



ATHENS  
EXCHANGE S.A.

# ETFs

## exchange traded funds market guide

a guide for members and issuers  
of the ATHENS EXCHANGE

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Enlarging the variety of financial tools offered to investors, the Athens Exchange (ATHEX) launched a trading segment for a new product category, the **Exchange Traded Funds** (ETFs). It is an opened - ended investment fund listed and traded on the Athens Exchange, which aims to track the performance of a certain index. **ETFs**, internationally, are a very popular investment choice, which increasingly attract more and more assets and along with the other existing products represent **a flexible instrument**, used for the achievement of the most demanding investment goals.



## 1 LISTING

The Athens Exchange provides a simple and flexible framework for the listing and trading of ETF units.

### 1.1 Requirements for primary or secondary listing <sup>\*, \*\*, \*\*\*</sup>

- The ETF and the ETF Issuer must have an establishment and operation permission by the competent supervisory authorities of their country of origin. Foreign ETFs must follow the notification procedure towards the Hellenic Capital Market Commission (HCMC) for the distribution of ETFs units in Greece, according to the UCITS III Directive. The ETF must not operate as a SICAV
- Legal status of the ETF, the ETF Issuer and the units compliant with the regulations of the country of origin
- Freely negotiable ETF units
- The Listing Prospectus must be approved by the (HCMC)
- ETF's minimum net asset value (NAV) 3.000.000 euro
- Appointment of at least one Market Maker
- Licence of use of the underlying index's name awarded to the ETF Issuer by the index provider

\* ATHEX Rulebook, Section 3.1.5.

\*\* HCMC BoD Resolution No. 2/435/12.7.2007

\*\*\* Law 3283/2004: (Mutual Funds), Article No. 35

### 1.2 Listing procedure <sup>\*, \*\*, \*\*\*</sup>

- Stage 1: Examination of the application for admission to listing by ATHEX
- Stage 2: Approval of the prospectus by HCMC
- Stage 3: Approval for admission to listing by ATHEX
- Stage 4: Start of trading

\* ATHEX Rulebook, Sections 3.1.8.2.1., 3.1.8.2.2., 3.1.8.2.3.

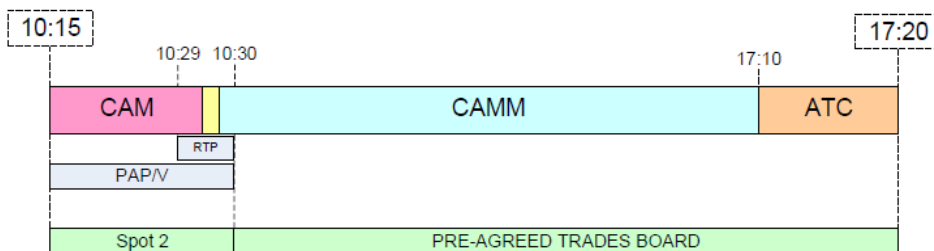
\*\* ATHEX BoD Resolution No. 28

\*\*\* HCMC BoD Resolution No. 2/435/12.7.2007

## 2 TRADING

ETFs are traded in the segment named **Exchange Traded Funds** where investors can buy or sell ETF units in the same way they buy or sell shares. The Athens Exchange provides the platform for the electronic trading of ETFs as well as further tools which contribute to the completion of the ETFs market.

### 2.1 Trading model – Market Schedule \*



**CAM** : «Method 2» - **Call Auction Method**

**CAMM** : «Method 1» - **Continuous Automated Matching Method**

**ATC** : «Method 3» - **At The Close**

**RTP** : Random Time Period

**PAP/V**: **Projected Auction Price / Volume**

\* ATHEX BoD Resolution No. 22

### 2.2 Volatility interrupter parameters

The mechanism of Volatility interrupters was deactivated in the ETF Market according to the decision of the ATHEX BoD as amended on 06/10/2011 and valid since 10/10/2011.

### 2.3 Order types \*

- Market Order – MKT
- Limit Order – LMT
- At the open – ATO
- At the Close – ATC

\* ATHEX Rulebook, Section 2.2.2.

### 2.4 Pre-agreed trades (Blocks) \*

- Minimum block value = 250.000 euro

\* ATHEX BoD Resolution No. 22



### **3 LEVERAGE TOOLS** \*, \*\*, \*\*\*, \*\*\*\*

ETF units can be used as tools for further leverage, combining the following available products:

- Stock Borrowing, Stock Lending, STRAs
- Short selling
- Margin trading

\* ATHEX BoD Resolutions No. 17, 18 and 20

\*\* ATHEXClear BoD Resolution No. 7

\*\*\* HCMC BoD Resolution No. 5 / 403 / 8.11.2006

\*\*\*\* HCMC BoD Resolution No. 1/488/10.10.2008



## 4 MARKET MAKING

The participation of at least one Market Maker for each ETF, is obligatory, thus ATHEX provides the framework for the carrying out of market making on ETF units, which ensures market's higher liquidity and the ability to realize trades any moment.

### 4.1 Market maker obligations <sup>\*, \*\*, \*\*\*</sup>

- Quotes' entry, on a continuous basis during the phase of continuous trading, via a special market maker account having the following characteristics:
  - **Spread**, which is defined according to the current unit's price as following:

Unit's price	Spread
(Price > 3€)	≤ 2,5%
(2€ ≤ Price ≤ 3€)	3,0%
(1€ ≤ Price < 2€)	6,0%
(Price < 1€)	8,5%

Occasionally, the issuer of the ETF may define the spread at lower levels than the ones defined by the ATHEX Rulebook.

- **Minimum Quote Volume**, which is calculated as follows:

$$MQV = \frac{T}{D} * 0,3\%$$

**T**= Number of shares that were traded during the previous 12 months, adjusted by any possible corporate actions which took place during that period

**D**= Annual number of trading days

- **Quoting frequency**. The Market Maker is obliged to place a quote, the latest three (3) minutes after the full or partial execution of his previous quote, provided that the unrealized part of the partially executed quote is less than the MQV.
- Assures that the market price of the ETF unit does not deviate from the iNAV at a percentage greater than the one described in the ETF's prospectus and in any case more than 3%.

\* ATHEX Rulebook, Section 2.4.1.

\*\* ATHEX BoD Resolution No. 2

\*\*\* HCMC BoD Resolution No. 2 / 435 / 12.7.2007

### 4.2 Suspension of market making <sup>\*</sup>

In case there are significant reasons which increase the Market Maker's undertaken risk and hinder the fulfillment of his obligations, ATHEX can release him temporarily from his obligations or can alter the terms for the market making conducting.

\* ATHEX Rulebook, Section 2.6.7.

### 4.3 Market makers valuation <sup>\*, \*\*</sup>

- Valuation on a quarterly basis
- Valuation per market maker based on three criteria:



- Quoting frequency
- Average spread during the market making period
- Quote volume

\* ATHEX Rulebook, Section 1.3.6.

\*\* ATHEX BoD Resolution No. 2



## 5 CLEARING

ATHEX Clear S.A. is the responsible legal entity for the clearing of the Athens Exchange transactions and the management of the Dematerialized Securities System (DSS). In DSS all dematerialized securities are registered and transfers are monitored through the Investors Shares and Securities Accounts kept in DSS.

### 5.1 Clearing and Settlement \*

The clearing and settlement cycle of the ETF units is T+2.

\* ATHEXClear Regulation of clearing of transferable securities transactions, Chapters II, III

### 5.2 Settlement Guarantee \*

- **Clearing Fund.** Insurance guarantee (risk sharing) form of capital, managed by ATHEXClear, for the protection of the System against credit exposure from Clearing Members resulting from transactions clearing.
- **Guarantee Fund.** This fund aims to compensate the investor and the counterparty members of ATHEX, in case of final and irrevocable inability of the investment securities' firms to cover their obligations resulted from the provision of investment services.

\* ATHEXClear Regulation of clearing of transferable securities transactions, Chapter II, Part 4

### 5.3 General and special risk \*, \*\*

The percentages of the general and the special risk are readjusted quarterly based on the market volatility realized during this period.

\* ATHEXClear Regulation of clearing of transferable securities transactions, Chapter II, Paragraph 5.6.3

\*\* ATHEXClear BoD Resolution No.6

## 5.4 Creation and redemption of units

### 5.4.1 Creation through a contribution in kind \*

In summary, the following are required for the Market Maker:

- Transfer of the underlying transferable securities to the Market Maker's Special Account,
- Application to the Issuer for the creation of new units,
- Application for transferring the underlying securities into the ETF's Special Account,
- Acceptance of the units' creation by the ETF Issuer

Institutional Investors follow the usual procedure of the over-the-counter transfer. Following the completion of the transfer of securities to the ETFs account, HELEX credits the Account of the transferor with the new units.

\* HCMC BoD Resolution No. 1 / 438 / 1.8.2007





#### **5.4.2 Creation in cash**

The new units are immediately credited by HELEX to the Transferor's account, upon the receipt of the issuers' written order.

#### **5.4.3 Redemption with underlying securities as an exchange**

In summary, the following are required for the Market Maker:

- Transfer of the units to be cancelled into the Market Maker's Special Account,
- Application to the Issuer for the redemption of units,
- Application for transferring the units that are about to be deleted into the ETF's Special Account,
- Acceptance of the units' redemption by the ETF Issuer,
- Application for the transfer of the underlying securities transferred (exchange for redemption) in the Market Maker's account.

Institutional Investors follow the usual procedure of the over-the-counter transfer. Following the completion of the transfer of units to the ETFs account as well as the transfer of the underlying values into the transferor's account, the units are transferred from the Special Account of the ETF's account to the transitional account of the ETF Issuer and are cancelled by HELEX.

#### **5.4.4 Redemption in cash**

HELEX transfers the units from the ETF's Special Account to the Issuer's transitional Account and then cancels them.

## 6 PRICING POLICY \*, \*\*, \*\*\*

The Athens Exchange considering the specific product's philosophy imposed a pricing policy, similar to the other types of securities, which are listed in ATHEX.

\* ATHEX BoD Resolution No. 24

\*\* HELEX BoD Resolution No. 1

\*\*\* ATHEXClear BoD Resolution No.10

### 6.1 Charges for issuers

Initial admission to trading		
Fee description	Fees paid by the issuer to ATHEX	Comments
Lump sum paid by the issuer as application's examination fees.	3,000.00	The application's examination fees were diminished to 3,000 from 5,000 Euros, according to the Decision 24 of the ATHEX BoD as amended on 06/10/2011 and valid since 10/10/2011. This lump sum is paid irrespective of whether the Units of the ETF will be listed in ATHEX.
Fee description	Fees paid by the issuer to HELEX	Comments
Registration in the DSS due to initial issue of ETF units.	0.03%	The issue value to which the particular scale applies is the value of the initially admitted ETF units of each ETF and shall be calculated as follows:  Initial offer price of each ETF * Number of the ETF units  The minimum amount paid is set to 3,000 euro and the maximum amount paid is set to 10,000 euro.
Quarterly subscriptions		
Fee description	Fees paid by the issuer to ATHEX	Comments
Quarterly subscriptions for the ETF units that are admitted to trading in ATHEX	300.00	The quarterly subscriptions are prepaid in full on the beginning of each calendar quarter regardless of the number of trading days of the Units of each ETF in that quarter. <u>The quarterly subscriptions were diminished from 500 to 300 Euros according to the Decision 24 of ATHEX BoD as amended on 06/10/2011 and valid since 10/10/2011.</u>

### 6.2 Charges for members

Member subscriptions
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Fee description	Fees paid by members to ATHEX	Comments
Subscriptions for simple transactions on ETF units	0.0125%	Reference amount: Value of transaction
Subscriptions for preagreed transactions on ETF units	0.01%	Reference amount: Value of transaction
Fee description	Fees paid by members to ATHEXClear	Comments
Subscriptions for transactions on ETF units	0.02%	Reference amount: Value of transaction

### 6.3 Charges for market makers or institutional investors or issuers due to creation/redemption of ETF units after the initial admission to trading

Creation of new ETF units / Redemption of ETF units after the initial admission to trading		
Fee description	Fees paid by either part to HELEX	Comments
Rights in case of OTC transfer of ETF Units by ETF Units <b>Market Maker</b> to the ETF Issuer for the creation of new ETF Units and vice versa, from the ETF Issuer to the ETF Units Market Maker for the redemption of ETF Units	0.015%	<p>The value of transfer is defined as the product of the ATHEX closing price on the day preceding the OTC transfer, multiplied by the number of the transferred ETF Units.</p> <p>In case of securities that are not being exchanged (in kind) with ETF Units, the transfer value is defined as the product of the transferred securities multiplied by the ATHEX closing price on the day preceding the transfer.</p> <p>The minimum amount paid is set to 20 euro.</p>
Rights in case of OTC transfer of ETF Units by <b>investors</b> to the ETF Issuer for the creation of new ETF Units and vice versa, from the ETF Issuer to the investors for the redemption of ETF Units	0.03%	<p>The value of transfer is defined as the product of the ATHEX closing price on the day preceding the OTC transfer, multiplied by the number of the transferred ETF Units.</p> <p>In case of securities that are not being exchanged (in kind) with ETF Units, the transfer value is defined as the product of the transferred securities multiplied by the ATHEX closing price on the day preceding the transfer.</p> <p>The minimum amount paid is set to 20 euro.</p>



## **7 INFORMATION DISSEMINATION**

The Athens Exchange transmits to all data vendors real-time data of ETF units as well as its iNAV.

### **7.1 iNAV (indicative Net Asset Value) \***

The iNAV (indicative Net Asset Value) is calculated and transmitted by the Athens Exchange during the trading session every 30 seconds imaging the changes that the ETF's underlying index is subjected to on a intraday basis.

\* HCMC BoD Resolution No. 2 / 435 / 12.7.2007

### **7.2 Portfolio Composition File (PCF)**

The portfolio composition file is sent on a daily basis by the ETF issuer to the Athens Exchange after the end of the trading session and consists of general information about the ETF as well as detailed information concerning the composition of the ETF as a whole and on a creation/redemption unit basis.

### **7.3 Special section on ATHEX website**

The Athens Exchange in its website (<http://www.athex.gr>), by clicking on the icon found in its right corner, provides information regarding the regulatory and legal framework of the ETFs as well as:

- ETF Issuers list
- prospectuses
- announcements
- assets' data
- underlying index info
- transactions data



## 8 CONTACTS

The Athens Exchange provides the following contact list in order to facilitate the communication between the ETF market participants and the Athens Exchange:

- **Issuers:**

- For issues regarding corporate actions:
  - Telephone: +30 210 - 33.66.800
  - Fax: +30 210 – 33.66.101
  - e-mail: [issuersupsd@helex.gr](mailto:issuersupsd@helex.gr)
- For issues regarding the underlying index:
  - Telephone: +30 210 - 33.66.800
  - Fax: +30 210 – 33.66.353
  - e-mail: [AthexIndexTeam@helex.gr](mailto:AthexIndexTeam@helex.gr)
- For issues regarding OTC transactions:
  - Telephone: +30 210 - 33.66.776
  - Fax: +30 210 – 33.66.236
  - e-mail: [isd@helex.gr](mailto:isd@helex.gr)

- **Members:**

- For issues regarding the trading and the procedure for acquiring the Market Maker capacity:
  - Telephone: +30 210 - 33.66.385
  - Fax: +30 210 – 33.66.286
  - e-mail: [Members-Support@helex.gr](mailto:Members-Support@helex.gr)

- **Data Vendors:**

- Telephone: +30 210 – 33.66.340
- Fax: +30 210 – 33.66.296
- e-mail: [mds@helex.gr](mailto:mds@helex.gr)

- **Investors:**

- For general information regarding ETFs:
  - Telephone: +30 210 - 33.66.800
  - Fax: +30 210 – 33.66.353
  - e-mail: [ATHEXproducts@helex.gr](mailto:ATHEXproducts@helex.gr)



- **Media:**

- Telephone: +30 210 – 33.66.367
- Fax: +30 210 – 33.66.333
- e-mail: [prdptmgt@helex.gr](mailto:prdptmgt@helex.gr)