid made to all shareholders and collection by the offeror of at least 90% of the voting rights, holders of the remaining securities are also entitled to require the offeror to buy their securities at the fair and reasonable price (sell-out right).

11. What are the common types of transactions involving public companies that would require regulatory scrutiny and/or disclosure?

Share acquisitions/disposals which result in the crossing of certain holdings (5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3) of voting rights in public companies are notified to the HCMC and the respective public company (see also our reply to Question 13 below).

Related party transactions (for which see Question 12), and acquisitions (see Question 10 and Question 15 with respect to MTOs) are also subject to the respective disclosure requirements. Corporate transformations (mergers, demergers) involving listed companies are also subject to specific disclosure requirements under the Athens Exchange Rulebook.

12. Please describe the scope of related parties and introduce any special regulatory approval and disclosure mechanism in place for related parties' transactions.

As regards listed companies, related parties are the persons stipulated in IFRS 24, as well as the legal entities controlled by those persons, according to IFRS 27, i.e. parent undertakings and their affiliates, BoD members and key management persons and their relatives and entities controlled by the same etc.

Related parties' transactions of listed companies are subject to the following requirements:

- prior BoD approval valid for six months or one year for repeated agreements with the same party;
- said BoD approval is granted on the basis of a fairness opinion issued by an audit firm or another independent third party;
- said approval may be referred to the GM in case of conflict of interest of directors leading to the required quorum not being met or if shareholders representing 5% request so within 10 days from the publication of the BoD approval (for more information on quorum and majority see our reply to Question 3 above);
- if a transaction concerns a shareholder, such shareholder and related parties thereto are not allowed to participate and vote at the GM approving the transaction, unless the independent BoD members have voted in favor of the transaction in the relevant BoD resolution;
- publication of the approval of the competent corporate body and, as applicable, of the lapse of the 10-day period.

Related parties' transactions which are concluded in the ordinary course of business are exempt from such requirements. Transactions of a value exceeding 10% of the listed company's assets over a given financial year may not qualify as transactions concluded in the ordinary course of business.

13. What are the key continuing obligations of a substantial shareholder and controlling shareholder of a listed company?

Each time the holdings of an investor reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3 of voting rights following an acquisition or disposal (even if this is the result of a corporate event), they must notify the HCMC and the issuer within three trading days. Holders of voting rights exceeding 10% must also make such notification each time there is a change in their holdings that is equal to or exceeds 3% of the total voting rights. Issuers must make thereafter available to the public such information within the following two trading days.

14. What corporate actions or transactions require shareholders' approval?

The GM is, in principle, competent to resolve upon amendments to the articles of association, election of board members and statutory auditors and approval of their remuneration, the approval of the annual financial statements and relevant reports of the board and statutory auditors, approval of the overall management for the financial year and discharge of auditors, distribution of earnings, approval of board member remuneration and advances, approval of the suitability and remuneration policy and annual remuneration report, as well as on the merger, conversion, revival, extension of duration or dissolution of the company and appointment of liquidators.

15. Under what circumstances a mandatory tender offer would be triggered? Is there any exemption commonly relied upon?

Please refer to Question 10 above regarding trigger events of an MTO.

Exemptions commonly relied upon are the following:

- the previous launch of a tender offer for the total of shares at a fair and reasonable price;
- the acquisition results from a merger between affiliates, privatization or rehabilitation or, as applicable, resolution measures;
- a third person holds a higher percentage of voting rights;
- the acquisition results from a donation or succession;
- the acquisition results from the exercise of pre-emption rights or from pro-rata allotment of unsubscribed securities in a fully pre-emptive share capital increase;
- the threshold of 1/3 is not exceeded by more than 3% of the total voting rights and the person undertakes in writing:

    i. to dispose such amount of securities so as to fall below the threshold within six months from the acquisition; and
    ii. not to exercise the voting rights attached to the securities in the meantime.

16. Are public companies required to engage any independent directors? What are the specific requirements for a director to be considered as "independent"?

At least 1/3 of the total number of directors and, in any event, no less than two (2) BoD members must be independent non-executive BoD members (any fraction being rounded to the nearest integer).

In determining the independence of BoD members, the following circumstances should be considered to create a dependence, namely when a BoD member:

- receives any significant remuneration, benefit or (deferred) compensation from the company and/or its affiliates, other than the BoD membership or committee fees approved by the GM;
- has or has had within the last three (fiscal) years prior his appointment a business relationship with the company or company's related parties or a shareholder who holds directly or indirectly more than 10% of company's share capital within the last three (fiscal) years, and such relationship affects or may affect company's business activities or those of the person concerned or their related parties;
- has served the BoD of the company or its affiliates for more than 9 years;
- has been a senior executive or employee of the company or its affiliates within the last three (fiscal) years prior his appointment;
- has an up to second-degree relationship with or is the spouse of a BoD member or senior managing official or shareholder who controls directly or indirectly, more than 10% of the company's share capital or its affiliates;
- has been directly appointed by a specific shareholder of the company;
- represents at the GM, without having been provided with specific instructions in writing, shareholders who own directly or indirectly more than 5% of company's voting rights; and
- they or their up to a second-degree relatives or spouse have conducted compulsory audit to the company or its affiliates within the last three (fiscal) years;
- serves as an executive to the BoD of another company where an executive of the listed entity happens to concurrently serve as a non-executive.

17. What financial statements are required for a public equity offering? When do financial statements go stale? Under what accounting standards do the financial statements have to be prepared?

Audited financial statements of the last three financial years are in principle required for an initial public offering (see also above under Question 6). The IFRS or, with respect to third-country issuers, equivalent accounting and reporting standards of the country of origin are applicable. If the prospectus is dated more than nine months after the date of the last audited financial statements, it must also contain interims covering at least the first six months of the relevant financial year (they may be audited or unaudited). In any event, the balance sheet forming the basis of the last year of financial information may not be older than (a) 18 months form the date of the prospectus if audited interims are contained therein or (b) 16 months from the date of the prospectus if unaudited interims are contained therein.

18. Please describe the key environmental, social, and governance (ESG) and sustainability requirements in your market. What are the key recent changes or potential changes?

Greek Law 4706/2020 applying to companies having their shares listed on the regulated market of ATHEX, implemented the majority of SRD II provisions in Greece and introduced targeted improvements in terms of sound corporate governance and long-term shareholder engagement.

Large entities of public interest employing more than 500 employees, including listed companies, have the obligation to include a non-financial statement in their management report, in accordance with Greek law 4403/2016 implementing Directive 2014/95 ("**NFRD**") in Greece. EU Directive 2022/2464 ("**CSRD**"), which inter alia amends the NFRD and has not been implemented in Greece yet, is expected to expand the personal scope of corporate sustainability reporting obligations to capture all large and all listed companies (including listed SMEs (except for micro-enterprises). Moreover, it enhances transparency and comparability by introducing harmonized European Sustainability Reporting Standards (**ESRS**) and boosts accountability by the additional requirement to obtain auditor's assurance with respect to the reported information. Directive 2024/1760 ("**CSDDD**") complements this framework by establishing directors' duties for certain companies (based mainly on turnover and employee count) to set-up and oversee ESG due diligence corporate practices in their own operations, those of their subsidiaries and in the value chain. Furthermore, Regulation 2023/2631 lays down uniform requirements to be met if bonds are offered to investors in the EU by using the label "European Green Bond".

Regulation (EU) 2020/852 (**Taxonomy Regulation**) and Regulation (EU) 2019/2088 (**SFDR**) primarily aim to counter green washing. The Taxonomy Regulation governs the requirements for financial market participants or issuers to label financial products or corporate bonds as environmentally sustainable. It introduces common criteria to report in the non-financial statement the level of alignment with a pre-defined list of environmentally sustainable activities (in terms of significant contribution and absence of significant harm). The SFDR applies to financial market participants (such as fund and portfolio managers) and instills accountability by requiring them to substantiate sustainability impact disclosures by classifying financial products according to the level of risks emerging therefrom or affecting such products as a result of external factors (inside-out/outside-in approach). Both the Taxonomy Regulation and the SFDR improve transparency and comparability and thus facilitate the channeling of investments towards sustainable economic activities. In the same direction, ATHEX introduced the ATHEX ESG Index to ease benchmarking and drive ESG-directed investing.

19. What are the typical offering structures for issuing debt securities in your jurisdiction? Does the holding company issue debt securities directly or indirectly (by setting up a SPV)? What are the main purposes for issuing debt securities indirectly?

As already stated, the typical debt public offering (and in practice, to-date, only) in Greece are corporate "bonds" listed on the Athens Exchange and governed by Greek law. In practically all instances, the bonds are issued directly by the operating/holding company itself, which is frequently itself, but not always, already listed on Athex.

There have been a few cases relating to groups operating in the shipping industry, whereby the listed bonds have been indirectly issued by Cyprus SPVs, but this is mostly due to the relevant industry's business links with Cyprus rather than to any other underlying structuring consideration.

20. Are trust structures adopted for issuing debt securities in your jurisdiction? What are the typical trustee's duties and obligations under the trust structure after the offering?

No. The common law concept of trust is not recognized under Greek civil law.

21. What are the typical credit enhancement measure (guarantee, letter of credit or keep-well deed) for issuing debt securities? Please describe the factors when considering which credit enhancement structure to adopt.

In the predominant number of cases credit enhancement is not used, as the issuers are companies of substance. Also, bond loans offered to the public are, generally speaking, unsecured other than, in numerous instances, an obligation of the issuer to maintain a debt service reserve account which is pledged for the benefit of the bondholders and which is funded by the issuer at all times with a minimum required amount as well as additionally funded on an *ad hoc* basis from group asset sales, dividends and other similar cash-flows of the issuer.

Also, in the few exceptions mentioned above relating to shipping industry issuers, where the bonds were issued by SPVs, their parent company has granted a guarantee for the benefit of the bondholders.

22. What are the typical restrictive covenants in

the debt securities' terms and conditions, if any, and the purposes of such restrictive covenants? What are the future development trends of such restrictive covenants in your jurisdiction?

Bond loans' terms and conditions, the so-called "bond programme", relating to public offerings in Greece, in the vast majority of cases, contain numerous restrictive covenants.

Such covenants typically relate to prohibitions and/or limitations regarding the granting of security over the assets of the group, incurring additional indebtedness or granting of guarantees, transacting with affiliates, granting of loans to third parties, change of jurisdiction of the registered seat or centre of main interests (COMI), change of control, corporate transformations, disposal of assets, dividend distributions we well as maintenance of financial ratios. In effect, such restrictive covenants in public bonds are not dissimilar to what would be applicable in customary bank lending in Greece. Additional and/or specific covenants may be applicable depending on the particular industry in which a specific issuer operates as well as in the case of "green" bond issuances.

In practice, such covenants are negotiated between the issuer and the underwriters/placement agents in each transaction, and are tailored by the latter to each specific issuer, so that it is safeguarded, to the extent possible, that the issuer and its group will maintain a healthy financial condition during the life of the bond loan, for the dual purpose of (i) managing any potential residual liability of the underwriters, especially as regards non-professional investors, and (ii) rendering the bonds more marketable to institutional and sophisticated investors.

In that regard, we do not see any trend towards a future relaxing of the practice to include restrictive covenants in the bonds' terms.

23. In general, who is responsible for any profit/income/withholding taxes related to the payment of debt securities' interests in your jurisdiction?

Interest payments made by corporations with a tax establishment in Greece are, in the first instance, subject to tax withholding (currently at 15% on the amount of the interest payment).

For non-listed debt securities the obligation is on the issuer of the debt instrument to make the withholding whereas for listed debt securities the withholding obligation is on the payment institution through which the interest payment is made to the relevant beneficiary.

Interest payments made to persons with no tax establishment in Greece can benefit from no, or, as applicable, reduced, tax withholding pursuant to any applicable double-taxation treaty with Greece (provided they have made available to the issuer, or, as the case may be, to the relevant payment institution, the necessary proof documentation as regards their tax residence).

It is noted that, regardless of the existence of a DTT treaty with Greece, for debt securities that qualify as, or are similar to, bonds, within the meaning of the Greek corporate law, and which are listed on an EU trading venue (including Athex) or on a regulated market outside the EU if such is supervised by an authority accredited by IOSCO, no tax withholding applies to interest payments made to persons with no tax establishment in Greece.

24. What are the main listing requirements for listing debt securities in your jurisdiction? What are the continuing obligations of the issuer after the listing?

For a listing of corporate bonds, the key requirement is that a Prospectus, within the meaning of the Prospectus Regulation, needs to be prepared by the Greek or foreign, issuer of the bonds and approved by the Hellenic Capital Market Commission as competent authority.

In case of bonds intended to be listed, it is also required, pursuant to the Greek corporate law, that a bank or financial services firm or the Central Securities Depositary be appointed by the issuer as "bondholder agent" representing the bondholder's group as against the issuer.

Further, pursuant to the Athex Rulebook, in order to be listed, the bonds must be freely tradeable, the minimum amount of the bond loan must be at least €200,000 and the issuer (even if not itself listed) must comply with the corporate governance rules applicable to Greek listed entities. In addition, in instances where the bonds are issued as convertible to, or exchangeable with, other securities, the bonds can be listed only if such other securities have also been listed (or are concurrently listed together with the bonds) on Athex or other regulated market or MTF.

Following a listing of the bonds on Athex, the issuer (and persons discharging managerial responsibilities in the issuer) must, first and foremost, abide by the Market

Abuse Regulation as well as by the additional announcement obligations set out in the ATHEX Rulebook including any changes to the terms of the bonds, the appointment or replacement of the bondholder agent, the convocation and resolutions of any bondholders group meeting and any shareholders meeting, the interest payment dates, changes to the corporate governance of the issuer, the financial calendar and key financial metrics.

Contributors

Elena Papachristou
Partner, Co-Head of Capital Markets & Financial Services
epapachristou@papapolitis.com

Nikolas Katsaros
Partner, Head of Finance & Capital Markets
nkatsaros@papapolitis.com

Maria-Roxani Karydi
Associate
mrkarydi@papapolitis.com