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Junk mail bid to boost Greek privatisation

By Kerin Hope in Athens

Greek phone bills next month will include a leaflet explaining how the stock market works and encouraging individuals to become investors.

The campaign by the state-owned Athens Stock Exchange to boost the number of small shareholders comes after a surge in share prices and several new issues by public sector corporations selling part of their equity to the public.

"It's the right moment to bring new investors into the market," says Prof Manolis Xanthakis, the exchange chairman. "The government is keen to create a class of small shareholders and there are several large issues planned this year by utilities and the state banks. Of course, our advertising will set out the risks of entering the market."

OTE, Greece's state-controlled telecoms company, is accustomed to footing the postage bill for public service advertising to its 4.9m subscribers.

Previous mailshots have appealed to households to consume more olive oil and have given advice on how to avoid injury when an earthquake strikes.

The telephone company should welcome the stock exchange campaign, Prof Xanthakis says, because it is planning to float a second equity tranche in the summer and may launch a rights issue as well.

When OTE became the

first large state corporation to be listed a year ago, people living in the countryside complained that they knew too little about the stock market to feel comfortable applying for shares.

Prof Xanthakis claims that the stock exchange has overcome damage caused by the discovery last November of a fraudulent trading scheme involving a handful of small capitalisation stocks and several Greek brokerage houses. Trading was suspended for three days as bourse authorities made a desperate effort to assess the extent of the fraud.

Controls on trading and settlement have been tightened, brokerage houses have undergone special audits, and the Capital Markets Commission, the bourse watchdog, is acquiring its own team of auditors.

Share prices have soared by almost 40 per cent since the start of the year. For the first time since the early 1990s domestic investors are returning to the market in sizeable numbers, following the introduction of a 7.5 per cent tax on interest earnings from government bonds and steadily falling bank deposit rates.

But there may be some confusion as would-be investors in the countryside compare the stock exchange leaflet urging them to buy shares with advertisements the Capital Markets Commission plans to place in provincial newspapers, warning them to watch out for unlicensed stockbrokers.