

Greece

Chamber of commerce:

Athens Chamber of Commerce & Industry

Academias Street 7

10671 Athens

Greece

Website: www.acci.gr/en_index.htm

Professional body:

Athens Bar Association

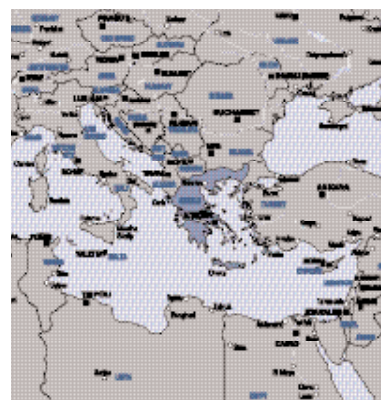
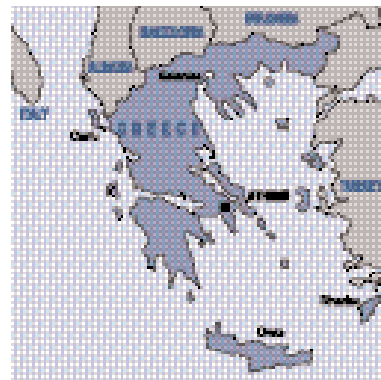
Academias Street 60

10679 Athens

Greece

Tel: +30 1 361 42 89

Fax: +30 1 361 05 37



Recent developments in the Greek corporate finance legal framework

Dimitri Cocalis
Cocalis & Psarras
 Athens

The Greek corporate finance legal framework has developed gradually over many years, in a process that strongly reflects post-World War II concerns over the reconstruction of the country and the efforts of practically every Greek government to attract private and foreign investment, and to create a developed economy with bigger, stronger and more competitive business units.

Corporate transformations and restructurings, including mergers, acquisitions, spin-offs, equity financing, bonds, loans and public offerings, have been encouraged by the implementation of solid corporate legislation, such as CL2190/1920 on *sociétés anonymes* (subsequently amended and harmonized with EU legislation), but also specific supplementary pieces of legislation that, despite some flaws, have been useful, providing considerable tax incentives and administrative shortcuts. The environment relating to the above types of transaction has been pretty stable and beneficial, especially regarding the transformation of small- and medium-sized businesses, which has been extremely important considering their presence in the Greek economy.

The same framework operated as a stepping stone to transform and prepare companies for the IPO boom in the late nineties. It is now obvious, however, that neither the original legal framework (which dated back to 1928) nor the legislative boom of the late nineties were able to cope with increased transparency requirements, nor were they able to prevent bubbles from being created and bursting.

Recently, new legislation has been enacted that aims to address the shortcomings of the past. Among other measures, L3152/2003 assigns clearer functions and responsibilities to the Capital Markets Committee (some of which had previously – and wrongly – been assigned to the stock exchange), and Ministerial Decision YA3403/2003 regulates the parallel market of the Athens Stock Exchange (the Exchange) and relevant IPOs, which aims to correct many of the flaws that had allowed the collapse of the Exchange in the late nineties. Meanwhile, issues of new IPOs have almost come to a standstill. It remains to be seen if the new environment will be embraced by the market, and if it will operate smoothly, efficiently and successfully.

L3156/2003 on bond loans and asset securitization

On the one hand, this piece of legislation aimed to supplement and enhance CL2190/1920 and other legislation regulating the issuance of bond loans. On the other hand it introduced the concept of asset (receivables) securitization, which can be particularly attractive to banks (because of their regulated capital structure) but also to utilities and to commercial companies – in particular those with a large, diverse customer base consisting of large numbers of low-value debtors, or with a smaller number of customers who

have a good credit rating. The general idea of L3156/2003 is to implement asset securitization by private placement only, addressed to a limited (under 150) number of investors. A special purpose vehicle (in the form of a *société anonyme* if registered in Greece) is set up to acquire the receivables and issue bonds, intervening between the originator and the investors. Mutual funds can invest in such bonds provided that the assets have been rated by an internationally recognized credit rating agency.

Venture capital

In an effort to enhance venture capital financing and to get the new economy up and running, the state has set up the 100% state-controlled New Economy Development Fund (the Fund) to co-finance, as a minority equity investor, the formation of venture capital funds, which in turn will invest in innovative businesses at an early stage of their development. The venture capital funds in which the Fund may invest are intended to be managed by the private sector. The first Greek venture capital mutual fund, targeting innovative small- or medium-sized businesses, was set up in 2003. For the moment, the Fund has attracted limited interest from the relevant markets.

The Venture Capital Investment Enterprise (EKES) and the Venture Capital Investment Mutual Fund (AKES) were corporate investment vehicles designed by the state to enhance private equity investment. At the time of writing, both have attracted only limited interest. Most of the key players in the Greek equity markets have opted to operate through normal commercial corporate vehicles (mainly *sociétés anonymes*) or through offshore fund structures.

Investment incentives

There have been recent changes in the investment incentives (that is, grants and tax benefits) legislation. The legislation was often plagued by politics and poor administration, resulting in frequent changes, lack of stability and lack of transparency, and does not have a history of success as a result. A trial-and-error approach is still clearly visible as, more often than not, the input of financial wizards has tended to prevail over that of long-term corporate finance strategists. Furthermore, the administration has occasionally added a lethal touch to the requirements and timing of implementation. Nevertheless, several interesting elements and options have been postulated from time to time.

The recent amendments have apparently been designed to address the shortcomings of previous similar efforts. L3219/2004 on the enhancement of private investment for the financial and peripheral development of the country and other provisions promised improved incentives in the form of grants for new investment (subject to certain terms, conditions and criteria), and L3220/2004 focused on tax benefits, involving a similar eligibility test. Administrative implementation circulars started to be issued.

However, after the change of government last March, it was announced on May 7 2004 that the above legislation would change yet again. The new government intends to produce an investment incentives framework compatible with EU limitations on state subsidies. As a result, there is a chance that the existing legislation will not apply in the long term.

Banking

Recommended firms

Kyriakides-Georgopoulos Law Firm

Law Office TJ Koutalidis

M & P Bernitsas Law Offices

Zepos & Yannopoulos

Karatzas & Partners

Moratis Passas

Norton Rose

Theo V Sioufas Law Offices

Vgenopoulos & Partners

Calavros & Partners

Dracopoulos & Vassalakis

Dryllerakis & Associates

Gr J Timagenis

IKRP Rokas & Partners

Kallimopoulos Loukopoulos Chiotellis Law Firm

Lambadarios Law Offices

Law Office E Stratigis

Moussas & Tsibris

PI Partners

Roussos & Hatzidimitriou Law Offices

Sarantitis Law Firm

Capital markets

Recommended firms

Karatzas & Partners

Law Office TJ Koutalidis

M & P Bernitsas Law Offices

Kyriakides-Georgopoulos Law Firm

Zepos & Yannopoulos

Calavros & Partners

Dracopoulos & Vassalakis

IKRP Rokas & Partners

Law Office E Stratigis

Norton Rose

PI Partners

Sarantitis Law Firm

Vgenopoulos & Partners

Avramopoulos & Partners

Bahas Gramatidis & Partners

Daniolos Issaias & Partners

Dryllerakis & Associates

Kallimopoulos Loukopoulos Chiotellis Law Firm

Lambadarios Law Offices

Moratis Passas

Mergers and acquisitions

Recommended firms

Karatzas & Partners

Kyriakides-Georgopoulos Law Firm

Law Office TJ Koutalidis

M & P Bernitsas Law Offices

Vgenopoulos & Partners

Zepos & Yannopoulos

Dryllerakis & Associates

Lambadarios Law Offices

Sarantitis Law Firm

Theo V Sioufas Law Offices

Calavros & Partners

Cocalis & Psarras

Dracopoulos & Vassalakis

IKRP Rokas & Partners

Kallimopoulos Loukopoulos Chiotellis Law Firm

Law Office E Stratigis

PI Partners

Apostolos Georgiades & Associates

Avramopoulos & Partners

Bahas Gramatidis & Partners

Lambadarios Law Offices

Markatos – Lamnides Athens Law Firm

Moratis Passas

Moussas & Tsibris

Souriadakis Frangakis and Associates

Project finance

Recommended firms

Karatzas & Partners

Kyriakides-Georgopoulos Law Firm

Law Office TJ Koutalidis

M & P Bernitsas Law Offices

Dryllerakis & Associates

Norton Rose

Sarantitis Law Firm

Vgenopoulos & Partners

Zepos & Yannopoulos

Calavros & Partners

IKRP Rokas & Partners

Karatzas & Partners

Recently named Greek law firm of the year at the *IFLR* European Awards 2004, Karatzas & Partners has enjoyed a successful year in all areas of financial law. In one of the year's undoubted highlights, the firm won a high-profile role on Greece's first ever private sector securitization. Following new legislation introduced in June 2003, which allowed private sector financial institutions and corporates to securitize their assets, the firm acted as Greek law advisers to ABN AMRO and the National Bank of Greece as joint-lead managers on the €250 million (\$304.3 million) residential mortgage-backed securitization (RMBS) for Aspis Bank. The firm is now advising Fitch on the rating of the second RMBS to be issued in Greece, based on loans originated by EFG Eurobank Ergasias.

The banking department also advised Fourlis Holdings and its 100% subsidiary Housemarket on a €95 million bond issue, and Alpha Bank and HSBC as lead arrangers on a €100 million bond issue by Autohellas. In project finance, the firm is acting for a subsidiary of Lamda Development on the Olympic Village (the construction of the largest commercial centre in Greece, followed by the construction of surrounding residential properties), and for Bayerische Hypo-und Vereinsbank on financing the construction and operation of a windpark in Crete, as well as representing the commercial banks responsible for financing the bid by GTM France to build the 2.3 kilometre Rion-Antirion Bridge across the Corinth Gulf.

On the equity side of capital markets, the firm advised Citigroup Global Markets on the launch of a public tender offer by Société de Participations CarnaudMetalbox Investments for shares in Hellas Can Packaging Manufacturers (a Greek company listed on the Athens stock

exchange), and Credit Suisse First Boston as financial advisor of Vodafone-Panafon Hellenic Telecommunications Company, on the launch of a public tender offer by the Vodafone Group. The firm also advised EFG Eurobank-Ergasias as the lead Greek underwriter and bookrunner on the Cosmote combined offering.

The mergers and acquisitions team has also been active, representing PG Nikas Abee in connection with the sale of shares by its majority shareholder to Global Finance; acting for a private equity company, Aspis Bank, on the acquisition of Standard Chartered Grindlays Bank's network in Greece; advising Burda and RCS on the sale of their minority holding in Pigasos Holding to its main shareholder; and representing Arab Bank on the disposal of its branch in Greece. The firm also represented France Télécom on the sale of its aggregate stake in Vodafone.

Key contact partners

Christina Faitakis
Catherine Karatzas
Alexander Metallinos
Christina Papanikolopoulou

Kyriakides-Georgopoulos Law Firm

Highly respected in the Greek market, Kyriakides-Georgopoulos has a strong reputation in all areas of financial law. The firm has offices in Athens, Thessalonica and Piraeus, and offers advice in banking regulation, syndicated lending, corporate, asset and acquisition finance, debt and equity capital markets, including equity-linked products, securitization, derivatives, mergers and acquisitions, project finance and insolvency and restructuring.

Of the firm's partners, Leonidas Georgopoulos is much admired by his peers for his considerable capital markets experience. Konstantinos Vouterakos is also recommended, and is described as "very prominent in the younger generation of lawyers".

Leading lawyers

Leonidas Georgopoulos
Konstantinos Vouterakos

Law Office TJ Koutalidis

Law Office TJ Koutalidis is once again ranked in the top tier for all disciplines, after another strong year across the board. The firm is highly rated by its competitors in the Greek market, in particular name partner Tryfon Koutalidis and partner Nikos Koritsas.

In banking, the firm advised the National Bank of Greece on a €350 million (\$426 million) Tier 1 structure (only the second of its kind in Greece); acted for Alpha Bank on the update of its euro medium-term note (EMTN) programme to €8 billion and a €500 million issue under the programme; represented Deutsche Bank on the update of EFG Eurobank Ergasias's €2.5 billion EMTN programme and

the €500 million EMTN programme issue by EFG Hellas; and advised the municipality of Athens on its €150 million loan facility from UBS.

In a busy year in the Greek equity capital markets, TJ Koutalidis received its share of instructions. The firm advised EFG Eurobank Ergasias as lead underwriter on the listing of Hellenic Tourist Properties on the Athens Stock Exchange, acted for Société Générale on its acquisition of the General Bank of Greece, and advised the state on the privatization of the Athens Stock Exchange. The firm also advised various private investors on the acquisition of a majority shareholding in Olympic Catering, and Alpha Ventures on the leveraged buyout of Appolon.

In project finance, the firm won instructions on some big deals, including the financing of the construction of the Athens tram system and the Thessaloniki metro, and acting for Hochtief on the construction of new toll roads.

The firm provides ongoing corporate advice to such clients as Diageo Hellas, Lambrakis Press, Intracom and Vodafone Panafon, and is also active in project finance, advising bidding consortiums in the tender process for the construction of a new toll road from Maliakos to Kleidi, and the Thessaloniki submerged tunnel.

Key contact partners

Nikos Koritsas
Tryfon Koutalidis
Nikolaos Pimblis
Katia Protopapa
Nikos Salakas

Leading lawyers

Nikos Koritsas
Tryfon Koutalidis

M & P Bernitsas Law Offices

Ranked in the top tier in all areas of financial law, M&P Bernitsas remains one of Greece's leading firms.

In banking and structured finance the firm has had a successful year, predominantly acting for banks such as Credit Suisse First Boston, Bank of America, Citigroup and Morgan Stanley. Deals this year included advising the arrangers (Bank of Tokyo-Mitsubishi, National Bank of Greece, Alpha Bank and Piraeus Bank) on a \$100 million syndicated loan facility in connection with a refinancing for Centenia Finance; acting for Morgan Stanley on a €350 million (\$426 million) syndicated revolving credit facility to OTE; representing Piraeus Group Finance and Piraeus Bank on a €1.5 billion commercial paper programme; and advising Tokyo-Mitsubishi International as arranger on the securitization of trade receivables of Toshiba Europe, also providing advice to the special purpose vehicle.

Other capital markets deals included advising Credit Suisse First Boston as arranger on the establishment of a €5 billion commercial paper programme by the Greek government; acting for Citibank International and Credit Suisse

First Boston as arrangers on the establishment of a €500 billion commercial paper programme by OTE; representing the Vodafone Group on its tender offer for shares in its Greek subsidiary, Vodafone-Panafon; and advising Société de Participations CarnaudMetalbox Investments on its tender offer for shares in its Greek affiliate, Athens-listed Hellas Can Packaging Manufacturers.

The mergers and acquisitions team, meanwhile, has acted for Intel Microprocessors Greece on its merger with Giga Hellas, ED&F Man Holdings on selling its shareholding in Alcovin, Telecom Italia International on buying shares in Forthnet, and the Public Company of Negotiable Securities on its sale of shares in National Bank of Greece to institutional investors.

Panayotis Bernitsas is highly rated by the market, which describes him as "very active in project finance," as is the "very hard-working" Nikos Papachristopoulos, who is described as "devoted to his clients" and "very cooperative".

Key contacts

Panayotis Bernitsas
Nikos Papachristopoulos
Dimitris Roussis
Athanasia Tsene

Leading lawyers

Panayotis Bernitsas
Nikos Papachristopoulos

Norton Rose

Providing advice on banking, corporate matters and project finance, Norton Rose is an established presence in the Greek market. Clients of the firm include Fortis Bank, Piraeus Bank, Royal Bank of Scotland, Alpha Bank and NBG Venture Capital.

Recent deals for the banking group include drafting and negotiating Alpha Bank's \$50 million syndicated facility to the Romania's Ministry of Public Works, Transport and Housing; acting on behalf of Alpha Bank, National Bank of Greece and Société Générale on the provision of four separate loan facilities to Titan Group companies, and advising BNP Paribas as arranger on the refinancing of windfarms operated by the Greek industrial group Rocas.

It has also been a year of some activity by the corporate group, which acted for ABN AMRO on the sale of its minority stake in a Greek brokerage firm to the General Bank of Greece, advised on Greek law in the negotiation and execution of the agreement for the provision of financial services by Deutsche Bank and EFG Telesis Finance to OTE estate, advised Sofinco on a joint venture with Emporiki Bank of Greece for setting up Emporiki Credicom Bank, and provided continuing corporate advice to Crédit Agricole on its strategic holding in Emporiki Bank of Greece and to Delta on its operations in Greece.

Key contact partners

David Baker
Dimitri Sofianopoulos
Elena Tsohou

PI Partners

PI Partners is the new trading name of Potamitis Iliadou after its recent rebranding. The firm has offices in Athens and Thessaloniki, with affiliated firms in Romania and Bulgaria, and is also a member firm of EY Law. Clients of the firm include Alpha Finance, EFG Telesis Finance, the National Bank of Greece, Credit Suisse First Boston, Citigroup, Omega Asset Management and Volkswagen Bank.

Recent deals for the mergers and acquisitions department include advising Hellenic Petroleum on its merger with Petrola, acting for Thrace Plastics on its acquisition of a Bulgarian company, representing Omega Bank on its acquisition of Société Générale Asset Management, and advising both Hellenic Catering and Floca on the merger.

On the capital markets side the firm has had considerable public offering involvement over the last year, advising Kri Kri on its initial public offering (IPO), Alpha Finance as the lead underwriter on the Sprider IPO, and Omega Bank as lead underwriter on the Astra IPO. The group also advised Citigroup, Credit Suisse First Boston, Alpha Bank, EFG Eurobank and National Bank of Greece on the third privatization of Opap (the Greek national lottery) through a domestic public offering and an international private placement.

PI Partners has a strong financial services group, which advised Banque Cantonaise Vaudoise on its disinvestment from Epic Investment Services. The group is also advising the Association of Greek Institutional Investors on the implementation of new Ucit directives under Greek law as well as on the new Athens Exchange rule book, and acting for Volkswagen Bank (Athens Branch) on structuring banking products related to car financing and compliance issues. The firm has provided advice on loan facilities, acting for Delta on two multicurrency facilities, and advising Omega Bank on various syndicated lending transactions.

Key contact partners

George Bersis
Stathis Potamitis
Johnny Vekris

Vgenopoulos & Partners

Founded in 1983 as a firm mainly dedicated to shipping law and finance, Vgenopoulos & Partners has since branched out into other practice areas and is now one of Greece's largest law firms. Its banking practice is held in high regard by the legal market and the firm counts local and international banks, financial institutions and multinationals among its many clients. In the past the firm has acted for, among others, BNP Paribas, the Bank of New York, MTV Europe and Sony Ericsson.

The firm has 39 lawyers working from its Athens and Piraeus offices, with a further 12 based in an associate office in Thessaloniki. It is a member of a number of international, regional and domestic legal bodies including the American Law Firm Association, the Mediterranean Maritime Arbitration, the European Air Law Association, the International Bar Association, the Hellenic Society of Maritime Lawyers and the Union of European Lawyers.

Zepos & Yannopoulos

Zepos & Yannopoulos moves up the rankings this year on the recommendation of the market, improving in every area other than mergers and acquisitions, in which it was already firmly in the top tier.

In banking, the firm moves up to the top tier. Deals include advising Caisse Nationale de Crédit Agricole on the implementation of cooperation agreements with Ermis Mutual Fund Management Company and Investment Bank (subsidiaries of the Commercial Bank of Greece); advising ABN AMRO on the sale of the consumer and commercial clients business in Greece to Aspis Bank; and representing Gottardo Bank on the establishment and operation of its subsidiary in Greece.

There has also been activity in both debt and equity capital markets, and the firm has acted for, among others, American Express Funds, Merrill Lynch Funds and Janus Funds on capital markets compliance issues; Air France, Imperial Tobacco and others in relation to stock options plans and selling restrictions; the National Bank of Greece on updating its €1 billion (\$1.2 billion) global medium-term note programme; and Telecom Italia on the share capital increase of Forthnet. The firm has also provided legal opinions on Isda agreements to various foreign banks, as well as advising them on regulatory issues connected with the Greek banking and capital markets framework.

The highly rated mergers and acquisitions team has had another excellent year. Among many highlights, the team advised Compaq and Hewlett Packard on the implementation of their merger in Greece, acted for Bayer on the divestiture of its household business, represented MJ Maillis on the acquisition of Wulftec International, advised Robert Bosch on the acquisition of Philips' professional communication, security and imaging businesses in Greece, and acted for Cadbury Schweppes on the acquisition of Warner Lambert.

Meanwhile, in project finance the firm has been involved in a number of public procurement deals, including advice to Telcordia Technologies on the development of a national reference database, Hitachi Europe on its participation in a tender for Attica Metro, and a Belgian construction company on its participation in the project-winning consortium on the Attico Metro tender.

Key contact partner

Dimitrios Zepos