

**GOVERNMENT GAZETTE
OF THE HELLENIC REPUBLIC
ISSUE A**

No. 178

1 August 2007

LAW Number 3601

Taking up and pursuit of the business of credit institutions, capital adequacy of credit institutions and investment firms, and other provisions

THE PRESIDENT OF THE HELLENIC REPUBLIC

We hereby issue the following Law passed by Parliament:

CHAPTER I

OBJECT, DEFINITIONS AND SCOPE

Article 1

Object

The purpose of this Law is to transpose to Greek banking legislation the provisions of Directives of the European Parliament and of the Council Nos. 2006/48/EC relating to the taking up and pursuit of the business of credit institutions (OJ L 177/30.6.2006) and 2006/49/EC on the capital adequacy of investment firms and credit institutions (OJ L 177/30.6.2006).

Article 2

Definitions

Without prejudice to the specific definitions in Chapters VII and XIII, for the purposes of this Law the following definitions shall apply:

1. Credit institution:

- a) an undertaking whose business it to receive deposits or other repayable funds from the public and to grant loans or other credit for its own account; or
- b) an electronic money institution within the meaning of paragraph 19 of this Article.

2. Authorisation: A decision by the Bank of Greece by which the right to set up and carry out the business of a credit institution is granted. For credit institutions set up in other Member States or third countries, authorisation shall denote any instrument to this effect issued by the relevant competent authorities.

3. Branch: a place of business which forms a legally dependent part of the credit

institution and which carries out directly all or some of the transactions inherent in the business of credit institutions.

4. Initial capital: the value of paid-up capital, plus share premium accounts but excluding cumulative preferential shares; and all types of reserves other than revaluation reserves.

5. Own funds: own funds as defined from time to time by Bank of Greece decisions.

6. Competent authorities: the national authorities which are empowered by law or regulation to supervise credit institutions.

7. Member State: any Member State of the European Union and any other state that has ratified the Agreement creating the European Economic Area (EEA).

8. Home Member State: the Member State in which a credit institution has been authorised.

9. Host Member State: the Member State in which a credit institution has a branch or in which it provides services.

10. Third countries: all countries other than Member States.

11. Financial institution: an undertaking other than a credit institution the principal activity of which is to acquire holdings or carry out one or more of the activities listed in subparagraphs (b) to (l) of paragraph 1 of Article 11 hereof .

12. Control: a relationship between a parent undertaking and a subsidiary, as defined in subparagraph (a) of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force, or any similar relationship between any natural or legal person and an undertaking.

13. Qualifying holding: a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

In applying the definition of “qualifying holding”, account shall also be taken of Article 10 of Law 3556/2007.

14. Parent undertaking: a parent undertaking as defined in subparagraph (a) of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force.

15. Subsidiary: a subsidiary undertaking within the meaning of subparagraph (a) of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force. All subsidiaries of subsidiary undertakings shall also be considered subsidiaries of the undertaking that is their original parent.

16. Close links: a situation in which two or more natural or legal persons are linked in

any of the following ways:

- a) participation in the form of ownership, direct or by way of control, of 20% or more of the capital or voting rights of an undertaking;
- b) control, as defined in paragraph 12 of this article; or
- c) the fact that both or all are permanently linked to one and the same third person by a control relationship within the meaning of paragraph 12 of this article.

17. Dilution risk: the risk that an amount receivable is reduced through cash or non-cash credit to the debtor.

18. Operational risk: the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; it includes legal risk.

19. Electronic money institution: an undertaking other than those referred to in subparagraph (a) of paragraph 1 of this Article, which issues means of payment in the form of electronic money.

20. Electronic money: monetary value as represented by a claim on the issuer which is:

- a) stored on an electronic device;
- b) issued on receipt of funds; and
- c) accepted as a means of payment by undertakings other than the issuer.

21. Central banks: the national central banks of the Member States and the European Central Bank.

Article 3

Scope

1.a. This Law lays down rules concerning the taking up and pursuit of the business of credit institutions, and their prudential supervision. It also includes rules relating to the supervision of the capital adequacy of investment firms, as well as to the pursuit of the business and the supervision of the financial institutions supervised by the Bank of Greece.

b. The provisions of Articles 34 to 49 and 66 of this Law shall also apply to financial holding companies, as well as to mixed-activity holding companies, as defined in Article 33 (paragraphs 7 and 8), which have their head offices in Greece or other Member States.

c. For the purposes of subparagraph (b) of this paragraph, the institutions permanently excluded pursuant to paragraphs 2 and 3 of this article, with the exception however of the central banks of the Member States, shall be treated as financial institutions.

2. The Bank of Greece and, with the exception of Article 88 hereof, the Deposits and

Loans Fund shall be excluded from the scope of this Law.

3. Credit institutions authorised in other Member States and explicitly excluded from the scope of Directive 2006/48/EC shall be excluded from the scope of Articles 13 and 15 of this Law regarding the freedom of establishment and the freedom to provide services.

Article 4

Reservation of activities

1. Natural or legal persons that are not credit institutions shall be prohibited from carrying out the business of taking deposits or other repayable funds from the public.

2.a. Without prejudice to more specific provisions of law, carrying out the business of granting loans or other credit shall also be prohibited without a specific authorisation for this purpose by the Bank of Greece. The requirements for such authorisation to be granted shall be laid down by a decision of the Bank of Greece.

b. The prohibition under subparagraph (a) of this paragraph shall not apply to loans or credit extended in any manner whatsoever (including the issuance of credit cards) between undertakings linked to each other within the meaning of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force, or by an undertaking to its customers, natural or legal persons, for the purchase of goods or services offered by the same undertaking.

3. The prohibition referred to in paragraph 1 of this Article shall not apply to:

a) the issuance of securities by the Greek government or legal entities, as long as this is permitted by the legislation in force; or

b) the taking of cash or repayable funds by undertakings supervised by the Capital Market Commission in the course of their principal activity according to their authorisation and under the legislation in force.

4. Regarding the level of the interest rate and the overall remuneration terms, as well as any additional charges on loans or other credit extended by credit companies or other financial institutions in accordance with their authorisation by the Bank of Greece or by undertakings that are not credit institutions, for the purpose of financing stock exchange transactions under Law 2843/2000 (Government Gazette 219A/12.10.2000), as currently in force, the legislation in force on credit institutions shall apply.

5. The issuance of electronic money by persons or undertakings that are not credit institutions shall be prohibited. This prohibition shall not apply to the issuance of electronic

money by the electronic money institutions exempted from the provisions of this Law pursuant to Article 58 hereof.

CHAPTER II

GRANTING OF AUTHORISATION TO A CREDIT INSTITUTION IN GREECE AND WITHDRAWAL THEREOF

Article 5

Requirements for setting up and pursuing the business of a credit institution

1. Credit institutions may only be established and operate in the form of a société anonyme or in the form of a pure credit cooperative referred to in Law 1667/1986 (Government Gazette 196A), as currently in force.

2. Credit institutions established and operating in Greece shall be required to have their actual centre of administration in Greece.

3. A credit cooperative authorised as a credit institution may transact banking business with its members, other credit institutions and the Greek government. Subject to prior approval by the Bank of Greece and to any specific terms and conditions laid down in such approval, the credit cooperative may also carry out banking transactions with non-members up to an overall ceiling of 50% of its total loan or deposit business.

Subject to prior approval by the Bank of Greece and to any specific terms and conditions laid down in such approval, the restriction in the foregoing subparagraph shall not apply to transactions:

- i) of any nature where a member of the cooperative is a party to the transaction; and
- ii) related to ancillary banking services.

4. A paid-up initial capital equal to at least the following amounts shall be required in order for the Bank of Greece to grant authorisation to:

- a) a credit institution: eighteen million euro (€18,000,000);
- b) a branch of a credit institution authorised in a third country: nine million euro (€9,000,000);
- c) a credit cooperative as a credit institution: six million euro (€6,000,000).

The thresholds laid down in paragraph 4 of this Article may be adjusted by decision of the Bank of Greece to amounts of not less than five million euro (€5,000,000).

6. a. If the initial capital is not fully paid up in cash, the Bank of Greece shall decide, on an *ad hoc basis*, which other assets and to what proportion can be contributed instead,

taking into account the liquidity and solvency standards applying to credit institutions.

b. In particular where an already operating legal person is to be converted into a credit institution, at least 80% of the assets of that legal person shall be paid up entirely in cash, deposits, securities traded in regulated markets and short-term loans or other credit extended on the basis of banking criteria.

7. A credit institution's own funds may not fall below the amount of initial capital required from time to time under paragraph 4 of this article.

8. The Bank of Greece shall determine a limited period within which credit institutions are required to:

a) adjust their own funds to the minimum initial capital required from time to time; and

b) restore their own funds, in the event that they have fallen below the amount of the minimum initial capital required from time to time.

The aforementioned period may not exceed twenty-four (24) months in point (a) and twelve (12) months in point (b) of this paragraph.

9. In the event of an increase in the own funds of already operating credit institutions, the Bank of Greece may impose special terms regarding the contribution of capital, giving due consideration to the standards referred to in subparagraph (a) of paragraph 6 of this article.

10. To obtain authorisation, which is a necessary condition for commencing activities, interested parties shall:

a. Submit an application for authorisation by the Bank of Greece and, before the authorisation is granted, pay up the initial capital as specified under paragraph 4 of this article.

Where authorisation is sought by a credit institution under multiple ownership but not yet incorporated, the application shall be submitted by a duly authorised founding committee, which shall be subject to the provisions on investor solicitation and shall be dissolved after the completion of the procedure for the incorporation of the credit institution.

The Bank of Greece shall be entitled to require that, within a reasonable period of receipt of the application, a letter of guarantee be provided, in an amount equal to the capital of the credit institution under foundation and issued by a credit institution that is subject to supervision equivalent to that laid down in this Law; if the capital is not paid up by the date of notification of the authorisation decision, the guarantee shall be called in in favour of the Bank of Greece and shall be credited to the account related to the coverage of the capital of

the credit institution. The letter of guarantee shall cover the total capital of the credit institution under incorporation, regardless of the number of its initial shareholders, and shall be returned after the capital has been fully paid up as prescribed above or after notification of any decision denying authorisation by the Bank of Greece.

b. Notify to the Bank of Greece the identities:

i) of the shareholders, natural or legal persons, who directly or indirectly hold 5% or more of the capital or voting rights of the credit institution, as well as the proportion of such holding;

ii) of the credit institution's ten largest shareholders and the respective proportion of their holdings or voting rights; and

iii) of any natural persons other than those referred to in (i) and (ii) above who exercise control over the credit institution under written agreements or other arrangements or through common action.

c. Notify to Bank of Greece the identities:

i) of the persons who shall be responsible for directing the business of the credit institution and shall participate as members in its Board of Directors. The existence of at least two persons entrusted with these responsibilities shall constitute a condition for the credit institution to be granted authorisation and continue to operate;

ii) the other members of the Board of Directors; and

iii) the persons in charge of the functions of the credit institution, in accordance with the applicable Bank of Greece decisions on credit institutions' internal control systems.

d. Submit to the Bank of Greece a programme of operations setting out in particular the types and scope of business envisaged, a business plan, the structure of its parent group, where appropriate, as well as the credit institution's structural organisation, internal control system, including its Internal Audit, Risk Management and Compliance functions, and the procedures required for compliance with Article 26 of this Law. If the credit institution also intends to offer investment services, it shall fulfil the requirements which, in accordance with the legislation in force, apply to the provision of investment services by credit institutions.

11. Before authorisation is granted, as well as at any time during the operation of the credit institution, the Bank of Greece, for prudential and transparency purposes, may additionally require the following:

a) details on the identity, the financial situation and the source of funds of:

i) the natural or legal persons who directly or indirectly hold more than 1% of the capital or voting rights of the credit institution;

ii) the natural persons who fall within the scope of point (iii) of subparagraph (b) of paragraph 10 of this article, or who directly or indirectly control legal persons falling within the scope of points (i) and (ii) of the aforementioned subparagraph;

iii) the persons referred to in subparagraph (c) of paragraph 10 of this article;

b) that the legal persons referred to in points (i) and (ii) of subparagraph (b) of paragraph 10 of this article and point (i) of subparagraph (a) of this paragraph have their voting shares registered;

c) that specific percentages of the total of the registered voting shares referred to hereinabove be held by one or more natural persons who have been granted prior approval by the Bank of Greece;

d) that credit institutions provide appropriate information, enabling the Bank to establish that the authorisation requirements of this Law are fulfilled at all times or that situations which would constitute grounds for not granting authorisation have not arisen.

12. The Bank of Greece, for the above-mentioned purposes, may also specify:

a) the necessary supporting documents and particulars, as well as all other details for the implementation of this article;

b) further restrictions and requirements concerning the activities or tasks entrusted to the natural persons referred to in subparagraphs (b) and (c) of paragraph 10 and subparagraph (a) of paragraph 11 of this article, with a view to preventing or minimising significant conflicts of interests or influences that operate to the detriment of the credit institution's prudent and sound management;

c) more particular restrictions and requirements for the operations of the credit institution;

d) criteria for determining whether any natural or legal persons maintain, directly or indirectly, close links with the credit institution;

e) by way of derogation from the general provisions on sociétés anonymes, the procedures, maximum limits and any other terms regarding credit institutions' loans of any type, other credit, guarantees, as well as holdings in the persons referred to in subparagraph (d) of this paragraph, in order to ensure that such transactions are not carried out under

preferential terms compared with those generally applied by the credit institution or in a manner that may operate to the detriment of the credit institution's prudent and sound management; and

f) that an application be submitted for the listing of the credit institution's shares on a regulated market, so as to ensure larger distribution, within a period of not more than five (5) years and not less than the minimum required by law before an application for listing shares of undertakings on a regulated market can be submitted.

13. a. The Bank of Greece shall, before granting authorisation to a credit institution, consult the competent authorities responsible for the supervision of credit institutions, insurance companies or investment firms of the other Member States involved in the following cases:

i) the credit institution concerned is a subsidiary of a credit institution, insurance undertaking or investment firm authorised in another Member State; or

ii) the credit institution concerned is a subsidiary of the parent undertaking of a credit institution, insurance undertaking or investment firm authorised in another Member State; or

iii) the credit institution concerned is controlled by the same persons, whether natural or legal, as control a credit institution, insurance undertaking or investment firm authorised in another Member State.

b. The competent authorities referred to in subparagraph (a) of this paragraph shall in particular consult each other when assessing the suitability of the shareholders and the reputation and experience of directors involved in the management of another entity of the same group. They shall exchange any important information regarding the suitability of the shareholders and the reputation and experience of directors which is of relevance for the granting of an authorisation as well as for the ongoing assessment of compliance with operating conditions.

14. For the purposes of the provisions of this article and of Article 24, where the shareholders are legal persons, the identity notification requirements shall apply to the natural persons who directly or indirectly control the legal persons concerned. In calculating the relevant holding in this context, Article 10 of Law 3556/2007 shall be taken into consideration.

Article 6

Use of the term "bank"

1. The use of the term “bank” or of a version thereof in another language as part of an undertaking’s trade name or style shall be reserved to credit institutions only, unless the undertaking’s type of business, as described in its memorandum or articles of association and indicated by its trade name and style, rules out any risk of confusion.

2. Pure credit cooperatives authorised by the Bank of Greece as credit institutions may include in their trade name the term “Cooperative Bank”.

3. Credit institutions authorised in another country may, for the purposes of exercising their activities in Greece, use the same trade name and style as they use in their home country. In the event of any risk of confusion, the Bank of Greece may, for the purposes of clarification, require that the name be accompanied by certain explanatory particulars.

Article 7

Grounds for denial of authorisation

1. The Bank of Greece shall not grant authorisation to a credit institution where, in its assessment:

a) the persons referred to in subparagraph (b), points (i) and (ii) of subparagraph (c) of paragraph 10, as well as in points (i) and (ii) of subparagraph (a) of paragraph 11 of Article 5 hereof, are not reliable or, more generally, able to secure the credit institution’s prudent and sound management or prevent or minimise significant conflicts of interests or influences that operate to the detriment of the credit institution’s prudent and sound management;

b) in particular the persons referred to in points (i) and (ii) of subparagraph (c) of paragraph 10 of Article 5 hereof, and the Board of Directors as a whole, lack the necessary expertise for effectively performing their tasks, as acquired through previous service in similar posts, preferably in credit or financial institutions;

c) there are doubts as to the origin, the true ownership, or the adequacy of the funds of the shareholders referred to in subparagraph (b) of paragraph 10 of Article 5 hereof and of the natural persons who directly or indirectly control the legal persons referred to in points (i) and (ii) of the same subparagraph;

d) the structure of the group of the undertakings affiliated to the credit institution within the meaning of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force, is not sufficiently transparent for enabling the unhindered exercise of its supervisory functions;

e) any of the requirements of Article 5 hereof is not fulfilled;

f) the laws, regulations or administrative provisions of a third country governing one or more natural or legal persons with which the credit institution has close links prevent the effective exercise of the supervisory functions of the Bank of Greece .

2. The Bank of Greece shall grant or deny authorisation within six (6) months of the receipt of the application or, should the latter be incomplete, within six (6) months of the applicant's sending the information required for the decision. A decision shall, in any case, be taken within 12 months of the receipt of the application, and in case such application is not complete, within six (6) months of the applicant's sending the information required by the Bank of Greece. A decision shall, in any case, be taken within one (1) year of the receipt of the application. Reasons shall be given whenever a decision not to grant an authorisation is taken and the applicant shall be notified thereof. Failure by the Bank of Greece to grant authorisation within the above period shall be equivalent to denial of authorisation.

Article 8

Withdrawal of authorisation

1. The Bank of Greece may withdraw the authorisation granted to a credit in the following cases:

a) If the credit institution:

(i) does not make use of the authorisation within twelve (12) months, unless the authorisation provides for a longer time limit;

(ii) expressly renounces the authorisation;

(iii) has ceased to engage in business for more than six (6) months;

(iv) fails or refuses to increase its own funds;

(v) obstructs in any manner whatsoever the supervision exercised by the Bank of Greece;

(vi) violates provisions of laws or Bank of Greece decisions relating to the supervision or the pursuit of the business of credit institutions, to an extent that it can jeopardise its solvency or, more generally, the achievement of the objectives of the supervision exercised by the Bank of Greece.

b) The authorisation has been obtained through false, inaccurate or misleading statements.

c) The credit institution no longer possesses sufficient own funds or can no longer be

relied on to fulfil its obligations towards its creditors, and in particular no longer provides security for the repayable assets entrusted to it.

d) The conditions under which the authorisation was granted are no longer fulfilled.

e) Any of the situations referred to in subparagraph (f) of paragraph 1 of Article 7 hereof arise, or the structure of the credit institution's group has changed in a manner that prevents the effective performance of the supervisory functions of the Bank of Greece.

2. The Bank of Greece shall also withdraw the authorisation granted to a credit institution in the cases provided for by the legislation in force.

3. The Bank of Greece shall give reasons for its decision to withdraw authorisation and shall notify thereof the credit institution concerned and the competent authorities of the countries in which the credit institution operates branches.

Article 9

Submission of appeal in cassation before the Supreme Administrative Court

The Bank of Greece decisions issued in accordance with this Law shall be subject to review by the Council of State (Supreme Administrative Court).

Article 10

Notification to the European Commission, the European Banking Committee and the Council

1. The Bank of Greece shall notify the European Commission of:

a) any authorisation granted to a credit institution;

b) any withdrawal of authorisation to a credit institution;

c) the types of cases where rejecting decisions under Article 13 hereof have been issued, or where measures or penalties have been imposed in accordance with paragraphs 1 and 2 of Article 65 hereof;

d) any use of the options provided for by the relevant provisions of the Community legislation with respect to large exposures of credit institutions.

2. The Bank of Greece shall also notify:

a) the European Banking Committee of all authorisations for branches granted to credit institutions having their head office in a third country; and

b) the Council of the procedures aimed at preventing credit institutions from fraudulently circumventing the limits laid down in Bank of Greece decisions in respect of large exposures.

CHAPTER III

ACTIVITIES OF CREDIT INSTITUTIONS – FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES – RELATIONSHIPS WITH THIRD COUNTRIES

Article 11

Activities of credit institutions

1. The list of activities for the implementation of Articles 12 to 20 of this Law shall be as follows:

- a. acceptance of deposits or other repayable funds;
- b. lending or extension of other credit, including factoring transactions;
- c. financial leasing;
- d. payment operations, including transfers of funds;
- e. issuing and administering means of payment (e.g. credit and debit cards, travellers' cheques and bankers' drafts);
- f. guarantees and commitments;
- g. trading for own account or for account of customers in:
 - i. money market instruments (cheques, bills, certificates of deposits etc.);
 - ii. foreign exchange;
 - iii. financial futures and options;
 - iv. exchange and interest rate instruments; or
 - v. transferable securities.
- h. participation in securities issues and the provision of services related to such issues, including in particular underwriting;
 - i. advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings;
- j. money broking;
- k. portfolio management and advice;
- l. safekeeping and administration of securities;
- m. credit reference services, including customers' credit rating;
- n. safe custody services;
- o. issuance of electronic money;
- p. activities other than the above, provided for in paragraphs 1 and 2 of Article 2 of Law

2396/1996 (Government Gazette 73A), as currently in force.

2. The Bank of Greece may, in addition to the activities listed in paragraph 1 of this article, allow credit institutions to pursue other financial or ancillary activities, as long as the entailed risks are fully hedged and in accordance with the legislation in force. In this context, the Bank of Greece may lay down additional criteria and specific requirements applicable generally or on an *ad hoc* basis.

Article 12

Establishment of branches in Greece and other Member States by credit institutions authorised in Greece

1. Any credit institution authorised in Greece may carry out the activities laid down in paragraph 1 of Article 11 of this Law in other Member States through a branch, as long as such activities are covered by its authorisation and it abides by the procedure referred to in paragraphs 2 to 6 of this Article.

2. A credit institution wishing to establish a branch in another Member State shall notify the Bank of Greece. When effecting such notification, the credit institution shall provide the following information:

- a) the Member State within the territory of which it plans to establish a branch;
- b) a programme of operations setting out, *inter alia*, the types of business envisaged and the structural organisation of the branch;
- c) the address in the host Member State from which documents may be obtained;
- d) the names of those to be responsible for the management of the branch.

3. The Bank of Greece shall, within three (3) months of receipt of the information referred to in the preceding paragraph, communicate the information to the competent authorities of the host Member State and shall inform the credit institution accordingly.

4. The Bank of Greece shall also communicate to the competent authorities of the host Member State the amount of own funds and the sum of the capital requirements of the credit institution.

5. If the Bank of Greece has reasons to doubt the adequacy of the administrative structure or the financial situation of the credit institution that intends to establish a branch in another Member State, it shall either limit the proposed activities of the branch at issue or refuse to communicate to the competent authorities of the host Member State the information referred to in paragraphs 2 and 4 of this article, and shall give reasons for its refusal to the institution

concerned within three (3) months of receipt of all the relevant information referred to in paragraphs 2 and 4 of this article. Failure to reply within this time limit shall be equivalent to a refusal.

6. In the event of a change in any of the particulars communicated according to points (b), (c) and (d) of paragraph 2 of this article, the credit institution shall give written notice of the change in question to the Bank of Greece at least one (1) month before making the change so as to enable the Bank of Greece to take action according to the provisions of paragraph 3 of this article.

7. The Bank of Greece shall issue a decision laying down the terms, conditions and overall procedure for the establishment of new branches in Greece by credit institutions supervised by it.

Article 13

Establishment of branches in Greece by credit institutions authorised in other Member States

1. Any credit institution authorised in another Member State may carry out the activities referred to in paragraph 1 of Article 11 of this Law through a branch in Greece, provided that the activities of this branch are covered by the credit institution's authorisation in the home Member State and provided that the competent authorities of the home Member State communicate to the Bank of Greece all the information referred to in paragraphs 2 and 4 of Article 12 of this Law, as well as detailed information on the deposit guarantee scheme in place in the home Member State. Pending harmonisation of the relevant provisions at the Community level, the requirement to communicate information on the deposit guarantee scheme shall apply to electronic money institutions only as long as relevant coverage exists in their home Member State.

For the purposes of this article, any number of places of business operating in Greece shall be treated as a single branch.

2. The Bank of Greece shall, within a time limit of two (2) months of receipt of the communication referred to in the preceding paragraph, prepare for the supervision of the branch according to its powers under Articles 21 and 65 of this Law and, if necessary, indicate the conditions under which, in the interest of the general good, the activities of this branch shall be carried on in Greece, according to Article 16 of this Law.

3. The branch may be established and commence its operations in Greece as soon as it

receives a relevant notification from the Bank of Greece or, in case of the latter's failure to reply, upon expiry of the two-month time limit referred to in the preceding paragraph of this article.

4. In the event of a change in any of the information referred to in points (b), (c) and (d) of paragraph 2 of Article 12 of this Law, or in paragraph 1 of this article concerning deposit guarantee schemes, the credit institution shall give written notice of this change to the Bank of Greece at least one (1) month before making this change so as to enable the Bank of Greece to take action according to paragraph 2 of this article.

Article 14

Provision of services, with or without establishment, in third countries by credit institutions authorised in Greece – Provision of services, with or without establishment, in Greece by credit institutions authorised in third countries

1. The Bank of Greece shall decide to authorise credit institutions authorised in Greece to establish branches in third countries.

2. For the establishment and operation in Greece of branches of a credit institution authorised in a third country, authorisation shall be granted by the Bank of Greece based on the principle of reciprocity and without prejudice to the agreements concluded by the European Union under paragraph 3 of Article 38 of Directive 2006/48/EC, provided that the following conditions are fulfilled:

a) Prior to the commencement of operations of the first branch there is an endowment capital according to point (b) of paragraph 4 of Article 5, which shall serve as own funds for the branch's activity in Greece. The items of the branch's own funds shall be set forth by a decision of the Bank of Greece.

b) The credit institution shall submit the information and data required by the Bank of Greece in order to enable it to form a clear picture of the institution's activity within the framework of its supervisory function.

3. For the establishment in Greece of more branches of a credit institution authorised in a third country, the provisions of paragraph 7 of Article 12 of this Law shall apply by way of analogy.

4. The Bank of Greece may withdraw the authorisation of branches of credit institutions authorised in third countries when the conditions of paragraph 2 of this article according to which such authorisation was granted are no longer fulfilled, or any of the conditions of

paragraphs 1 and 2 of Article 8 of this Law is fulfilled, in particular when the credit institution's authorisation has been withdrawn by the competent authorities of the third country.

5. a) Any credit institution authorised in Greece that wishes to carry out in a third country, without establishment, one or more of the activities for which it has been authorised by the Bank of Greece shall notify such intention to the Bank of Greece.

b) The carrying out of one or more of the activities referred to in paragraph 1 of Article 11 of this Law without establishment in Greece by a credit institution authorised in a third country shall require prior authorisation by the Bank of Greece laying down the terms and conditions for the pursuit of such activities, taking into account the applicable supervisory regime of the third country. The authorisation at issue shall be granted based on the principle of reciprocity, without prejudice to the agreements concluded by the European Union under paragraph 3 of Article 38 of Directive 2006/48/EC.

6. The regime governing the provision of services with or without establishment in Greece by credit institutions authorised in third countries may under no circumstances be more favourable than the corresponding one for credit institutions authorised and operating in another Member State and pursuing activities with or without establishment in Greece.

7. Pursuit of activities in Greece under this article shall be without prejudice to the provisions of Article 16 of this Law.

Article 15

Provision of services without establishment in Greece by credit institutions authorised in another Member State – Provision of services without establishment in another Member State by credit institutions authorised in Greece

1. Any credit institution authorised in Greece that wishes to provide services for the first time in another Member State without being established in it shall communicate to the Bank of Greece those of the activities referred to in paragraph 1 of Article 11 of this Law that it intends to carry out.

2. The Bank of Greece shall notify to the competent authorities of the host Member State the communication referred to in the preceding paragraph within one (1) month of its receipt.

2. For the provision of services in Greece by a credit institution of another Member State for the first time, the competent authorities of the credit institution's home Member State

shall notify in advance to the Bank of Greece the corresponding communication, according to the provisions of paragraphs 1 and 2 of this article.

3. Pursuit of activities in Greece under this article shall be without prejudice to the provisions of Article 16 of this Law.

Article 16

Reasons of public interest

1. Credit and financial institutions authorised in other Member States or third countries and pursuing activities listed in paragraph 1 of Article 11 of this Law either through branches or through provision of services without establishment in Greece may pursue these activities in the same manner as in their home country, provided they do not violate the provisions of the legislation on credit institutions, capital market and consumer protection that aim at protecting investors and consumers of banking products and services, or other provisions of public interest.

2. The credit and financial institutions referred to in paragraph 1 of this article may advertise the services provide by them, subject to the provisions in force in Greece governing the type and content of such advertisements with a view to supplying sufficient and correct information to the public, including the provision of paragraph 3 of the present article.

3. The Bank of Greece, within the scope of its competence to control the transparency of the procedures and conditions of transactions carried out by the persons supervised by it, may require adjustments to the content of their advertisements.

Article 17

Establishment of Representative Offices of credit institutions in Greece

The Bank of Greece shall issue decisions laying down the terms and conditions for authorising the establishment and operation of Representative Offices of credit institutions in Greece, as well as for withdrawing such authorisations, by way of analogy to the applicable provisions on the establishment and operation of branches.

Article 18

Provision of services, with or without establishment, in Greece by financial institutions authorised in another Member State that are subsidiary undertakings of credit institutions

1. Any financial institution authorised in another Member State which is a subsidiary of

one or more credit institutions may carry out in Greece any of the activities listed in subparagraphs (b) to (l) of paragraph 1 of Article 11 of this Law, either by establishing a branch in Greece or by providing services, according to the procedure of Article 13 and of paragraph 3 of Article 15 and under the terms and conditions of Articles 16, 21 para.2, 22, 25 para. 2 and 65 of this Law, as long as its memorandum or articles of association allow the pursuit of such activities and, in addition, the following conditions are cumulatively fulfilled:

a) The parent undertaking(s) has/have been authorised as credit institution(s) in the Member State where the financial institution has its head office.

b) The above activities are already carried out by the financial institution in the Member State concerned.

c) The parent undertaking(s) holds/hold at least 90% of the voting rights stemming from the ownership of shares or parts in the financial institution.

d) The parent undertaking or undertakings, with the prior consent of the competent authorities of the home Member State, declare to the Bank of Greece that they are severally liable for the obligations undertaken by the financial institution.

e) The financial institution is subject, in particular with respect to the activities referred to in this article, to the supervisory regime on a consolidated basis to which its parent undertaking or each one of its parent undertakings is subject, under the relevant provisions of the legislation of the home Member State, in particular with respect to capital requirements for the control of large exposures and with the limitation of qualifying holdings in undertakings, according to the provisions of the Community legislation.

2. a) Fulfilment of the conditions of paragraph 1 of this article shall be verified by the competent authorities of the home Member State, which shall provide the financial institution with a relevant certificate to be attached to the communications submitted by it according to paragraph 1 of this article. The said competent authorities shall also inform the Bank of Greece, according to the procedure of Article 13 and of paragraph 3 of Article 15 of this Law, on any of the conditions of paragraph 1 of this article that is no longer fulfilled, as well as on the level of the consolidated own funds of the financial institution and of the consolidated capital requirements of the credit institution(s) that is/are its parent undertaking(s) .

b) In the event that any of the above conditions is no longer fulfilled, the possibility and

the terms under which the financial institution shall continue to carry out its activities shall be determined according to the legislation in force in Greece.

3. The provisions of the above paragraphs of this article shall also apply by way of analogy to subsidiary undertakings of a financial institution, provided that such subsidiaries are also financial institutions.

Article 19

Provision of services, with or without establishment, in other Member States by financial institutions authorised in Greece

1. Financial institutions authorised in Greece and supervised according to the legislation in force by the Bank of Greece, in particular with respect to the maintenance of a required minimum level of own funds over five million euro (€5,000,000), the acquisition of qualifying holdings in their capital, the adoption of robust governance arrangements, by way of analogy to the provisions applicable to credit institutions under this Law, may pursue their activities in another Member State either by establishing a branch or by providing services, provided that:

a) By way of analogical application of the relevant provisions, the particular conditions of paragraph 1 of Article 18 of this Law are fulfilled. In particular for the analogical application of the provision of subparagraph (d) of paragraph 1 of Article 18 of this Law, prior consent of the Bank of Greece shall be required in order for the credit institutions that are the financial institution's parent undertakings to take full responsibility for all the obligations undertaken by it.

b) Financial institutions communicate to the Bank of Greece the information laid down in paragraph 2 of Article 12 of this Law in the case of establishment through a branch, or the kind of activity they intend to pursue for the first time in the Member State concerned in the case of provision of services without establishment.

2. The Bank of Greece shall verify that the conditions of subparagraph (a) of paragraph 1 of this article are fulfilled and shall provide the financial institutions with a certificate, along with the following attachments: (i) the information referred to in subparagraph (b) of paragraph 1 of this article; and (ii) communication of the level of the consolidated own funds of the financial institution and of the consolidated capital requirements of the credit institution(s) that is/are its parent undertaking(s).

As regards the communication of the Bank of Greece's decision to the financial

institution, the establishment procedure and any change in the information referred to in subparagraph (b) of paragraph 1 of this article, the provisions of paragraphs 3, 5 and 6 of Article 12 and of paragraph 3 of Article 15 of this Law shall apply by way of analogy.

3. In the event that any of the conditions of subparagraph (a) of paragraph 1 of this article is no longer fulfilled, the Bank of Greece shall inform the competent authorities of the Member State(s) in which the financial institution pursues its activities, and the activity it pursues shall thereafter be subject to the legislation of the host Member State.

4. For the supervision of financial institutions falling within the scope of paragraph 1 of this article, the provisions of Articles 22, 25 para. 1 and 60 of this Law shall apply by way of analogy.

Article 20

Provision of services, with or without establishment, in Greece or abroad by financial institutions not falling within the scope of the provisions of Articles 18 and 19 of this Law

1. Financial institutions authorised in a third country or in another Member State but not falling within the scope of Article 18 of this Law may provide in Greece the services referred to in subparagraphs (b) to (f) and (i) of paragraph 1 of Article 11 of this Law, through the establishment of a branch or without establishment following authorisation by the Bank of Greece.

2. The Bank of Greece may:

a) set forth, on an *ad hoc basis*, the required data, terms and conditions for the application of this article, including the minimum level of the amount that shall serve as own funds for the establishment of the financial institution in Greece;

b) lay down particular supervisory rules or conditions, on an *ad hoc basis*, for the pursuit of the financial institution's activity in Greece, taking into account the supervisory framework applicable in its home country;

c) withdraw the authorisation and take measures or impose penalties similar to those contemplated in the provisions applicable on financial institutions authorised in Greece.

3. Every financial institution authorised in Greece and supervised by the Bank of Greece shall communicate to the latter those of the activities referred to in subparagraphs (b) to (f) and (i) of paragraph 1 of Article 11 of this Law that it intends to pursue with or without establishment in a third country. For financial institutions supervised by the Bank of Greece

but not falling within the scope of Article 19 of this Law, this communication requirement shall also apply to the provision of services in another Member State.

4. Every authorisation by the Bank of Greece granted according to this Article shall be subject to the principle of reciprocity and without prejudice to the agreements concluded by the European Union under paragraph 3 of Article 38 of Directive 2006/48/EC.

5. The regime governing the provision of services with or without establishment in Greece by financial institutions authorised in third countries may under no circumstances be more favourable than the corresponding one for financial institutions authorised in a Member State and pursuing activities with or without establishment in Greece.

6. For the pursuit of activities in Greece, the provisions of Article 16 of this Law shall apply by way of analogy.

Article 21

Supervisory powers of the Bank of Greece as competent authority of the host country

1.a) The Bank of Greece shall supervise the liquidity of the branches in Greece of credit institutions authorised in other Member States in cooperation with the competent authorities of these states, as well as of the branches of credit institutions authorised in third countries.

b) For the purpose of this paragraph, the Bank of Greece may lay down generally applicable rules, provided that such measures do not provide for an unequal or restrictive treatment of credit institutions authorised in other Member States and operating in Greece.

c) The Bank of Greece may waive, on an *ad hoc* basis, the requirement on branches of credit institutions authorised in other Member States or third countries to comply with all or any of the aforementioned rules, provided that the credit institution declares to the Bank of Greece that it shall constantly cover in an equivalent manner the liquidity requirements of its branches in Greece.

2. For the exercise of its above powers, the Bank of Greece shall require the branches in Greece of credit institutions authorised in other Member States or third countries to provide the same information and the same data as it requires for this purpose from credit institutions authorised in Greece.

Moreover, for statistical purposes, the Bank of Greece may require the submission of periodic reports on the operations carried out in Greece by the branches of credit institutions authorised in other Member States or third countries.

Article 22

Collaboration between the competent authorities of Member States – On-the-spot verifications

1. The Bank of Greece shall collaborate closely with the competent authorities of the other Member States in which credit institutions that are subject to their supervision and maintain branches in Greece have been authorised, as well as with the competent authorities of Member States in which credit institutions authorised in Greece maintain branches. Furthermore, it shall supply the said competent authorities with all information concerning the management, administration and ownership of such credit institutions that is likely to facilitate their supervision and the examination of the conditions for their authorisation, as well as their monitoring, in particular with regard to liquidity, solvency, deposit guarantee, the limiting of large exposures, administrative and accounting procedures and internal control mechanisms.

2. Following prior relevant notification to the Bank of Greece, the competent authorities of other Member States that have authorised and supervise a credit institution that provides services in Greece through a branch under this Law may carry out themselves or through the intermediary of persons they appoint for that purpose on-the-spot verification of the information referred to in paragraph 1 of this article. Communication of the information concerned shall be allowed according to the conditions of Article 60 of this Law.

In on-the-spot verifications at branches, one of the procedures provided for by Article 48 of this Law may be followed.

3. The provisions of this article shall not affect the right of the Bank of Greece to carry out, in its capacity as the supervisory authority of the host Member State, on-the-spot verifications at branches in Greece of credit institutions authorised in other Member States, in the context of the exercise of its powers under this Law.

4. During the verifications carried out by the Bank of Greece or the competent authorities of other Member States under this Law and the applicable legislation on the supervision of credit institutions, the persons subject to such verifications shall have no right to invoke the secrecy of bank deposits or any other secrecy vis-à-vis the competent authorities or the persons appointed by them to carry out verifications.

CHAPTER IV

QUALIFYING HOLDINGS OF CREDIT INSTITUTIONS

HOLDINGS IN CREDIT INSTITUTIONS

Article 23

Qualifying holdings of credit institutions in other undertakings

1. No credit institution may have a qualifying holding the amount of which exceeds 15% of its own funds in an undertaking.

2. The total amount of a credit institution's qualifying holdings in undertakings may not exceed 60% of its own funds.

3. The qualifying holdings of credit institutions in: (i) credit institutions; (ii) financial institutions; (iii) insurance or reinsurance firms; (iv) investment firms; and (v) undertakings carrying on activities which are a direct extension of banking or concern services ancillary to banking (such as the management of data processing services or any other similar activity) shall not be subject to the limits laid down in paragraphs 1 and 2 of this article. The Bank of Greece, however, shall have the right to decide that, in order for such holdings to be acquired, its prior approval on an *ad hoc* basis is required.

4. For the purpose of calculating the limits laid down in paragraphs 1 and 2 of this article, shares or parts:

a) temporarily held by the credit institution during a financial reconstruction or rescue operation for a period of up to one (1) year, which may be extended by one (1) more year by a decision of the Bank of Greece;

b) held by the credit institution during the normal course of underwriting for a period of up to six (6) months from the ending date of the securities' sale period;

c) held in the name of the credit institution on behalf of others;

d) included in the trading book of the credit institution according to the provisions of paragraph 21 of Article 2 of Law 2396/1996, as currently in force,

shall not be counted as qualifying holdings.

5. The Bank of Greece may allow the limits laid down in paragraphs 1 and 2 of this article to be exceeded and may extend the time limit set forth in point (b) of paragraph 4 of this article only in exceptional cases and for a period of up to six (6) months. In such case, the Bank of Greece shall require a credit institution either to increase its own funds or to take other equivalent measures.

6. By way of exception, the Bank of Greece may also allow the limits laid down in paragraphs 1 and 2 of this article to be exceeded, for a period beyond the one specified in

paragraph 5 of this article, provided that 100% of the amount by which a credit institution's qualifying holdings exceed the limits of individual or aggregate holdings is covered by own funds not included in the calculation of the capital adequacy ratio. If both those limits are exceeded, the amount to be covered by own funds shall be the greater of the excess amounts.

7. Compliance with the limits laid down in paragraphs 1 and 2 of this article shall be subject to supervision and control on an individual and a consolidated basis in accordance with Articles 30 and 35 of this Law.

Article 24

Holdings in credit institutions

1.a) Any natural or legal person that proposes to acquire or cease having a holding that directly or indirectly corresponds to a percentage equal to, or higher than, 5% of the capital or the voting rights of a credit institution authorised in Greece shall first inform the Bank of Greece, telling it the size of the new holding.

b) The requirement under subparagraph (a) of this paragraph shall also apply when:

i) an already existing holding is increased or reduced so that the proportion of the voting rights directly or indirectly held by a person would reach or exceed or fall below 5%, 10%, 20%, 33% or 50% of total voting rights; or

ii) a natural or legal person acquires or ceases having, directly or indirectly, the control of a credit institution, within the meaning of paragraph 12 of Article 2.

2. If the person proposing to acquire the holdings referred to in the above paragraph is a legal person, it shall communicate to the Bank of Greece the identities of the natural persons who directly or indirectly control it, as well as any subsequent change therein. The natural persons who acquire control of the said legal person or cease controlling it shall be under the same communication obligation towards the Bank of Greece.

3. The Bank of Greece, in order to achieve more effectively its supervisory objects and for transparency reasons, shall have the right to require the legal persons falling within the scope of paragraph 1 of this article to comply with the provisions of subparagraphs (b) and (c) of paragraph 11 of Article 5 of this Law.

4. For the purpose of calculating the holding according to this article, account shall also be taken of Article 10 of Law 3556/2007 (Government Gazette 91A).

5. The Bank of Greece shall have three (3) months from the notification of the proposed

acquisition or increase of a holding to either approve or oppose it by a reasoned decision, if it is not satisfied as to the suitability of the persons concerned, including the natural persons who directly or indirectly control the participating legal persons, for the credit institution's prudent and sound management. To this end, the Bank of Greece may request the persons concerned to provide any necessary data and information at its discretion. If the Bank of Greece does not oppose the plan, it may fix a maximum period for its implementation.

6.a) In the event of death of a person having a holding of more than 5%, the above communication obligation may be fulfilled by his heirs within a time limit of four (4) months from the date of his death. In case of renunciation of succession, the aforementioned time limit shall be accordingly extended until three (3) months after the devolution of succession to the further heirs, who shall have to comply with the communication requirement.

b) The Bank of Greece shall have the right, if it is not satisfied as to the suitability of the heirs for the credit institution's prudent and sound management, to impose the penalties referred to in point (ii) of subparagraph (a) of paragraph 2 of Article 64 of this Law.

7. In the event that a qualifying holding in a credit institution is acquired by:

i) a credit institution, insurance firm or investment firm authorised in a another Member State; or

ii) a parent undertaking of a credit institution, insurance firm or investment firm authorised in another Member State; or

iii) a natural or legal person controlling a credit institution, insurance firm or investment firm authorised in another Member State,

and if, as a result of that acquisition, the credit institution in which the acquirer proposes to have a holding would become a subsidiary or subject to the control of the acquirer, the assessment of the acquisition shall be subject to the prior consultation provided for in subparagraph (b) of paragraph 13 of Article 5 and subparagraph (a) of paragraph 1 of Article 45 of this Law.

8. Without prejudice to any obligations under international agreements of the European Union with third countries that govern the taking up and pursuit of the business of credit institutions within the European Union by legal or natural persons that are residents of these countries, the Bank of Greece may oppose the acquisition of holdings by legal or natural persons that are residents of third countries in the capital of credit institutions authorised in

Greece.

9. In addition to the obligations referred to in paragraph 1 of this article, holders of a qualifying holding in a credit institution shall notify in advance the Bank of Greece of any increase that exceeds their existing holding by an amount that corresponds to five (5) percentage points of the capital of the credit institution in which they have the holding previously communicated. This obligation shall apply until the total holding reaches the threshold of 33%.

10.a) Credit institutions shall communicate to the Bank of Greece, by 15 July every year, the names of their shareholders who have a holding in excess of 1%, as well as the percentages of such holdings, as derived in particular from the information collected during the annual general meeting of shareholders or from the information made available to them, in particular due to the requirements of the legislation in force on companies with their shares traded in a regulated market.

b) Credit institutions shall, within ten (10) working days after such information is made known to them, notify the Bank of Greece of the acquisition or assignment of holdings in their capital that increase or reduce the holding percentages above or below one of the limits laid down in paragraph 1 of this article, as well as of any change in the identities or the details of the persons referred to in subparagraphs (b) and (c) of paragraph 10 and subparagraph (a) of paragraph 11 of Article 5 of this Law who had been taken into account during the granting of the authorisation to the credit institutions.

11.a) In the event that a holding is acquired or an existing holding is increased without prior communication to, or approval by, the Bank of Greece under this article, the exercise of the voting rights stemming from such holding shall cease to have any effect *ipso jure*. In addition, the Bank of Greece may impose all or any of the penalties laid down in subparagraph (a) of paragraph 2 of Article 64 of this Law.

b) Also, in the event that:

i) the Bank of Greece is not notified of any change in the identity of a natural person controlling a legal person that has a holding of more than 5% in accordance with paragraph 2 of this article; or

ii) any demand by the Bank of Greece for the implementation of the provisions of paragraph 3 of this article is not complied with,
the exercise of the voting rights stemming from the legal person's holding in the capital of

the credit institution shall cease to have any effect *ipso jure* and the Bank of Greece may impose on the natural persons responsible for the relevant failure or non-compliance the penalties laid down in subparagraph (b) of paragraph 2 of Article 64 of this Law.

12. For supervisory purposes, the Bank of Greece shall have the right to request credit institutions to communicate the identity details and the amounts of the holdings of their biggest shareholders that cumulatively hold the majority of the credit institution's voting rights.

CHAPTER V

SUPERVISION OF CREDIT INSTITUTIONS BY THE BANK OF GREECE

Article 25

Scope and means of supervision by the Bank of Greece

1. The Bank of Greece shall supervise according to this Law:

- a) credit institutions authorised in Greece, including their branches abroad, on an individual basis and on a consolidated basis;
- b) branches established in Greece by credit institutions authorised in third countries.

2. Without prejudice to the provisions of Article 21 of this Law, the branches established in Greece by credit institutions authorised in other EU Member States shall be supervised by the competent authorities of the home Member State.

3. Without prejudice to the specific provisions of the legislation in force and the provisions of its Statute, the Bank of Greece shall exercise supervision under this Law to ensure credit institutions' solvency, adequate liquidity and overall smooth and sufficiently transparent operation, in particular by preventing concentration risk and their compliance with the obligations under Articles 26, 27, 28 and 29 of this Law.

4. In order to achieve the object of supervision, the Bank of Greece may lay down criteria and rules or take measures, either general or credit institution-specific, and assess and continuously monitor credit institutions' compliance with their obligations by requiring them to submit data or provide written explanations upon request, as well as by conducting on-site examinations.

5. Under paragraphs 3 and 4 of this article, the Bank of Greece shall in particular have the following powers:

- a) It shall review: i) the strategies, arrangements, processes and mechanisms implemented by credit institutions, laying down the required criteria with a view to ensuring

their compliance with their obligations under this Law; and ii) the risks to which credit institutions are or might be exposed.

The review and evaluation provided for in the preceding subparagraph shall be carried out to the extent and with the frequency required in order for the Bank of Greece to be able to determine whether the strategies, arrangements, processes and mechanisms implemented by credit institutions, as well as the own funds held by these ensure a sound management and coverage of the risks to which they are or might be exposed, including the exposure to the interest rate risk arising from non-trading activities. The above review and evaluation shall be updated at least on an annual basis, and their intensity shall be established by having regard to the size, systemic importance, nature, scale and complexity of each credit institution's activities and taking into account the principle of proportionality.

b) It shall lay down the criteria and overall obligations of credit institutions as regards their disclosure of and/or failure to disclose data and information under Article 29 of this Law, and in addition may set forth: i) more data to be disclosed and a higher disclosure frequency for one or more of the items of information to be disclosed under (a)(i) above; ii) disclosure time limits; iii) disclosure means and locations other than those applicable to credit institutions' annual and consolidated accounts; iv) the employment of specific verification means for the disclosures not covered by the statutory audit of credit institutions' annual and consolidated accounts carried out according to the legislation in force; and v) disclosures by credit institutions pursuant to other provisions of the legislation in force that it considers equivalent to those required under point (i) of this subparagraph.

c) It shall lay down the criteria: i) for the recognition of the eligibility of external credit assessment institutions (ECAIs), irrespective of the country in which these are based, for the purposes of implementation of its decisions on "Risk-Weighted Exposures according to the Standardised Approach", if it is satisfied that their assessment methodology complies with the requirements of objectivity, independence, ongoing review and transparency, as well as that the resulting credit assessments meet the requirements of credibility and transparency; ii) for determining with which of the credit quality steps set out in its decision referred to in (i) above the relevant credit assessments by an eligible ECAI are to be associated.

d) It may recognise, on an *ad hoc* basis, without carrying out its own determination process: i) an ECAI as eligible according to point (i) of subparagraph (c) of this article,

provided that it has been recognised by the competent authorities of other Member States; and ii) the association of the credit assessments made by an agency recognised according to the above point, which has been determined by the competent authorities of other Member States.

e) It shall specify the form and frequency of data reporting by the credit institutions and undertakings it supervises under this Law.

f) It may allow credit institutions to use credit assessments by export credit agencies for the purposes of weighting exposures vis-à-vis central governments and central banks, according to its decisions on “Risk-Weighted Exposures according to the Standardised Approach”, if any of the following conditions is fulfilled: i) it is a consensual risk assessment by export credit agencies participating in the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development (OECD); or ii) the export credit agency publishes its credit assessments and applies the methodology agreed within the OECD and the credit assessment is associated with one of the eight minimum export credit premia provided for by this methodology.

6. The Bank of Greece may lay down rules relating to the information and data that the credit institutions and other persons supervised by it are obliged to supply to their customers as regards their transaction terms, with a view to ensuring transparency and clarity.

7. The Bank of Greece shall exercise its powers under this Law by an Act of its Governor or of a body authorised by its Governor. A similar Act may establish, by way of derogation from any other provision on the transposition of Community provisions to Greek law, the necessary arrangements for compliance with the Community provisions concerning mainly the powers of the Bank of Greece under this Law. In particular for the exercise of legislative power in relation to the transposition of Community legislation, prior notification to the Ministry of Economy and Finance shall be required.

Article 26

Governance arrangements and internal control systems of credit institutions

1. Every credit institution authorised in Greece shall have robust governance arrangements which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and adequate internal control mechanisms, including sound administrative and accounting procedures.

2. The arrangements, processes and mechanisms referred to in the preceding paragraph shall be comprehensive and proportionate to the nature, scale and complexity of the credit institution's activities, and shall cover, in addition to any other obligations, those stemming from the investment services provided by the credit institution according to the relevant provisions of the legislation for the time being in force on the provision of investment services by credit institutions.

Article 27

Own funds – Capital requirements

1. Credit institutions shall provide own funds, comprising items specified by a generally applicable decision of the Bank of Greece, which are at all times more than or equal to the sum of the following capital requirements calculated according to the relevant Bank of Greece decisions:

a) for credit risk and dilution risk in respect of all of their business activities, with the exception of their trading book business activities and assets deducted from own funds; these capital requirements shall be equal to 8% of the total of their risk-weighted exposure amounts, as calculated according to the relevant Bank of Greece decisions;

b) in respect of all of their business activities, for foreign exchange risk, commodities risk and operational risk; and

c) in respect of their trading-book business, for position risk, settlement and counterparty risk and, insofar as the envisaged limits are authorised by Bank of Greece decisions to be exceeded, for large exposures exceeding such limits.

2.a) To calculate their capital requirements, credit institutions may choose between: i) the Standardised Approach, which is based on risk weights assigned to exposure classes laid down in the relevant Bank of Greece decisions on the basis of the Community legislation in force; and ii) the Internal Ratings-Based Approach.

b) Credit institutions may only apply the Internal Ratings-Based Approach if permitted by the Bank of Greece, subject to the conditions and criteria set by the Bank of Greece.

3. If an application for a loan or other credit facility is submitted to a credit or financial institution, the applicants shall provide complete and accurate information for the assessment of their solvency and creditworthiness by the credit or financial institution. In rating the relevant risks under this article, credit and financial institutions shall take into consideration any refusal by the applicant to partly or wholly provide such information.

Such information shall not include those that constitute sensitive personal data according to the legislation in force.

Article 28

Strategies and procedures for the assessment and maintenance by credit institutions of capital proportionate to the level of risks

1. Credit institutions shall ensure that they have internal capital that, having regard to the risks to which they are or may be exposed, is adequate in quantity, quality and distribution. Accordingly, credit institutions shall have strategies and processes in place for assessing and maintaining the adequacy of their internal capital.

2. These strategies and processes shall be subject to regular internal review and assessment by credit institutions so as to ensure that they remain complete and proportionate to the nature, scale and complexity of the credit institution's activities.

Article 29

Information disclosure by credit institutions

1. Credit institutions shall publicly disclose on an at least annual basis data and information (as appropriate according to the criteria laid down by the Bank of Greece according to Article 25 of this Law) on their financial position and the policy pursued by them in the areas of risk-taking and management, with a view to enhancing market transparency. Moreover, they shall adopt, in the context of implementing Article 26 of this Law, a formal policy to comply with the disclosure requirements laid down from time to time by the Bank of Greece under Article 25 of this Law, as well as policies for assessing their disclosures, in particular in terms of appropriateness, verification and frequency.

2. a) Credit institutions may determine the appropriate medium, location, frequency and means of verification to comply effectively with the disclosure requirements laid down in this Law. To the degree feasible, all disclosures shall be provided in one medium or location. If the relevant disclosures are not included in the accounts of credit institutions, the latter shall indicate the medium and location where the disclosures concerned are available.

b) Notwithstanding subparagraph (a) above, credit institutions may omit one or more of the disclosures if the information provided by such disclosures is not, in the light of the materiality and/or confidentiality criteria laid down by decisions of the Bank of Greece on credit institutions' disclosure requirements, regarded as material.

In these cases, the credit institution concerned shall state in its disclosures the fact that

the specific items of information are not disclosed, the reason for non-disclosure, and shall publish more general information about the subject matter of the disclosure requirement, except where the conditions of the two aforementioned criteria are fulfilled.

3. a) Credit institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans made pursuant to the relevant Bank of Greece decisions on the calculation of their weighted exposures on the basis of the Internal-Ratings Based Approach.

b) The explanation referred to in subparagraph (a) above shall be provided in writing by credit institutions when asked, according to the Code of Conduct of the Hellenic Bank Association enacted for this purpose. The administrative costs of the explanation have to be at an appropriate rate to the size of the loan.

c) If credit institutions fail to adopt within a reasonable time period the relevant Code of Conduct or its implementation proves inadequate, the Bank of Greece shall adopt the appropriate measures.

CHAPTER VI

SUPERVISION OF CREDIT INSTITUTIONS ON AN INDIVIDUAL BASIS

Article 30

Supervision on an individual basis

1. Credit institutions shall comply on an individual basis with the obligations laid down in Articles 26 and 27 of this Law and the decision of the Bank of Greece on large exposures.

2. Credit institutions authorised in Greece which are not subject to consolidated supervision in Greece under this Law or are not included in supervision on a consolidated basis in Greece pursuant to Article 37 of this Law shall comply on an individual basis with the obligations laid down in paragraph 1 of this article and Articles 23 and 28 of this Law.

3. Credit institutions authorised in Greece that are not subject to consolidated supervision in any Member State or are not included in supervision on a consolidated basis in the European Union under this Law and the relevant provisions of the Community legislation, or provided that the Bank of Greece judges that the data and information to be disclosed by credit institutions according to this Law are not included in comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country which is subject to equivalent disclosure obligations, shall comply on an individual basis with the obligations laid down in paragraphs 1 and 2 of this article and Article 29 of this Law.

Article 31

Waiver of supervision on an individual basis

1. The Bank of Greece may choose not to apply paragraph 1 of Article 30 of this Law to any credit institution which:

a) is a subsidiary of a credit institution where both the subsidiary and the credit institution are subject to authorisation and supervision by the Bank of Greece and the subsidiary is included in the supervision on a consolidated basis of the credit institution which is the parent undertaking, and the conditions referred to in points (i) to (iv) below are satisfied, in order to secure that own funds are distributed adequately among the parent undertaking and the subsidiaries: i) there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by its parent undertaking; ii) either the parent undertaking satisfies the Bank of Greece regarding the prudent management of the subsidiary and has declared, with the consent of the Bank of Greece, that it fully guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of negligible interest; iii) the risk evaluation, measurement and control procedures of the parent undertaking cover the subsidiary; iv) the parent undertaking holds more than 50% of the voting rights attaching to shares in the capital of the subsidiary and/or has the right to appoint or remove a majority of the members of the management body entrusted with the duties referred to in point (i) of subparagraph (c) of paragraph 10 of Article 5 of this Law;

b) is a subsidiary of a financial holding company, provided that the parent undertaking has been authorised in Greece and is subject to the same supervision regime as credit institutions, in particular according to the provisions of Article 35 of this Law;

c) is a parent undertaking subject to authorisation and supervision by the Bank of Greece under Article 34, and is included in the supervision on a consolidated basis and all the following conditions are satisfied, in order to ensure that own funds are distributed adequately among the parent undertaking and the subsidiaries: i) there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent credit institution by its subsidiary undertaking(s); ii) the risk evaluation, measurement and control procedures relevant for consolidated supervision cover the parent credit institution.

2. If the Bank of Greece exercises the discretion laid down in subparagraph (c) of

paragraph 1 of this article, it shall inform the competent authorities of all other Member States and shall disclose according to the provisions of Article 50 of this Law the following information:

a) the criteria it applies to determine that there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities, in accordance with point (i) of subparagraph (c) of paragraph 1 of this article;

b) the number of the parent credit institutions which benefit from the exercise of the discretion laid down in subparagraph (c) of paragraph 1 above of this article, and the number of these which incorporate subsidiaries in a third country;

c) on an aggregate basis for Greece: i) the total amount of own funds on a consolidated basis of the parent credit institution which benefits from the exercise of the discretion laid down in subparagraph (c) of paragraph 1 of this article, which are held in subsidiaries in a third country; ii) the percentage of total own funds referred to in point (i) of this subparagraph on a consolidated basis of parent credit institutions represented by own funds which are held in subsidiaries in a third country; and iii) the percentage of total minimum own funds required under point (i) above on a consolidated basis of parent credit institutions represented by own funds which are held in subsidiaries in a third country.

Article 32

Solo consolidation

1. Without prejudice to paragraphs 2 and 3 of this article, the Bank of Greece shall lay down the conditions on which it may allow, on an *ad hoc* basis, parent credit institutions established in Greece to incorporate in the calculation of their own funds and capital requirements for the purposes of the implementation of paragraph 1 of Article 30 of this Law subsidiaries that meet the conditions laid down in points (iii) and (iv) of subparagraph (a) of paragraph 1 of Article 31 of this Law, and whose material exposures or material liabilities are to that parent credit institution.

2. The treatment in paragraph 1 of this article shall be allowed only where the parent credit institution demonstrates fully to the Bank of Greece the circumstances and arrangements, including legal arrangements, by virtue of which there is no material, practical or legal impediment, and none are foreseen, to the prompt transfer of own funds or repayment of liabilities when due by the subsidiary to its parent undertaking.

3. When the Bank of Greece exercises the discretion laid down in paragraph 1 above of this article, it shall:

a) on a regular basis and not less than once a year, inform the competent authorities of all the other Member States, or of the third country concerned where the subsidiary is in a third country, of the use of such discretion;

b) publicly disclose, according to the provisions of Article 50 of this Law, the information referred to in paragraph 2 of Article 31 of this Law.

CHAPTER VII

SUPERVISION ON A CONSOLIDATED BASIS

Article 33

Definitions

For the purposes of this Chapter of this Law, the following definitions shall apply:

1. Parent undertaking:

An undertaking within the meaning of paragraph 14 of Article 2 of this Law, without including in the calculation of the parent undertaking's percentages the participations and rights of any other undertaking that is its subsidiary or a subsidiary of any of its subsidiaries, as well as any undertaking that, in the opinion of the Bank of Greece, effectively exercises a significant influence over the undertaking.

2. Subsidiary undertaking:

An undertaking within the meaning of paragraph 15 of Article 2 of this Law, without including in the calculation of the parent undertaking's percentages the participations and rights of any other undertaking that is its subsidiary or a subsidiary of any of its subsidiaries, as well as any undertaking over which the parent undertaking, in the opinion of the Bank of Greece, effectively exercises significant influence.

3. Parent credit institution in Greece:

A credit institution which has a credit institution or financial institution as a subsidiary or which holds a participation in such an institution and which is not itself a subsidiary of another credit institution authorised in Greece or of a financial holding company set up in Greece.

4. Parent financial holding company in a Member State:

A financial holding company which is not itself a subsidiary of a credit institution authorised in the same Member State, or of another financial holding company set up in the

same Member State.

5. EU parent credit institution:

A parent credit institution in a Member State which is not a subsidiary of another credit institution authorised in any Member State or of a financial holding company set up in any Member State.

6. EU parent financial holding company:

A parent financial holding company in a Member State which is not a subsidiary of a credit institution authorised in any Member State or of another financial holding company set up in any Member State.

7. Financial holding company:

A financial institution the subsidiary undertakings of which are either exclusively or mainly credit institutions or financial institutions, at least one of such subsidiaries being a credit institution, and which is not a mixed financial holding company within the meaning of paragraph 15 of Article 2 of Law 3455/2006.

8. Mixed-activity holding company:

A parent undertaking other than a financial holding company or credit institution or a mixed financial holding company within the meaning of paragraph 15 of Article 2 of Law 3455/2006, the subsidiaries of which include at least one credit institution.

9. Ancillary services undertaking:

An undertaking the principal activity of which consists in owing or managing property, providing data-processing services, or any other similar activity which is ancillary to the principal activity of one or more credit institutions.

10. Holding:

A participation within the meaning of subparagraph (a) of paragraph 5 of Article 42e of Codified Law 2190/1920, or the ownership, direct or indirect, of 20% or more of the voting rights or capital of an undertaking.

Article 34

Competence to exercise supervision on a consolidated basis

1. The Bank of Greece shall supervise on a consolidated basis credit institutions authorised in Greece which:

- a) are “parent credit institutions in Greece” or “EU parent credit institutions”; or
- b) have as parent undertaking a “parent financial holding company in a Member State” or

an “EU parent financial holding company”, provided that these have been set up in Greece or, if they have been set up in another Member State, have no subsidiary credit institution in that Member State or any Member State other than Greece.

2. Where:

a) the parents of a credit institution authorised in Greece comprise several financial holding companies with head offices in different Member States, including Greece, and there are other subsidiary credit institutions in more than one of these Member States; or

b) a credit institution authorised in Greece has as its parent the same financial holding company as other subsidiary credit institutions authorised in other Member States and none of these credit institutions has been authorised in the Member State in which the financial holding company has its statutory registered office,

supervision on a consolidated basis shall be exercised by the Bank of Greece, provided that the credit institution authorised in Greece has the largest balance sheet total among all subsidiary credit institutions, otherwise by the competent authority that has authorised the credit institution with the largest balance sheet total, which, for the purposes of this Law, shall be considered as the credit institution controlled by an “EU parent holding company”.

3. The Bank of Greece, as the competent authority responsible for the supervision on a consolidated basis, shall prepare a list of the financial holding companies referred to in Article 35 of this Law, which shall be communicated to the competent authorities of the other Member States and the European Commission.

4. Supervision of a financial holding company on a consolidated basis shall not imply any obligation of the Bank of Greece to supervise such company on an individual basis.

5. The consolidation of credit institutions for supervisory purposes shall include the following undertakings, provided that they are subsidiaries of the credit institutions or credit institutions hold a participation in them in accordance with Article 40 of this Law: Credit institutions, financial institutions, investment firms, ancillary services undertakings, as well as any other undertaking which:

a) the Bank of Greece judges, on an *ad hoc* basis, that its consolidation would contribute materially to the effective exercise of its supervisory function, in particular with respect to the assessment of capital adequacy and concentration risk; or

b) is consolidated in the credit institution’s disclosed consolidated accounts and meets the conditions of subparagraph (b) of paragraph 1 of Article 37 of this Law, and provided that

its consolidation is not judged likely to lead to wrong assessment of capital adequacy and concentration risk by the Bank of Greece.

6. Without prejudice to the Bank of Greece's decisions on large exposures, if the parent undertaking of one or more credit institutions is a mixed-activity holding company, the Bank of Greece shall exercise general supervision of the transactions carried out between the credit institution and the mixed-activity holding company and its subsidiaries.

7. The Bank of Greece shall adopt the provisions required for supervision on a consolidated basis and shall control the compliance of the undertakings subject to supervision with the obligations provided for by this Law.

Article 35

Supervision on a consolidated basis as regards capital adequacy, governance arrangements, large exposures and qualifying holdings in undertakings

1. a) Without prejudice to Articles 30, 31 and 32 of this Law, credit institutions supervised by the Bank of Greece on a consolidated basis under this Law shall comply, to the degree and in the manner specified in Article 40, with the requirements laid down in Articles 23, 27, 28 and the Bank of Greece decisions on large exposures, on the basis of the consolidated financial statement of the parent credit institution or the parent financial holding company, as appropriate.

b) When a "parent financial holding company in a Member State" controls several credit institutions in Greece, the above subparagraph (a) of this paragraph shall apply only to the credit institution supervised on a consolidated basis under this Law.

2. Subsidiary credit institutions shall comply with the requirements laid down in paragraph 1 of this article also on a sub-consolidated basis when these credit institutions or their parent undertaking, where it is a financial holding company, have a credit or financial institution or an asset management company, as defined in paragraph 5 of Article 2 of Law 3455/2006 (Government Gazette 84A), as a subsidiary in a third country, or hold a participation in such an undertaking.

3. Parent and subsidiary undertakings subject to this Law shall meet the obligations laid down in Article 26 of this Law on a consolidated or on a sub-consolidated basis, to ensure that their arrangements, processes and mechanisms are consistent and well-integrated, and that any data and information relevant to the purpose of supervision can be produced.

Article 36

Supervision on a consolidated basis as regards the disclosure of data

1. “EU parent credit institutions”, as well as credit institutions controlled by an “EU parent financial holding company” subject to supervision by the Bank of Greece on a consolidated basis under this Law shall also comply, in addition to the requirements laid down in Article 35, also with the requirements laid down in Article 29 of this Law, on the basis of the consolidated accounts of the credit institution or the financial holding company, as appropriate.

2. The Bank of Greece, in the context of supervision on a consolidated basis:

a) shall set forth the information to be disclosed on an individual or on a sub-consolidated basis according to the Community provisions in force by:

i) significant subsidiaries of “EU parent credit institutions”; and

ii) significant subsidiaries of “EU parent financial holding companies”;

b) may decide not to apply this article in full or in part to credit institutions which are included within comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country.

Article 37

Non-inclusion in consolidation

1. The Bank of Greece may decide in the following cases that a credit institution or financial institution or investment firm or ancillary services undertaking which is a subsidiary or in which a participation is held need not be included in consolidation, provided that least one of the following conditions is fulfilled:

a) the undertaking is situated in a third country where there are legal impediments to the transfer of the necessary information;

b) the undertaking concerned is, in the opinion of the Bank of Greece, of negligible interest only with respect to the objectives of monitoring credit institutions, or in any event where the balance-sheet total of the undertaking concerned is less than the smaller of either:

i) ten million euro (€10,000,000); or

ii) 1% of the balance-sheet total of the parent undertaking or the undertaking that holds the participation;

c) in the opinion of the Bank of Greece, the consolidation of the financial situation of the undertaking concerned would be inappropriate or misleading as far as the objectives of the supervision of credit institutions are concerned.

2. By way of exception, if several undertakings meet the criteria laid down in subparagraph (b) of paragraph 1 of this article, they shall nevertheless be included in the consolidation where collectively they are of non-negligible interest with respect to the objectives of supervision.

Article 38

Obligations of persons subject to supervision on a consolidated or sub-consolidated basis

1. Credit institutions shall have in place adequate risk management processes and internal control mechanisms, including sound reporting and accounting procedures, in order to identify, measure, monitor and control transactions with their parent mixed-activity holding company and its subsidiaries appropriately.

2. Credit institutions shall report to the Bank of Greece, in addition to their large exposures, any significant transaction with the companies referred to in paragraph 1 of this article. The procedures referred to in paragraph 1 of this article and the aforementioned significant transactions shall be subject to overview by the Bank of Greece.

3. The persons who effectively direct the business of a financial holding company shall be of sufficiently good repute and have sufficient experience to perform those duties, in line with the provisions regarding credit institutions of subparagraph (c) of paragraph 10 of Article 5 of this Law.

4. a) Credit institutions and all other undertakings included in supervision on a consolidated basis shall provide to the Bank of Greece or to the competent authorities of other Member States, as appropriate, all information and data requested by these authorities for the exercise of such supervision. The Bank of Greece shall also, by approaching mixed-activity holding companies and their subsidiaries, either directly or via credit institution subsidiaries, require them to supply any information which would be relevant for the purpose of supervising the credit institution subsidiaries. A similar obligation towards the competent authorities of other Member States shall apply to mixed-activity holding companies based in Greece and subject to supervision on a consolidated basis by these authorities.

b) Collection and possession of information by the Bank of Greece, as well as exchange of information with other supervisory authorities pursuant to this Law concerning financial institutions, including financial holding companies, ancillary services undertakings, mixed-

activity holding companies and subsidiaries of the aforementioned undertakings or the undertakings referred to in paragraph 2 of Article 39 of this Law, shall not imply that the Bank of Greece is required to play a supervisory role in relation to such undertakings on a stand-alone basis, as long as this is not provided for under specific provisions of the legislation in force.

5. Undertakings included in supervision on a consolidated basis, mixed-activity holding companies and their subsidiaries or the subsidiary undertakings referred to in Article 39 of this Law may exchange information that would be relevant for the exercise of supervision under this Law, any restrictions on the notification of confidential information not applying to such cases.

Article 39

Disclosure of information by undertakings not included in supervision on a consolidated basis

1. When the competent authorities of a Member State, according to their legislation that transposes the provisions of points (b) and (c) of paragraph 1 of Article 73 of Directive 2006/48/EC, do not include in their supervision on a consolidated basis a credit institution subsidiary situated in Greece, the Bank of Greece may ask the parent undertaking for information which may facilitate its supervision of that credit institution. Likewise, a parent undertaking situated in Greece shall provide information to the competent authorities of other Member States when the Bank of Greece, under this Law, does not include in its supervision on a consolidated basis any credit institution subsidiaries of this undertaking situated in other Member States.

2. The Bank of Greece may also ask subsidiary undertakings of a credit institution or financial holding company not subject to supervision on a consolidated basis for any relevant useful information. In this case, the information transmission and verification procedures laid down in subparagraph (a) of paragraph 4 of Article 38 and paragraph 2 of Article 48 of this Law shall apply.

Article 40

Consolidation methods

1. The Bank of Greece shall, for the purposes of supervision on a consolidated basis, require full consolidation of the accounts of the credit and financial institutions that are subsidiaries of the parent undertaking subject to such supervision, under Article 34 of this

Law.

2. The Bank of Greece may, however, require only proportional consolidation where, in its opinion, the liability of a parent undertaking holding a share of the capital is limited to that share of the capital in view of the liability of the other shareholders or members whose solvency is satisfactory. The Bank of Greece, for the purposes of implementation of this paragraph, may require that the liability of the other shareholders and members be clearly established by means of formal signed commitments.

3. The Bank of Greece shall require the proportional consolidation of participations in credit or financial institutions managed by an undertaking included in the consolidation together with one or more undertakings not included in the consolidation, where those undertakings' liability is limited to the share of the capital they hold.

4. The Bank of Greece shall determine how consolidation is to be carried out where undertakings are linked by a relationship within the meaning of paragraph 1 of Article 96 of Codified Law 2190/1920, as currently in force.

5. Without prejudice to paragraphs 1 to 4 of this article, the Bank of Greece may decide, on an *ad hoc* basis, whether and how consolidation is to be carried out:

a) in the case of participations or capital ties other than those referred to in paragraphs 1 to 4 of this article;

b) where, in its opinion, a credit institution exercises a significant influence over one or more credit or financial institutions, but without holding a participation or other capital ties in these institutions; and

c) where two or more credit or financial institutions are placed under a single management other than pursuant to a contract or clauses of their memoranda or articles of association.

The Bank of Greece may also permit or require use of, on an *ad hoc* basis, the net worth method. However, this method shall not constitute inclusion of the undertakings concerned in consolidated supervision.

6. The provisions of this article shall also apply by way of analogy to ancillary services undertakings and asset management companies within the meaning of paragraph 5 of Article 2 of Law 3455/2006 (Government Gazette 84A), provided that they are subject to supervision on a consolidated basis by the Bank of Greece under this Law.

7. The Bank of Greece shall determine and specify by its decisions the details of the

implementation of this article.

CHAPTER VIII
COOPERATION BETWEEN SUPERVISORY AUTHORITIES IN THE
CONTEXT OF SUPERVISION ON A CONSOLIDATED BASIS

Article 41

Coordinating role of the Bank of Greece

The Bank of Greece, acting in its capacity as the competent authority responsible for consolidated supervision of “EU parent credit institutions” and credit institutions controlled by “EU parent financial holding companies” under this Law, shall, both in going concern and emergency situations which potentially jeopardise the stability of the financial system in any Member State where undertakings subject to such supervision have been authorised:

- a) coordinate the gathering and dissemination to the involved competent authorities of other Member States of any information that is essential or relevant for the exercise of the other authorities’ supervisory tasks, within the meaning of para. 1 of Article 42 of this Law;
- b) plan and coordinate, in cooperation with the involved competent authorities of other Member States, supervisory activities relating to the implementation of this Law and the relevant Community legislation, including those connected with the implementation of paragraph 5 of Article 25 of this Law.

Article 42

Exchange of information between the competent authorities of the Member States

1. The Bank of Greece shall cooperate closely with the competent authorities of the other Member States for the purposes of supervision on a consolidated basis and shall provide to them:

- a) on request, all information relevant to the exercise of their supervisory tasks; in determining the extent of relevant information provided to the competent authorities of other Member States that supervise subsidiaries of credit institutions supervised by it on a consolidated basis, the importance of these subsidiaries within the financial system in those Member States shall be taken into account;
- b) on its own initiative, all essential information that could materially influence the assessment of the financial soundness of a credit or financial institution in another Member State; such information shall include, in particular, the following items:
 - i) identification of the group structure of all major credit institutions in a group, as

well as of the competent authorities of the credit institution in the group;

ii) procedures for the collection of information from the credit institutions in a group, and the verification of that information;

iii) adverse developments in credit institutions or other entities in a group, which could seriously affect the financial situation of the credit institutions; and

iv) major penalties and exceptional measures taken by the Bank of Greece according to this Law, including the imposition of an additional capital charge pursuant to paragraph 3 of Article 62 of this Law, as well as the imposition of any limitation on the use of the Internal Ratings-Based Approach for the calculation of capital requirements for operational risk pursuant to the applicable relevant Bank of Greece decisions.

2. In case that the Bank of Greece needs information for supervision on a consolidated basis that may already be available to the competent authorities of other Member States, it shall contact them in order to avoid, whenever possible, any duplication of reporting by supervised institutions to the competent authorities involved in supervision.

3. The Bank of Greece shall also exchange with the competent authorities of the other Member States all the information and data that can allow or facilitate supervision on a consolidated basis, where the parent undertaking and its credit institution subsidiary(ies) are established in different Member States, including Greece.

Article 43

Information provided to competent and other authorities in emergency situations

When an emergency situation arises within a banking group which potentially jeopardises the stability of the financial system in any of the Member States where entities of this group have been authorised, the Bank of Greece, acting in its capacity as the competent authority responsible for the exercise of supervision on a consolidated basis under this Law, shall alert as soon as practicable, subject to Article 60 of this Law, the central banks or any other organisations involved that pursue monetary policy in Member States, as well as the competent authorities responsible for the supervision of credit institutions, investment firms, insurance firms and financial institutions.

Article 44

Special issues of cooperation among the competent authorities of the Member States

1. The Bank of Greece shall work together, in full consultation, with the other involved competent authorities of the Member States in order to:

a) decide jointly whether or not to grant the permission sought, according to subparagraph (b) of paragraph 2 of Article 27 of this Law, either by an “EU parent credit institution” and its subsidiaries, or jointly by the subsidiaries of an “EU parent financial holding company” ; and

b) determine by the same decision the terms and conditions, if any, to which such permission should be subject.

2. Application for the above permission shall be submitted to the competent authority entrusted with supervising the aforementioned undertakings on a consolidated basis, as well as with the duties referred to in Article 41 of this Law, and shall be independent from the notification to the Bank of Greece, which is made in advance with a view to facilitating the relevant procedure. In the context of the relevant consultations, the Bank of Greece shall do everything within its power to reach a joint decision within no more than six (6) months from the receipt of the complete application. Where the Bank of Greece acts as the competent authority according to the provisions laid down under the above paragraph and Article 41 of this Law, it shall forward without delay the complete application to the involved competent authorities of the other Member States.

3. In the absence of a joint decision according to the above procedure within six (6) months, the competent authority performing the duties laid down in Article 41 of this Law shall make on its own decision on the application.

4. In any case, the decision shall be set out in a document and shall be provided to the applicant and all the other competent authorities, by the Bank of Greece where it acts as the competent authority according to the provisions of Article 41 of this Law; it shall be fully reasoned and shall take into account the views and reservations of the other competent authorities expressed during the six-month period.

5. All decisions made by the competent authorities of the Member States according to the procedure referred to in this article shall be applied by the Bank of Greece and the undertakings concerned.

Article 45

Other issues subject to consultation among the competent authorities of the Member States

1. Where the Bank of Greece is proposing to make a decision of importance for the supervisory tasks of the competent authorities of other Member States, it shall consult them

prior to this decision, provided that it concerns the following items:

a) changes in the shareholder, organisational or management structure of credit institutions in a group, which require the approval or authorisation of the other competent authorities;

b) major penalties or exceptional measures the Bank of Greece proposes to take according to this Law, including the imposition of an additional capital charge pursuant to paragraph 3 of Article 62 of this Law, as well as the imposition of any limitation on the use of the Internal-Ratings Based Approach for the calculation of capital requirements for operational risk, pursuant to the applicable relevant Bank of Greece decisions.

2. In particular for making decisions falling within the scope of subparagraph (b) of paragraph 1 of this article, the competent authority responsible for supervision on a consolidated basis shall always be consulted. The Bank of Greece may, however, decide without consulting under paragraph 1 of this article in cases of urgency or where such consultation may jeopardise the effectiveness of the decisions. In this case, the Bank of Greece shall, without delay, inform the other competent authorities.

Article 46

Written arrangements – Delegation of supervisory responsibilities

1. In order to facilitate and establish effective supervision, the Bank of Greece shall, by virtue of this Law, enter into written coordination and cooperation arrangements with the competent authorities of the other Member States. Under these arrangements, additional tasks may be entrusted to the Bank of Greece or other competent authorities responsible for supervision on a consolidated basis, and procedures for the decision-making process and for cooperation among competent authorities may be specified.

2. The Bank of Greece or the Capital Market Commission, in their capacity as the competent authorities responsible for authorising the subsidiary of a parent undertaking which is a credit institution, may, by bilateral agreement, delegate their responsibility for supervision to the competent authorities of another Member State which authorised and supervise the parent credit institution, so that they assume responsibility for supervising the subsidiary according to the relevant Community legislation provisions. By a similar bilateral agreement, the Bank of Greece, as the competent authority responsible for supervising a parent credit institution, may undertake under this law the supervision of a subsidiary undertaking of such institution.

3. The Bank of Greece, as the competent authority responsible for supervising credit institutions in Greece, may, by common agreement with the other competent authorities of other countries, waive the criteria laid down in subparagraphs (a) and (b) of paragraph 2 of Article 34 of this Law if their application would be inappropriate, taking into account the size of the credit institutions and the relative importance of their activities in different countries, and appoint a different competent authority to exercise supervision on a consolidated basis. In these cases, before such decision is made, the EU parent credit institution, or the EU parent financial holding company, or the credit institution with the largest balance sheet total shall be given an opportunity to state its opinion on that decision.

4. The Bank of Greece shall notify the European Commission of any agreements falling within paragraphs 2 and 3 of this article. In the case of paragraph 2 of this article, the Commission shall forward them to the competent authorities of the other Member States and the European Banking Committee.

Article 47

Cooperation with other supervisory authorities

1. When a credit institution, financial holding company or mixed-activity holding company controls one or more subsidiary undertakings that are insurance firms or investment firms or any other kind of undertakings subject to an authorisation regime, the Bank of Greece, the Private Insurance Supervisory Committee, the Capital Market Commission and the authorities responsible for supervising the other aforementioned undertakings, shall cooperate closely. Within the context of their powers, these authorities shall mutually notify to one another all the information and data that may facilitate the accomplishment of their mission and ensure the control of the activity and the financial condition of all the undertakings supervised by them.

2. For the effective exercise of supervision on a consolidated basis, in particular with respect to the capital adequacy of banking groups that include an investment firm, a Memorandum of Understanding to be executed by 31 October 2007 by and between the Bank of Greece and the Capital Market Commission shall provide for: a) procedures that ensure prior notification and the overall exchange of information between the said authorities, with a view to avoiding, to the extent possible, any duplication and reducing administrative costs, on issues regarding: i) changes in the shareholder, organisational or management structure of supervised undertakings; ii) major penalties or exceptional

measures that each authority proposes to take within the scope of its powers under the legislation in force;

b) the participation of each authority in on-the-spot inspections carried out by another authority within the scope of its powers under the legislation in force; and

c) the details for the delegation of powers from one authority to another under the legislation for the time being in force.

3. Memoranda of understanding with similar contents may also be executed between the Bank of Greece and the Private Insurance Supervisory Committee, or between the latter and the Capital Market Commission, or among all these three competent authorities.

Article 48

On-the-spot inspection – Information verification

1. a) When, in line with this Law and the relevant provisions of the Community legislation, the competent authorities of another Member State wish to verify any information relating to any credit institution, financial institution, financial holding company, ancillary services undertaking, mixed-activity holding company and subsidiaries thereof, or subsidiaries referred to in paragraph 2 of Article 39 of this Law that are established in Greece, the Bank of Greece shall respond to the request of the authorities concerned either by carrying out or by having carried out the relevant inspection by the competent authorities concerned or by any expert or inspector authorised by them. The competent authorities that have submitted the request, if they wish to, may participate in the inspection where it is not carried out by themselves.

b) The Bank of Greece may also follow the above procedure in order to verify information regarding such undertakings established in other Member States.

2. The Bank of Greece may also carry out:

a) on-the-spot verification of the information and data provided by mixed-activity holding companies and their subsidiaries. If a mixed-activity holding company or one of its subsidiaries: i) is an insurance undertaking, the procedure laid down in paragraph 1 of Article 47 of this Law may also be used; ii) is located in another Member State, on-the-spot verification of the information and data shall be carried out according to the procedure laid down in paragraph 1 of this article;

b) within the framework of Article 47 of this Law, on-the-spot inspection of the subsidiaries of the credit institutions supervised by it on a consolidated basis according to

this Law, in order to ensure the effectiveness of such supervision.

Article 49

Cooperation with the supervisory authorities of third countries

1. In the case of a credit institution authorised in Greece the parent undertaking of which is a credit institution or financial holding company with its head office in a third country that is not subject to supervision on a consolidated basis according to this Law, the Bank of Greece shall verify if the credit institution is supervised on a consolidated basis by the competent authorities of a third country and if such supervision is at least equivalent and subject to the principles set forth in this Law.

The Bank of Greece shall carry out the relevant verification either upon request by the parent undertaking of the group concerned or one of the undertakings that belong to it and are regulated undertakings within the meaning of paragraph 4 of Article 2 of Law 3455/2006 (Government Gazette 84A) authorised in a Member State of the EU, or on its own initiative. The Bank of Greece shall consult the other competent authorities involved and the European Commission, taking into consideration the latter's general views.

2. In the absence of equivalent supervision as described above, the Bank of Greece may apply to the credit institution, by way of analogy, the provisions of this Law or other appropriate supervisory techniques that, following consultation with the other competent authorities involved, are considered to achieve the objects of supervision of credit institutions on a consolidated basis. The Bank of Greece may in particular request the creation of a financial holding company with its head office in a Member State of the EU and may implement the provisions on consolidated supervision on the basis of the consolidated financial situation of the financial holding company concerned.

3. The other competent authorities involved and the European Commission shall be notified of the supervisory techniques applied by virtue of paragraph 2 of this article.

CHAPTER IX

INFORMATION DISCLOSURE BY THE BANK OF GREECE

Article 50

The Bank of Greece shall, in line with the provisions applicable to the competent authorities of the other Member States, disclose information that enables a meaningful comparison of their approaches to the provisions of Directive 2006/48/EC, including the manner of implementation of the methodologies provided for under this Directive, in

particular:

a) the texts of laws, regulations, administrative rules and general guidance adopted under this Law;

b) the manner of exercise of the available options and discretions;

c) the general criteria and methodologies it uses in the review and evaluation referred to in paragraph 5 of Article 25 of this Law;

d) without prejudice to the provisions of Article 60 of this Law, the fundamental statistical data, in an aggregated form, on the implementation of the supervisory framework enacted by this Law;

e) the recognition procedure and a list of eligible external credit assessment institutions;

f) the specific method for treating securitisations of revolving exposures with an early amortisation provision that may be used according to the provisions of the Bank of Greece decisions on the calculation of Risk-Weighted Exposures for Securitised Exposures, as well as the views expressed by the competent authorities of the other Member States during the required prior consultation with the Bank of Greece.

The disclosures shall be published with a common format and updated regularly. They shall be available on the website of the Bank of Greece.

CHAPTER X

SPECIAL PROVISIONS ON ELECTRONIC MONEY INSTITUTIONS

Article 51

General provisions

1. Issuance of electronic money on receipt of funds less than the monetary value issued shall not be allowed.
2. The electronic storage device at the disposal of bearers for carrying out payments shall be subject to a maximum storage amount of not more than five hundred euro (€500). The Bank of Greece may adjust this amount by a decision.
3. The funds received by electronic money institutions shall be immediately exchanged with electronic money. Such receipt of funds shall not constitute acceptance of deposits or other repayable funds.

Article 52

Redeemability

1. A bearer of electronic money may, during the period of validity, ask the issuer to redeem

it at par value in coins and banknotes or by a transfer to a bank account free of charges other than those strictly necessary to carry out that operation.

2. The contract between the issuer and the bearer shall clearly state the conditions of redemption, including the minimum threshold for redemption. Such threshold may not exceed ten euro (€10).

Article 53

Terms and conditions of establishment and operation of electronic money institutions

1. Electronic money institutions may be established and operate only in the form of *sociétés anonymes*.

2. The Bank of Greece, in order to grant authorisation for the establishment and operation of an electronic money institution, shall require payment in cash of an initial capital of at least three million euro (€3,000,000). Unless the initial capital is paid up in cash, paragraph 6 of Article 5 shall apply by way of analogy.

3. The own funds of an electronic money institution shall, throughout its operation, not fall below the minimum initial capital required from time to time.

4. Without prejudice to the threshold referred to in paragraph 3 of this Article:

a) electronic money institutions shall have, at all times, own funds which are equal to or above 2% of the higher of either i) the current balance of, or ii) the average balance of the preceding six months of, the total amount of their financial liabilities related to outstanding electronic money;

b) where an electronic money institution has not completed a six months' period of business, including the day it starts up, it shall have own funds which are equal to or above 2% of the higher of either i) the current balance of, or ii) the six months' targeted balance of, the total amount of its financial liabilities related to outstanding electronic money.

The six months' targeted amount referred to in paragraph 4(b)(ii) above shall be evidenced by the institution's business plan, subject to any adjustment to that plan having been required by the Bank of Greece.

5. The thresholds referred to in paragraphs 2 and 4 of this Article may be adjusted by a decision of the Bank of Greece. At all events, the minimum initial capital may not be less than one million euro (€1,000,000).

Article 54

Additional activities – Restrictions on electronic money institutions’ activities

1. The business activities of electronic money institutions other than the issuing of electronic money shall be restricted to:

a) the provision of closely related financial and non-financial services such as the administering of electronic money by the performance of operational and other ancillary functions related to its issuance, and the issuing and administering of other means of payment but excluding the granting of any form of credit;

b) the storing of data on the electronic device on behalf of other undertakings or legal persons in public law.

2. Electronic money institutions shall not have any holdings in other undertakings except where these undertakings perform operational or other ancillary functions related to electronic money issued or distributed by the institution concerned. A decision of the Bank of Greece may specify that any qualifying holding in the share capital of such undertakings shall be subject to its prior approval.

Article 55

Limitations of investments of electronic money institutions

1. Electronic money institutions shall have investments of an amount of no less than their financial liabilities related to outstanding electronic money in the following assets only:

a) the following asset items which attract a zero credit risk weighting and are sufficiently liquid:

i) cash assets and cash equivalents;

ii) asset items that represent claims on, or are covered by an express guarantee of, governments and central banks classified by ECAIs in the first credit quality step, according to the applicable decisions of the Bank of Greece on “Risk-Weighted Exposures according to the Standardised Approach”;

iii) asset items representing claims on the European Union;

b) sight deposits held with credit institutions classified by ECAIs in the first credit quality step, according to the applicable decisions of the Bank of Greece on “Risk-Weighted Exposures according to the Standardised Approach”;

c) debt instruments, according to paragraph 19 of Article 2 of Law 2396/1996 (Government Gazette 73A), as currently in force. Such instruments shall:

i) be sufficiently liquid;

ii) not be covered by paragraph 1(a) of this article;

iii) be recognised as qualifying items, within the meaning of para. 25 of Article 2 of Law 2396/1996 (Government Gazette 73A), as currently in force; and

iv) be issued by undertakings other than undertakings which have a qualifying holding in the electronic money institution concerned or which must be included in those undertakings' consolidated accounts according to the legislation in force.

2. Investments referred to in paragraphs 1(b) and 1 (c) of this article may not exceed 20 times the own funds of the electronic money institution concerned and shall be subject to limitations which are at least as stringent as those established by the decisions of Bank of Greece on the supervision and control of credit institutions' large exposures.

3. For the purpose of hedging market risks arising from the issuance of electronic money and from the investments referred to in paragraph 1 of this Article, electronic money institutions may use sufficiently liquid interest-rate- and foreign-exchange-related off-balance-sheet items in the form of exchange-traded (i.e. not over-the-counter) derivative instruments, within the meaning of paragraph 14 of Article 2 of Law 2396/1996 (Government Gazette 73A), as currently in force, where they are subject to daily margin requirements, or of foreign exchange contracts with an original maturity of fourteen (14) calendar days or less. The use of derivative instruments according to the first sentence hereof is permissible only if the full elimination of market risks is intended and, to the extent possible, achieved.

4. The Bank of Greece may impose appropriate limitations on the market risks electronic money institutions may incur from the investments referred to in paragraph 1 of this article.

5. For the purpose of applying paragraph 1 of this article, assets shall be valued at the lower of cost or market value.

6. If the value of the assets referred to in paragraph 1 falls below the amount of financial liabilities related to outstanding electronic money, the Bank of Greece shall ensure that the electronic money institution in question takes appropriate measures to remedy that situation promptly. To this end, and for a temporary period only, the Bank of Greece may allow the institution's financial liabilities related to outstanding electronic money to be backed by assets other than those referred to in paragraph 1 hereinabove, up to an amount not

exceeding the lower of:

- a) 5% of these financial liabilities; or
- b) the institution's total amount of own funds.

Article 56

Sound and prudent operation of electronic money institutions

Electronic money institutions shall have sound and prudent operation, administrative and accounting procedures and adequate internal control arrangements, responding to the financial and non-financial risks to which the institution is exposed, including operational risk as well as risks connected to its cooperation with any undertaking performing operational and other ancillary functions related to its business activities.

Article 57

Supervision of electronic money institutions' compliance with requirements

Compliance with the requirements of Article 56 of this Law and the overall requirements and limitations specified as relevant to the activities of electronic money institutions shall be subject to supervision and control by the Bank of Greece, decisions of which shall specify the prudential supervision data and information that electronic money institutions are required to provide it with, as well as the details and procedure of verification of their compliance with such requirements and limitations.

Article 58

Waiver

1. Without prejudice to the provision of paragraph 21 of Article 55 of the Statute of the Bank of Greece, the application of provisions of this law to electronic money institutions may be waived by a decision of the Bank of Greece in cases where either:

- a) electronic money issuance generates a total amount of financial liabilities related to outstanding electronic money that normally does not exceed three million euro (€3,000,000) and never exceeds four million euro (€4,000,000);
- b) the electronic money issued by the institutions is accepted as a means of payment only by associated companies, within the meaning of paragraph 5 of Article 42e of Codified Law 2190/1920, as currently in force, which perform operational or other ancillary functions related to electronic money issued or distributed by the institution; and
- c) the electronic money issued by the institution is accepted as a means of payment only by

a limited number of undertakings, which can be clearly distinguished by:

i) their location in a limited local area; or

ii) their close financial or business relationship with the issuing institution, such as a common marketing or distribution scheme.

2. The waiver conditions referred to in subparagraphs (b) and (c) of the preceding paragraph shall be recognised as such, provided that electronic money issuance generates a total amount of financial liabilities related to outstanding electronic money that does not exceed eight million euro (€8,000,000). The Bank of Greece may adjust the waiver thresholds, which, however, may not exceed, in the case of subparagraph (a) of paragraph 1 of this article, the amounts of five and six million euro (€5,000,000 and €6,000,000) respectively.

3. The following shall apply to electronic money institutions for which a waiver has been granted under the first two paragraphs of this article:

a) the electronic storage device at the disposal of bearers for the purpose of making payments shall be subject to a maximum storage amount of not more than one hundred and fifty euro (€150);

b) electronic money institutions shall submit to the Bank of Greece, at least once a year and within not later than three (3) months from the end of the reference period, a report on their activities, which shall include the total amount of their financial liabilities related to electronic money and such other data as may be specified by decisions of the Bank of Greece; and

c) electronic money institutions shall not benefit from the mutual recognition arrangements provided for in this law.

Article 59

Additional implementation of provisions

1. Without prejudice to the provisions of paragraphs 2 and 3 of this article, electronic money institutions shall be subject to the provisions of this law on credit institutions by way of analogy.

2. The provisions of Articles 5 paragraphs 1, 3 and 4, 11, 18, 19, 23, 27, 28, 88, 89 and 91 of this Law shall not apply to electronic money institutions.

3. The arrangements on mutual recognition provided for in Chapter III of this law shall

not apply to activities of electronic money institutions other than the issuance of electronic money.

4. Save as otherwise expressly provided for, electronic money institutions shall also be subject, by way of analogy, to the provisions on credit institutions included in:

- a) Codified Law 2190/1920, as currently in force;
- b) Law 2331/95 (Government Gazette 173A), as currently in force, and the other laws on the prevention and suppression of money laundering;
- c) Law 2789/2000 (Government Gazette 21A), as currently in force; and
- d) Presidential Decree 33/2000 (Government Gazette 27A), as currently in force.

CHAPTER XI

PROFESSIONAL SECRECY – OBLIGATIONS OF PERSONS RESPONSIBLE FOR CARRYING OUT THE STATUTORY AUDIT OF ANNUAL AND CONSOLIDATED ACCOUNTS

Article 60

Official – Professional secrecy

1. All persons who pursue or have pursued any activity on behalf of the Bank of Greece and the inspectors, auditors or experts authorised by the Bank of Greece shall be bound by the obligation of professional secrecy. No confidential information which they may receive in the course of their official duties in relation to the powers of the Bank of Greece under this Law may be divulged to any person or public authority whatsoever, except in summary or collective form, such that individual credit institutions cannot be identified, without prejudice to the provisions of this article, cases covered by Criminal Law and Criminal Procedure, as well as the provisions of Law 2331/1995, as currently in force. Nonetheless, where a credit institution has been declared bankrupt or is being compulsorily wound up pursuant to a court ruling, the above persons may divulge, according to the procedures of Private Law, confidential information which does not concern third parties involved in attempts to rescue the credit institution.

2. The Bank of Greece may exchange with the peer competent authorities of other Member States information related to its functions under this Law. Such information shall be subject to the conditions of professional secrecy indicated in paragraph 1 of this article, which, according to the relevant Community law provisions, shall apply also to competent

authorities.

3. The Bank of Greece shall use the information referred to in paragraphs 1 and 2 of this article in the course of its duties for the following purposes: a) to check that the conditions governing the taking-up and pursuit of the business of credit institution are met; and b) to facilitate monitoring, on a consolidated and a non-consolidated basis, of the conduct of such business, especially with regard to the monitoring of liquidity, solvency, large exposures, and administrative and accounting procedures and internal control mechanisms, and to impose penalties and/or in the context of administrative or legal disputes related to the pursuit of its functions, as well as in the context of its functions relating to the conduct of monetary policy within the Eurosystem and the oversight of payment systems.

4. The Bank of Greece may conclude cooperation agreements, providing for exchanges of information, with the competent authorities of third countries, as well as with other supervisory authorities or bodies of third countries similar to those referred to in points (a) and (b) of paragraph 5 of this article, only if the information disclosed is subject to guarantees of professional secrecy at least equivalent to those referred to in paragraph 1 of this article. Such exchange of information shall be for the purpose of performing the supervisory tasks of the authorities or bodies mentioned.

5. a) The Bank of Greece may exchange information with: i) the Minister of Economy and Finance in the discharge of his functions according to paragraph 2 of Article 4 of Presidential Decree 437/19.9.1985 (Government Gazette 157A), the Private Insurance Supervisory Committee in the discharge of its supervisory functions, and the Capital Market Commission in the discharge of its functions under the legislation in force; ii) the Parliament's special examining committees in the course of their duties under the Rules of Procedure of Parliament; iii) the bodies legally involved in the liquidation or bankruptcy of credit institutions; and (iv) the recognised auditors responsible for carrying out statutory audits of the accounts of credit and financial institutions, for the fulfilment of their mission.

b) In addition, the Bank of Greece may exchange information with: i) the authorities entrusted with the supervision of the persons and bodies referred to in points (iii) and (iv) of subparagraph (a) of this paragraph; and ii) to strengthen the stability, including integrity, of the financial system, the Minister of Development in exercising his duties to supervise sociétés anonymes, provided that such information is intended for the fulfilment of the supervisory tasks of the authorities concerned. If the Minister of Development performs

these tasks with the aid of persons appointed for that purpose and not employed in the public sector, the possibility of exchanging information may be extended to such persons under this subparagraph, subject to the Bank of Greece's consent. Information shall be exchanged according to the same conditions and after the Minister of Development has communicated to the Bank of Greece in advance the names and exact responsibilities of the persons to which information is to be sent.

c) The Bank of Greece may disclose to authorities, bodies or persons of other Member States, similar to those referred to in subparagraphs (a) and (b) of this paragraph, information intended for the exercise of their supervisory function, as well as to bodies which administer deposit-guarantee schemes information necessary to the exercise of their function.

d) The Bank of Greece, as a supervisory authority, may exchange information with central banks and other bodies that either conduct monetary policy in other Member States or, as public authorities, oversee the payment systems that operate in other Member States, for the performance of the Bank of Greece's supervisory tasks according to paragraph 3 of this article and of the tasks of the other authorities.

e) The Bank of Greece may communicate the information referred to in this article to a clearing house or other similar body recognised by the national law of Member States for the provision of clearing or settlement services for money markets, markets in transferable securities or derivatives markets, if it considers that it is necessary to communicate the information in order to ensure the smooth functioning of these bodies in relation to even potential defaults by market participants.

f) In all the cases referred to in this paragraph, the information received by authorities, bodies and persons shall be subject to the rules of professional secrecy specified in paragraph 1 of this article.

6. Information originating from the competent authorities of other Member States may not be disclosed by the Bank of Greece without the express agreement of the competent authorities that have disclosed it and solely for the purposes for which those authorities gave their agreement.

7. In case of violation of the provisions of this article on professional secrecy, the penalties laid down in Article 371 of the Criminal Code shall be imposed.

8. Professional secrecy under this article shall include:

a) the information exchanged between the competent authorities under Article 42 of this Law; and

b) the measures taken by the Bank of Greece under subparagraphs (a) to (e) of paragraph 2 of Article 62 of this Law.

Article 61

Obligations of persons responsible for carrying out statutory audits of the annual and consolidated accounts of credit institutions

1. a) The auditors and the auditing companies or syndicates of auditors that carry out the statutory audit of the annual and consolidated accounts of a credit institution or perform any other statutory task shall have a duty to report promptly to the Bank of Greece any decision or fact concerning that credit institution of which they have become aware while carrying out their tasks which is liable to:

– constitute a material breach of the laws, regulations or administrative provisions which lay down the conditions governing authorisation or which specifically govern the pursuit of activities of credit institutions;

– affect the continuous functioning of the credit institution or lead to refusal to certify the accounts or to the expression of reservations.

b) The above persons shall likewise have a duty to report to the Bank of Greece any fact and decision they become aware of in the course of carrying out a task as described in subparagraph (a) of this paragraph in an undertaking having close links resulting from a control relationship with the credit institution, as defined in paragraph 12 of Article 2.

2. In order to enhance the effectiveness of the supervision exercised by the Bank of Greece under this Law and according to the provisions in force, as adapted pursuant to Directive 2006/43/EC on statutory audit of annual and consolidated accounts:

a) The auditors and the companies and syndicates of auditors that carry out the statutory audit of a credit institution's annual and consolidated accounts shall, following an invitation by the Bank of Greece addressed also to the credit institution concerned, participate in annual meetings with representatives of the Bank of Greece. The object of such meetings shall be the audit's major conclusions or findings that: i) were assessed as essential by the auditors and reported to the credit institution's competent administrative bodies or officers; ii) regard the effectiveness and adequacy of the credit institution's internal control mechanism in relation to the preparation of the annual accounts; iii) concern

data derived from the audit of undertakings consolidated in the credit institution's accounts that negatively affect its accounts to a significant degree.

b) In exceptional cases, at the discretion of the Bank of Greece, the meeting referred to in the preceding subparagraph (a) of this paragraph shall take place extraordinarily and on a bilateral basis, with the participation of representatives of the Bank of Greece and the auditors, following relevant notification of the credit institution concerned.

3. The disclosure in good faith to the Bank of Greece of any fact or decision referred to in paragraphs 1 and 2 of this article by the persons specified in paragraph 1 of this article shall not constitute a breach of any restriction on disclosure of information imposed by contract or any legislative, regulatory or administrative provision and shall not involve such persons in liability of any kind.

CHAPTER XII

SUPERVISORY MEASURES – COMMISSIONER – PENALTIES – CREDIT INSTITUTION'S LIQUIDATION

Article 62

Supervisory measures

1. The Bank of Greece shall require any credit institution that does not meet the requirements of this Law and its relevant decisions to take the necessary actions or steps at an early stage to address the situation.

2. For the purpose of paragraph 1 of this article, the Bank of Greece may require credit institutions authorised by it in Greece according to this Law to:

a) hold own funds in excess of the minimum level laid down from time to time in its generally applicable relevant decisions on capital adequacy;

b) reinforce the arrangements, processes, mechanisms and strategies implemented to comply with Articles 26 and 28 of this Law;

c) apply a specific provisioning policy or treatment of own funds requirements;

d) restrict or limit their business, operations or network;

e) require the reduction of the risk inherent in their activities, products and systems;

f) prohibit or limit the distribution of profits and order them to transfer profits to a special reserve or form provisions.

3) The Bank of Greece shall impose specific own fund requirements in excess of the minimum level laid down in its generally applicable decisions on capital adequacy,

according to the provisions of Article 27 of this Law, on credit institutions which do not meet the requirements of Articles 26 and 28 of this Law and the Bank of Greece decisions on large exposures, or in respect of which a negative determination has been made on the issue described in paragraph 5 of Article 25 of this Law, if the sole application of other measures is unlikely to improve the arrangements, processes, mechanisms and strategies within an appropriate timeframe.

4. The Bank of Greece shall require credit institutions to take appropriate corrective measures in the following cases:

a) When the economic value of a credit institution's non-trading activities declines by more than 20% of its own funds as a result of a sudden and unexpected change in interest rates the size of which shall be prescribed by the generally applicable Bank of Greece decisions (i.e. it shall not differ between credit institutions).

b) When the intra-group transactions referred to in paragraphs 1 and 2 of Article 38 of this Law are a threat to the credit institution's financial position.

5. In order to prevent the exercise of influence or situations stemming from any of the natural persons/shareholders referred to in Article 24 of this Law, which may lead to a conflict of interests or cause difficulties to the pursuit of supervision or prejudice the credit institution's prudent and sound management, the Bank of Greece shall advise the persons concerned of their particular acts or omissions or their parallel activities in other areas that, in its opinion, may prejudice the credit institution's prudent and sound management and, after hearing their views, shall suggest the appropriate corrective measures to be taken within a specific time limit. In case of non-compliance, the Bank of Greece may impose penalties according to paragraph 3 of Article 64 of this Law.

Article 63

Extension of the time limit for the fulfilment of obligations – Appointment of Commissioner

1. When a credit institution has significantly reduced liquidity and it is likely that its own funds are inadequate, for the purpose of protecting its depositors and other creditors, the Bank of Greece may grant, by a decision issued after hearing the persons responsible for directing the business of the credit institution according to point (i) of subparagraph (c) of paragraph 10 of Article 5 of this Law, an extension of the time limit for the fulfilment of all or any of the credit institution's past due obligations for a time period of up to two (2)

months, which may be further extended by a new decision of the Bank of Greece by one (1) more month. By the same decision and for the same period, the Bank of Greece shall also appoint a Commissioner to the credit institution, unless a Commissioner has already been appointed. Throughout the above extension, the time limits and enforcement proceedings against the credit institution shall be suspended. The same shall apply to petitions for injunctions and for bankruptcy proceedings. The extension for the fulfilment of past due obligations shall end automatically upon expiry of the time limit specified in the decision of the Bank of Greece, and may be lifted by a new decision of the Bank of Greece prior to the expiry of the time limit specified in the earlier decision. The extension for the fulfilment of past due obligations shall not constitute in itself a case of “unavailable deposit” within the meaning of Article 6 of Law 2832/2000 (Government Gazette 3782 141A), as currently in force, or a case of suspension of payments within the meaning of Article 526 of the Commercial Law.

2. a) When any of the conditions of points (iv), (v) and (vi) of paragraph 1 of Article 8 of this Law is fulfilled, the Bank of Greece may, instead of withdrawing authorisation, appoint a Commissioner to the credit institution.

b) Prior to the Commissioner’s appointment, the Bank of Greece shall set in writing the verified violation and shall communicate it to the credit institution, which shall submit within one month from the communication its views regarding the violation. The Bank of Greece may also invite the persons responsible for directing the business of the credit institution according to point (i) of subparagraph (c) of paragraph 10 of Article 5 of this Law to present their views orally before it.

c) As from the communication of the Commissioner’s appointment to the credit institution, any act related to the credit institution’s management shall be null and void unless approved by the Commissioner.

d) Within the time limit specified by the Bank of Greece, the Commissioner shall submit to it a report on the capital adequacy and the overall financial condition and the administrative and organisational structure of the credit institution.

e) If the Bank of Greece, upon the submission of the Commissioner’s report and on the basis of other data and information available to it, judges that the credit institution’s operations cannot continue under the current management, it shall decide to assign its management to the Commissioner.

f) The Commissioner shall be subject to control and supervision by the Bank of Greece. The fee and the overall costs incurred during the performance of the Commissioner's duties shall be covered by the credit institution a Commissioner has been appointed to, according to a relevant decision of the Bank of Greece.

g) By a decision of the Bank of Greece, the Commissioner may be replaced or his mandate may be terminated.

3. When a court rules directly or indirectly against the lawfulness or validity of the election, formation, composition or operation of the Board of Directors of a credit institution, the Bank of Greece shall appoint a Commissioner who shall manage the credit institution for a period of three (3) to six (6) months, which may be extended. In these cases, the provisions of paragraph 2 of this article shall apply by way of analogy.

Article 64

Penalties

1. Without prejudice to the provisions of the following paragraphs, the Bank of Greece, if a credit institution violates this Law and its decisions issued by authority hereof, shall impose on the credit institution, its legal representatives and management the penalties laid down in Article 55A of its Statute.

2. a) If a holding in a credit institution's capital is acquired or increased without informing or obtaining the approval of the Bank of Greece pursuant to Article 24 of this Law, the Bank of Greece may impose on the holders all or any of the following penalties: i) a fine in favour of the Greek State of up to 10% of the value of the shares acquired by such persons; ii) removal of natural persons from the credit institution's Board of Directors, as well as from any managerial position in the credit institution for a definite or indefinite time period.

b) If a legal person holding a participation larger than 5% fails to communicate to the Bank of Greece any changes in the identities of the natural persons who directly or indirectly control it, in accordance with paragraph 2 of Article 24 of this Law, or in the event of non-compliance with any demand of the Bank of Greece for the implementation of the provisions of paragraph 3 of Article 24 of this Law, the Bank of Greece may impose the penalties referred to in point (ii) of the preceding subparagraph of this paragraph on the natural persons for such failure or non-compliance.

c) Persons not complying with the requirement to inform the Bank of Greece about the

reduction of a holding under paragraph 1 of Article 24 of this Law shall be punished by the Bank of Greece with a fine in favour of the Greek State of up to 5% of the value of the shares transferred without prior notification.

3. If the persons referred to in paragraph 5 of Article 62 fail to comply with the Bank of Greece's instructions to take corrective measures according to this provision, the Bank of Greece may, alternatively or cumulatively:

a) impose the removal of the above persons, for a definite or indefinite time period, from the credit institution's Board of Directors and any managerial position in the credit institution;

b) suspend, until the conditions that warranted the specific measures are no longer met, the exercise of the voting rights stemming from the shares held by these persons or the legal persons controlled by these persons;

c) prohibit any further transaction of the credit institution with these persons or with any legal persons controlled by these persons.

4. The Bank of Greece may impose the penalty referred to in subparagraph (a) of paragraph 3 of this article also on the persons referred to in subparagraph (c) of paragraph 10 of Article 5 of this Law if they no longer have the necessary reliability and do not ensure the credit institution's prudent and sound management.

5. The Governor or President, the directors, the auditors, the competent managers and the employees of any credit institution shall be punished with imprisonment or a pecuniary penalty or both if they:

i) omit or deliberately falsify any entry of a significant transaction in its books;

ii) submit to the Bank of Greece false or inaccurate reports, or provide false or inaccurate data.

Where the above persons refuse or in any way obstruct the audit carried out by the Bank of Greece, they shall be punished with imprisonment of at least three (3) months.

6. a) Whoever carries out, in violation of Article 4 of this Law, the business of receiving money deposits or other repayable funds or the business of extending loans or other credit to the public or issuing electronic money, and whoever violates the provisions of Article 6 of this Law, shall be punished with imprisonment or a pecuniary penalty or both, unless a graver penalty is provided for by any other provision. The legal person's legal representatives or management officers shall also be considered responsible for the violation

and subject to these penalties.

b) In case of pursuit of any activity without authorisation by the Bank of Greece as required by the legislation in force, the Bank of Greece may impose on the offender, as well as on its legal representatives and management officers, a fine in favour of the Greek State calculated according to Article 55A of its Statute.

c) In the cases referred to in subparagraphs (a) and (b) of this paragraph, the offender's offices and premises may be sealed by the competent officers of the Bank of Greece assisted by the police authorities according to the conditions of law, regardless of the imposition of the above or any other penalties laid down in the legislation in force.

Article 65

Measures – Penalties on credit institutions authorised in other Member States

1. Where the Bank of Greece ascertains that a credit institution authorised in another Member State and having a branch or providing services in Greece is not complying with this Law, it shall require the credit institution to comply with its provisions. If the credit institution concerned fails to comply with these provisions, the Bank of Greece shall inform accordingly the competent authorities of the credit institution's home Member State, which shall take all appropriate measures to put an end to this situation. If, despite the measures taken by the competent authorities of the home Member State or because such measures prove inadequate or are not available in the Member State in question, the credit institution persists in violating the provisions hereof, the Bank of Greece shall, after informing the competent authorities of the home Member State, take appropriate measures to prevent or punish further irregularities or impose penalties according to the provisions of this Law. Insofar as is necessary, it shall prevent the credit institution from initiating further transactions in Greece.

2. The Bank of Greece, prior to initiating the procedure referred to in paragraph 1 of this article, may take the precautionary judicial or extrajudicial measures it deems necessary to protect the interests of depositors, investors or other persons to whom services are provided, informing of such measures the Commission of the European Union and the competent authorities of the credit institution's home Member State.

3. In case of withdrawal of the authorisation of a credit institution by the competent authorities of its home Member State, the Bank of Greece shall prevent the credit institution from initiating further transactions in Greece and shall take the necessary measures to

safeguard the interests of depositors, investors or other persons to whom services are provided.

4. The decision of the Bank of Greece imposing penalties shall also be served upon the branch of the credit institution in Greece.

Article 66

Measures - Penalties for the purposes of supervision on a consolidated basis

1. Without prejudice to criminal law provisions, the Bank of Greece may impose on the financial holding companies or mixed-activity holding companies referred to in paragraphs 7 and 8 of Article 33 of this Law and on their responsible officers penalties or measures in accordance with the following paragraphs of this article, aimed at ending observed breaches of this Law or of the Bank of Greece decisions concerning the implementation hereof, or the causes of such breaches. Penalties shall be imposed especially in the event of refusal to provide data and information to the Bank of Greece, or of provision of inaccurate data, or obstruction in any way of the on-the-spot verifications carried out by the Bank of Greece or any competent authorities of the other Member States responsible for supervision on a consolidated basis.

2. The Bank of Greece shall have the right to impose the measures referred to in paragraph 2 of Article 62 of this Law on financial holding companies and mixed-activity holding companies consolidated with a credit institution where it judges that their capital adequacy at group level is not satisfactory, or that they jeopardise the group's overall financial stability.

3. Furthermore, the Bank of Greece shall have the right to impose all or any of the following penalties:

a) removal of the members of the company's management bodies responsible for the ascertained violations;

b) removal of the executives of the above companies responsible for the ascertained violations;

c) regarding financial or mixed-activity holding companies and the persons that manage them or have a holding in them, the penalties laid down in subparagraph (a) of paragraph 3 of Article 64 of this Law in connection with their relationship with the subsidiary credit institutions;

d) a fine in favour of the Greek State calculated according to Article 55A of its Statute on

financial or mixed-activity holding companies that violate this Law, as well as on their legal representatives and members of their management.

4. The Bank of Greece shall cooperate with the competent authorities of other Member States, especially when the central administration or main establishment of a financial holding company or mixed-activity holding company is not located at its head office, in order to ensure that the penalties imposed or the measures taken pursuant to this Law produce the desired results.

Article 67

Measures, penalties and secrecy regarding financial institutions supervised by the Bank of Greece

1. Without prejudice to the provisions of Article 55A of the Statute of the Bank of Greece and the specific provisions of the legislation on the operation of the appropriate category of financial institutions, the provisions of Articles 8, 60, 61 paragraph 3, 62 and 64 of this Law, excluding those providing for criminal law penalties, shall apply by way of analogy to financial institutions supervised on an individual basis by the Bank of Greece in accordance with the legislation in force.

2. In addition, where the financial institutions referred to in paragraph 1 of this article violate the legislation that governs the pursuit of their activities, the Bank of Greece may impose suspension or withdrawal of their authorisation, in which case they shall go into liquidation.

3. A decision of the Bank of Greece may detail the terms and conditions of suspension or withdrawal of authorisation of financial institutions referred to in this article this article.

Article 68

Liquidation of credit institutions

1. Without prejudice to the provisions of Law 3458/2006 (Government Gazette 94A), as currently in force:

a) If a credit institution's authorisation is withdrawn according to Article 8 of this Law, the credit institution shall go into liquidation by a decision of the Bank of Greece, which shall appoint for this purpose one or more liquidators.

b) During the liquidation process, the liquidator appointed by the Bank of Greece shall take up the credit institution's management.

c) The liquidator shall be subject to control and supervision by the Bank of Greece.

d) As from the communication to the credit institution of the decision on its liquidation, the credit institution may not accept deposits. The Bank of Greece may also restrict other operations of the credit institution under liquidation.

e) As from the publication of the decision on its liquidation, the credit institution may not be declared bankrupt. Any bankruptcy proceeding already initiated shall be discontinued.

2. A Decision of the Bank of Greece may detail the terms of implementation of this article.

Article 69

Calculation – Collection of fines – Publication of decisions of the Bank of Greece imposing penalties – Civil liability of the Bank of Greece personnel

1. In the calculation of the fines and other penalties imposed by the Bank of Greece, account shall particularly be taken of the nature and gravity of the violation, the consequences of the violation on the smooth operation of the credit or financial institution, any repeated commitment of violations of this Law, the need to prevent similar violations, as well as any negative consequences on those transacting with the credit or financial institution.

2. The administrative fines imposed by the Bank of Greece shall be paid within a time limit specified by a generally applicable decision, shall constitute government revenue and shall be collected according to the provisions on public revenue collection.

3. Bank of Greece decisions issued under Articles 63 and 68 of this Law shall be published in the Government Gazette.

4. With a view to enhancing market transparency, the Bank of Greece may publish its decisions imposing penalties, provided that it judges that such publication is not linked to the supervisory requirements laid down in this Law and not likely to create any risk of serious disturbance to financial markets or of disproportionate loss to the parties concerned.

5. The Governor, the Deputy Governors, the members of bodies and all the personnel of the Bank of Greece shall have no civil liability vis-à-vis any third parties for acts or omissions in the performance of their duties within the scope of their powers under this Law, as well as of other powers exercised by the Bank of Greece by assignment of public power, unless such acts or omissions of those responsible were performed by wilful misconduct.

CHAPTER XIII

ADEQUACY OF OWN FUNDS OF INVESTMENT FIRMS AND OF BANKING GROUPS THAT INCLUDE AN INVESTMENT FIRM

Article 70

Definitions - Application of the other chapters of this Law to investment firms

1. For the purposes of this Chapter, the following definitions shall apply:

a) Investment firms shall mean firms as defined in paragraph 3 of Article 1 of Law 2396/1996 (Government Gazette 73A) for the time being in force, excluding: i) credit institutions; ii) firms which are only authorised to provide the service of investment advice or receive and transmit orders from investors without holding money or securities belonging to their clients and which for that reason may not at any time place themselves in debt with those clients.

For the purposes of supervision on a consolidated basis, the term “investment firm” shall also include investment firms of Member States and other countries.

b) Institutions shall mean credit institutions and investment firms.

c) Parent investment firm in Greece shall mean an investment firm that: i) has an institution or financial institution as a subsidiary; or ii) holds a participation, within the meaning of paragraph 10 of Article 33, in an institution or financial institution, and which is not itself a subsidiary of another institution authorised in the same Member State or of a financial holding company set up in Greece.

d) EU parent investment firm shall mean a parent investment firm in a Member State which is not a subsidiary of another institution authorised in any Member State or of a financial holding company set up in any Member State.

e) Own funds shall mean, with respect to investment firms, own funds as defined in Article 72.

2. The terms financial holding company, parent financial holding company in a Member State, EU parent financial holding company and ancillary services undertaking shall mean undertakings as defined in Article 33 of this Law, save that every reference to credit institutions shall be read as a reference to institutions.

3. For the purposes of applying this Law to groups of investment firms that do not include a credit institution, the following definitions shall apply:

a) Financial holding company shall mean a financial institution:

i) the subsidiary undertakings of which are either exclusively or mainly investment

firms or other financial institutions, at least one of which is an investment firm; and

ii) which is not a mixed financial holding company within the meaning of paragraph 15 of Article 2 of Law 3455/2006 (Government Gazette 84A).

b) Mixed-activity holding company shall mean a parent undertaking, other than a financial holding company or an investment firm or a mixed financial holding company within the meaning of paragraph 15 of Article 2 of Law 3455/2006 (Government Gazette 84A), the subsidiaries of which include at least one investment firm.

c) Competent authority shall mean the Capital Market Commission or, as appropriate, the national authorities of other countries empowered to supervise investment firms.

4. Recognised third-country investment firms shall mean firms meeting the following conditions:

a) firms which, if they were established within an EU Member State, would be covered by the definition of investment firm;

b) firms which are authorised in a third country; and

c) firms which are subject to and comply with prudential rules considered by the Capital Market Commission as at least as stringent as those laid down by this Chapter.

5. All other definitions of this Law shall apply to the extent that they are not included or modified in this article.

6. Paragraphs 5(a) and 5(b) of Article 25 and Articles 34 and 38 to 50 shall also apply to investment firms' supervision and information disclosure. References in the aforementioned articles to a credit institution, or references in the aforementioned articles and this Chapter to other articles of this Law on credit institutions shall be read, *mutatis mutandis*, as references to investment firms, unless otherwise explicitly specified in this Chapter. Moreover, any reference to the Bank of Greece in the above articles or in articles referred to therein shall be read as references to the Capital Market Commission, unless otherwise explicitly specified in this Chapter.

By way of derogation from Article 47 paragraph 1, when a group does not include a credit institution, the first words of the said article "When a credit institution ..." shall be replaced by the following words: "When an investment firm ...".

7. Whenever an EU parent financial holding company has as subsidiaries both a credit institution and an investment firm, the provisions of this Law on supervision and information disclosure shall apply to the institutions' supervision in such a way that

references to a credit institution shall be read as references to an institution.

8. Article 44 shall also apply to the approval of internal models for the calculation of institutions' capital requirements according to the provisions of this Law, provided that the application is submitted by an EU parent credit institution and subsidiaries thereof, or by an EU parent investment firm and subsidiaries thereof, or jointly by subsidiaries of an EU parent financial holding company. The time limit for the above approval shall be six (6) months.

Article 71

Governance arrangements and internal control systems of investment firms

1. Any investment firm authorised in Greece shall have robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and adequate internal control mechanisms, including sound administrative and accounting procedures.

2. The arrangements, processes and mechanisms referred to in the preceding paragraph shall be comprehensive and proportionate to the nature, scale and complexity of the investment firm's activities, and shall meet the requirements linked to the investment services provided by it, according to the relevant provisions of the legislation on the provision of investment services for the time being in force.

Article 72

Own funds, capital requirements

1. Investment firms shall provide, on an individual and on a consolidated basis, own funds which are at all times more than or equal to the sum of the following capital requirements:

- a) for credit risk and dilution risk;
- b) for foreign-exchange risk, commodities risk and operational risk; and
- c) in respect of their trading-book business, for position risk, settlement risk and counterparty risk and for large exposures exceeding the prescribed limits.

2. The Board of Directors of the Capital Market Commission shall specify by a decision:

- a) the kind and amount of own funds that investment firms are required to have; and
- b) the calculation of own funds for covering the risks referred to in the preceding paragraph, which shall include at least:

- ii) the Standardised Approach; and
- ii) the Internal Ratings-Based Approach.

3. To calculate their capital requirements, investment firms may apply either the Standardised Approach, according to decisions of the Capital Market Commission, or the Internal Ratings-Based Approach. The Internal Ratings-Based Approach may only be applied if permitted by the Capital Market Commission, which shall grant its consent provided that it judges that the conditions and criteria laid down in its relevant decisions are fulfilled.

4. By way of derogation from paragraphs 1-3 above, the Board of Directors of the Capital Market Commission may lay down in a decision lower own funds and a different calculation method for investment firms that:

a) are not authorised to deal on own account, underwrite financial instruments and underwrite issues on a firm commitment basis; or

b) have an initial capital according to the provisions of Directive 2006/49/EC and:

i) deal on own account only for the purpose of fulfilling or executing a client order or for the purpose of gaining entrance to a clearing and settlement system or a registered exchange when acting in an agency capacity or executing a client order; and

ii) do not hold client money or securities; undertake only dealing on own account; have no external customers; and carry out transactions the execution and settlement of which takes place under the responsibility and guarantee of a registered clearing institution; or

c) the size of their trading book business meets all the following requirements:

i) their trading-book business does not normally exceed 5% of their total business;

ii) their total trading-book positions do not normally exceed the amount of fifteen million euro (€15,000,000); and

iii) their trading-book business never exceeds 6% of their total business and their total trading-book positions never exceed the amount of twenty million euro (€20,000,000).

Article 73

Strategies and procedures for the assessment and maintenance of capital by investment firms

1. Investment firms shall have in place sound, effective and complete strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of

internal capital that they consider adequate to cover the nature and level of the risks to which they are or might be exposed.

2. These strategies and processes shall be subject to regular internal review by investment firms to secure that they remain comprehensive and proportionate to the nature, scale and complexity of their activities.

Article 74

Information disclosure by investment firms

1. Investment firms shall on an at least annual basis disclose data and information on their financial position and the policy pursued by them in the areas of risk-taking and management, with a view to enhancing market transparency. Moreover, they shall adopt, in pursuance of Article 71, a formal policy to comply with the disclosure requirements laid down from time to time by the Capital Market Commission under Articles 80 and 81, as well as policies for assessing their disclosures, in particular in terms of appropriateness, verification and frequency.

2. Investment firms may determine the appropriate medium, location, frequency and means of verification to comply effectively with the disclosure requirements laid down in this Chapter. To the degree feasible, all disclosures shall be provided in one medium or location. The investment firm shall include the relevant disclosures in its accounts or, alternatively, shall mention the medium and location where these disclosures are available.

3. By a decision of its Board of Directors, the Capital Market Commission may:

a) detail the disclosure requirements and lay down the criteria for disclosure of data and information; and

b) lay down the conditions and the criteria on the basis of which the disclosure requirement may be waived by way of derogation from paragraphs 1 and 2.

Article 75

Obligations of investment firms on an individual basis

1. Investment firms authorised in Greece and supervised on a consolidated basis shall comply on an individual basis with the requirements laid down in Articles 71 and 72 and the decisions of the Board of Directors of the Capital Market Commission provided for under Articles 72 and 81, including decisions on large exposures.

2. Investment firms authorised in Greece and not supervised on a consolidated basis in Greece under this Law or exempted from supervision on a consolidated basis in Greece

pursuant to Article 37 shall comply on an individual basis with the requirements laid down in paragraph 1 of this article and Articles 23 and 73.

3. Investment firms authorised in Greece and not supervised on a consolidated basis in Greece or in another Member State or exempted from supervision on a consolidated basis in Greece and the other Member States shall comply on an individual basis with the requirements laid down in paragraphs 1 and 2 of this article and Article 74. The same requirement shall also apply to investment firms authorised in Greece that are subsidiaries of a parent investment firm or parent financial holding company established in a third country, provided that the Capital Market Commission judges that the mandatory disclosure of data and information by the parent undertaking on a consolidated basis does not include data and information equivalent to those disclosed pursuant to this Law.

Article 76

Waiver of supervision of investment firms on an individual basis

1. By a decision of its Board of Directors, the Capital Market Commission may choose no to apply paragraph 1 of Article 75 to any investment firm that:

a) is a subsidiary of an investment firm where both the subsidiary and the investment firm are subject to authorisation and supervision by the Capital Market Commission and the subsidiary is included in the supervision on a consolidated basis of the parent investment firm, and all of the following conditions are satisfied, in order to ensure that own funds are distributed adequately among the parent undertaking and the subsidiaries:

i) there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by its parent undertaking;

ii) either the parent undertaking satisfies the Capital Market Commission regarding the prudent management of the subsidiary and has declared that it fully guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of negligible interest;

iii) the risk evaluation, measurement and control procedures of the parent undertaking cover the subsidiary;

iv) the parent undertaking holds more than 50% of the voting rights attaching to shares in the capital of the subsidiary or has the right to appoint or remove a majority of the members of the management body entrusted with the duties referred to in point (i) of subparagraph (c) of paragraph 10 of Article 5 of this Law;

b) is a subsidiary of a financial holding company, provided that the parent undertaking has been authorised in Greece and is subject to the same supervision regime as investment firms, in particular according to the provisions of Article 77;

c) is a parent investment firm subject to authorisation and supervision by the Capital Market Commission and is included in the supervision on a consolidated basis and all the following conditions are satisfied, in order to ensure that own funds are distributed adequately among the parent undertaking and the subsidiaries:

i) there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent undertaking by its subsidiary undertaking(s);

ii) the subsidiary's risk evaluation, measurement and control procedures cover the parent investment firm.

2. The decision referred to in paragraph 1 shall lay down the criteria for determining that there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or the repayment of liabilities.

3. If the Capital Market Commission exercises the discretion laid down in paragraph 1, it shall inform the competent authorities of all other Member States and shall disclose according to the provisions of Article 50 the following information:

a) the criteria it applies to determine that there is no current or foreseen material, practical or legal impediment to the prompt transfer of own funds or the repayment of liabilities, in accordance with point (i) of subparagraph (a) of paragraph 1 and point (i) of subparagraph (c) of the said paragraph;

b) the number of the parent investment firms which benefit from the exercise of the discretion laid down in subparagraph (c) of paragraph 1, and the number of these that incorporate subsidiaries in a third country;

c) on an aggregate basis for Greece:

i) the total amount of own funds on the consolidated basis of the parent investment firm which benefits from the exercise of the discretion laid down in subparagraph (c) of paragraph 1, which are held in subsidiaries in a third country;

ii) the percentage of total own funds referred to in point (i) on the consolidated basis of parent investment firms;

iii) the percentage of the own funds referred to in point (i) above in parent investment

firms' total minimum own funds required under Article 72.

Article 77

Obligations of investment firms on a consolidated basis

1. Without prejudice to Articles 75, 76 and 79, investment firms shall comply on a consolidated basis, to the extent and in the manner specified in Article 40, with the requirements laid down in Articles 23, 72 and 73 and with the decisions of the Board of Directors of the Capital Market Commission provided for under Articles 72 and 81, including decisions on large exposures, concerning the consolidated accounts of the parent investment firm or parent financial holding company, as appropriate. When a parent financial holding company established in another Member State controls investment firms in Greece, the preceding sentence shall only apply to investment firms supervised on a consolidated basis under this Law.

2. Subsidiary investment firms shall comply with the requirements laid down in paragraph 1 of this article also on a sub-consolidated basis when these investment firms or their parent undertaking, as long as it is a financial holding company, have in a third country a subsidiary that is an investment firm or financial institution or an asset management company, as defined in paragraph 5 of Article 2 of Law 3455/2006, or have a holding in such an undertaking.

3. Parent and subsidiary undertakings falling within the scope of this Chapter shall comply with the requirements laid down in Article 71 on a consolidated or on a sub-consolidated basis, so as to ensure that their internal arrangements, processes and mechanisms are consistent and complete and that they can provide all the data and information required for supervision.

4. EU parent investment firms, as well as investment firms controlled by an EU parent financial holding company, that are supervised by the Capital Market Commission on a consolidated basis under this Law, shall comply, in addition to the requirements of the previous paragraphs of this article, also with the requirements laid down in Article 74, as regards the disclosure of the accounts of the investment firm or the financial holding company, as appropriate.

5. Where an investment firm is a parent undertaking of a credit institution, only the parent investment firm shall be subject to the requirements on a consolidated basis laid down in this article.

6. Where a credit institution is a parent undertaking of an investment firm, only the parent credit institution shall be subject to the requirements on a consolidated basis laid down in this Law.

7. Where a financial holding company is a parent undertaking of a credit institution and of an investment firm, the credit institution shall be subject to the requirements on a consolidated basis that arise on the basis of the consolidated accounts of the financial holding company.

Article 78

Non-inclusion in consolidation

1. The Capital Market Commission may decide in the following cases that an investment firm, financial institution or ancillary services undertaking that is a subsidiary or in which a participation is held need not be included in consolidation, provided that at least one of the following conditions is fulfilled:

a) the undertaking is situated in a third country where there are legal impediments to the transfer of the necessary information;

b) the undertaking concerned is, in the opinion of the Capital Market Commission, of negligible interest only with respect to the objectives of the supervision of investment firms, or the balance sheet total of the undertaking concerned does not exceed the smaller of either: i) ten million euro (€10,000,000); or ii) 1% of the balance sheet total of the parent undertaking or the undertaking that holds the participation;

c) in the opinion of the Capital Market Commission, the consolidation of the financial situation of the undertaking concerned would be inappropriate or misleading as far as the objectives of supervision of investment firms.

2. By way of exception, if several undertakings meet the criteria laid down in subparagraph (b) of paragraph 1 of this article, they shall nevertheless be included in the consolidation where collectively they are of non-negligible interest with respect to the objectives of supervision.

3. The Capital Market Commission may issue a decision wholly or partly waiving application of this article to an investment firm that is a subsidiary of an investment firm based in a third country and subject to at least equivalent disclosure requirements on a consolidated basis, provided that the subsidiary undertaking is included in the consolidated accounts of the parent undertaking.

Article 79

Obligations of investment firms in the context of solo consolidation

1. The Capital Market Commission may allow on an *ad hoc* basis, laying down specific conditions, a parent investment firm established in Greece to include in the calculation of its own funds and capital requirements, for the purposes of application of paragraph 1 of Article 75, any of its subsidiaries that meet the conditions of points (iii) and (iv) of subparagraph (a) of paragraph 1 of Article 76 and whose material exposures or material liabilities are to that parent investment firm (Solo Consolidation).

2. The treatment in paragraph 1 of this article shall be allowed only where the parent investment firm demonstrates fully to the Capital Market Commission the circumstances and arrangements, including legal arrangements, by virtue of which there is no material, practical or legal impediment, and none are foreseen, to the prompt transfer of own funds or repayment of liabilities when due by the subsidiary to its parent undertaking.

3. The Capital Market Commission shall inform on an annual basis the competent authorities of the other Member States or of the third country concerned where the subsidiary is in a third country, about the implementation of paragraph 1 and shall disclose, according to the provisions of Article 50, the corresponding information laid down in paragraph 2 of Article 76.

Article 80

Powers of the Capital Market Commission

1. The Capital Market Commission shall supervise on an individual and on a consolidated basis investment firms authorised in Greece, including their branches established in Member States or third countries.

2. The Capital Market Commission shall have the power to supervise on a consolidated basis groups subject to supervision on a consolidated basis under this Law, provided that they include no credit institution or their parent undertaking is an investment firm established in Greece.

3. The supervision exercised by the Capital Market Commission under this Law involves ensuring the capital adequacy, adequate liquidity and overall smooth and sufficiently transparent operation of investment firms, in particular by preventing concentration risk and ensuring their compliance with the requirements laid down in Articles 71 to 74.

4. The Capital Market Commission shall:

a) cooperate with the competent authorities of the other Member States, in particular where investment services are provided on the basis of the freedom to provide services or through the establishment of branches;

b) exchange with the above competent authorities, upon request, any information that can facilitate supervision of the adequacy of institutions' own funds and in particular control of their compliance with the rules laid down in this Law and Directive 2006/49/EC.

5. Any exchange of information between competent authorities under this Law and Directive 2006/49/EC, as well as any data or information collected in the context of supervision, shall be subject to the following professional secrecy requirements:

a) with respect to investment firms, the requirements laid down in Articles 54 and 58 of Directive 2004/39/EC shall apply;

b) with respect to credit institutions, the requirements laid down in Article 60 of this Law shall apply.

Article 81

Authorisations

1. In order to achieve the objects of supervision, the Capital Market Commission may, by a decision of its Board of Directors:

a) lay down criteria and rules;

b) take general or investment firm category-specific measures;

c) take investment firm-specific measures; and

d) assess and continuously monitor investment firms' compliance with their obligations by requiring them to submit data, written explanations upon request, as well as by conducting on-site examinations;

e) lay down rules on investment firms' large exposures.

2. By a decision of its Board of Directors, having regard to Directives 2006/49/EC and 2006/48/EC, the Capital Market Commission may in particular:

a) review the arrangements, strategies, processes and mechanisms implemented by investment firms;

b) lay down the required criteria to ensure these undertakings' compliance with their obligations under this Law, and assess the risks to which these undertakings are or might be exposed.

c) set forth: i) the criteria and overall obligations of investment firms as regards their

disclosure and/or failure to disclose data and information under Article 74; ii) more data to be disclosed and a higher frequency for one or more of the items of information that must be disclosed under point (i) above; iii) disclosure time limits; iv) disclosure media and locations other than those applicable to investment firms' annual and consolidated accounts; v) the employment of specific verification methods for disclosures not covered by the statutory audit of investment firms' annual and consolidated accounts carried out according to the legislation in force; and vi) disclosures by investment firms carried out under other provisions of the legislation in force, which it considers equivalent to those required under point (i) above.

d) lay down the criteria: i) for the recognition of the eligibility of external credit assessment institutions (ECAIs), irrespective of the country in which these are based, for the purposes of implementation of its decisions on "Risk-Weighted Exposures according to the Standardised Approach", if it is satisfied that their assessment methodology complies with the requirements of objectivity, independence, transparency and ongoing review, as well as that the resulting credit assessments meet the requirements of credibility and transparency; ii) for determining with which of the credit quality steps set out in its decision referred to in (i) above the relevant credit assessments by an eligible ECAI are to be associated;

e) recognise on an *ad hoc* basis, without carrying out its own determination process: i) an ECAI as eligible for the above purpose, provided that it has been recognised by the competent authorities of other Member States or the Bank of Greece; as well as ii) the association of the credit assessments made by an ECAI recognised according to the above point, which has been determined by the competent authorities of other Member States or the Bank of Greece;

f) specify the form and the frequency of data reporting by the undertakings it supervises under this Law;

g) allow investment firms to use credit assessments by export credit agencies for the purposes of weighting exposures vis-à-vis central governments and central banks, according to its decisions on "Risk-Weighted Exposures according to the Standardised Approach", if one of the following conditions is fulfilled: i) it is a consensual risk assessment by export credit agencies participating in the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development (OECD); or ii) the export credit agency publishes its credit assessments and applies the methodology agreed within

OECD and the credit assessment is associated with one of the eight minimum export credit premia provided for under this methodology.

3. The Capital Market Commission may, by a decision of its Board of Directors, in the context of supervision on a consolidated basis, lay down the information to be disclosed on an individual or on a sub-consolidated basis by significant subsidiaries of EU parent investment firms and significant subsidiaries of EU parent financial holding companies according to the provisions of Community law in force.

4. The decisions of the Board of Directors of the Capital Market Commission contemplated in this Chapter shall prescribe, by way of exception from any other provision on the transposition of Community legislation to Greek law, the arrangements required for compliance of the Greek legislation with the Community provisions related mainly to the powers of the Capital Market Commission under this Law.

Article 82

Supervisory measures

1. The Capital Market Commission may require any investment firm that does not comply with the requirements of this Law and its relevant decisions to take the necessary actions or steps at an early stage to address the situation.

2. For the purpose of paragraph 1, the Capital Market Commission may also require investment firms to:

a) hold own funds in excess of the minimum level laid down from time to time in its generally applicable decisions on capital adequacy;

b) reinforce the arrangements, processes, mechanisms and strategies they implement to comply with Articles 71 and 73 of this Law;

c) apply a specific provisioning policy or treatment of own funds requirements;

d) restrict or limit their business, operations or network;

e) require the reduction of the risk inherent in their activities, products and systems;

f) prohibit or limit the distribution of profits and order them to transfer profits to a special reserve or form provisions.

3. The Capital Market Commission may impose own fund requirements in excess of the minimum level laid down in its generally applicable decisions on capital adequacy on investment firms that do not comply with the requirements of Articles 71 and 73 of this Law and its decisions referred to in Articles 72 and 81, or in respect of which a negative

determination has been made on the issue described in paragraph 2 of Article 81 of this Law, if the sole application of other measures is unlikely to improve the arrangements, processes, mechanisms and strategies within an appropriate timeframe.

Article 83

Penalties

Without prejudice to the provisions on the withdrawal of investment firms' authorisation, in the event of violation of the provisions of this Law, the Capital Market Commission may impose on the investment firm, its legal representatives and its management a warning or a fine of up to one million euro (€1,000,000). Imposition of the penalties referred to in the preceding sentence shall not prevent the cumulative imposition of other penalties under the capital market legislation if the same actions or omissions violate other provisions of the capital market legislation as well.

Article 84

Waiver of application

1. The Bank of Greece or the Capital Market Commission, as the competent authorities under this Law responsible for supervising on a consolidated basis groups that include a credit institution and an investment firm, may on an *ad hoc* basis waive the application of consolidated capital requirements, laying down in their relevant decisions the conditions of such waiver, as well as the obligations of the firms concerned according to the Community legislation in force.

2. If the discretion referred to in paragraph 1 of this article is exercised:

a) The above supervisory authorities shall take other proportionate measures for the supervision of large exposures of the group as a whole, including any undertakings not established in a Member State.

b) The requirements laid down in Articles 28 and 29 or 73 and 74 of this Law shall apply on an individual basis, whereas the provisions of paragraph 5 of Article 25 of this Law shall apply to the supervision of investment firms on an individual basis.

3. In the case of a group that includes no credit institution, the Capital Market Commission may waive the application of consolidated capital requirements with respect to investment firms, laying down the relevant conditions.

Article 85

Discretion of the supervisory authorities to recognise netting

The Bank of Greece or the Capital Market Commission, as the competent authorities responsible for exercising supervision on a consolidated basis under this law, may allow, according to the rules laid down in their relevant decisions issued pursuant to Directives 2006/48/EC and 2006/49/EC, netting between an institution's trading book, foreign exchange and commodities positions with the respective positions of another institution or undertakings in third countries.

CHAPTER XIV OTHER PROVISIONS

Article 86

Supervision expenses

The Bank of Greece may decide that, in the exercise of its supervisory functions under this Law and its Statute, all audit-related expenses shall be covered by supervised credit and financial institutions. In this case, it shall also lay down the amount of expenses, the criteria on the basis of which such expenses may vary by category of supervised institution or audited activity, the expenses collection manner and any other detail necessary for the implementation of this article.

Article 87

Amendment to the memoranda and articles of association of credit institutions

1. The procedure for approving amendments to the memoranda and articles of association of credit institutions shall be governed by the general provisions in force. Approval by the Bank of Greece shall be required for amendments relating to the nature of the credit institution's activities, as well as any capital reduction or increase not covered fully in cash, whether or not such operations are accompanied by an amendment to the provisions of the memoranda and articles of association.

2. With respect to credit institutions that operate in the form of a pure credit cooperative referred to in Law 1667/1986 (Government Gazette 196A), as currently in force, prior approval by the Bank of Greece shall be required for any amendment to their memoranda and articles of association. Such approval shall constitute a condition for the legal registration of the amended memoranda and articles of association in the register of cooperatives of the competent Justice's Court.

3. Credit institutions shall communicate to the Bank of Greece amendments not subject to its approval within a time limit of ten (10) days from making the relevant decision.

Article 88

Interest accrual on loans or other credit

1. Credit institutions authorised in Greece shall stop entering in their accounting records interest on loans or other credit they extend in any form, including claims from financial leasing operations under Law 1665/1986 (Government Gazette 194A), after the lapse of a time period in which accounted interest on their loans or other credit remains unclaimed, which may not exceed six (6) months with respect to debts from loans to natural persons fully secured by real estate and three (3) months with respect to debts from other credit. After the expiry of the above time period, they shall only be allowed to carry out non-accounting calculation of interest, including any default and compound interest, where allowed, which shall be entered in accounting records if and when collected. In particular with respect to loans or other credit in the form of credit lines, as long as the accounted and uncollected interest adds to such lines' debit balances, there must be an at least equal amount of credit in these lines within three (3) months following the date when interest was entered in accounting records, in order for the interest accrual of loans or other credit to not stop.

2. A credit institution falling within the scope of paragraph 1 of this article may neither extend new loans for the recovery of overdue interest, which would result in the suspension of the implementation of the provision of the said paragraph, nor agree on any debt restructuring which would have the same result, save under an overall debt restructuring agreement that shall be based on a thorough study by the credit institution of the borrower's restructured debt-servicing capacity according to a specific schedule.

Credit institutions authorised in Greece may not capitalise interest unless provided for under an initial medium- to long-term loan agreement or an overall debt restructuring agreement, according to the preceding sentence.

3. The Bank of Greece is authorised to provide clarifications for the implementation of this article.

4. The provisions of paragraphs 1, 2 and 3 shall not affect the preparation of credit institutions' accounts on the basis of the International Accounting Standards.

Article 89

Provision of collateral to the Bank of Greece

1. The Bank of Greece shall keep the assets mandatorily or optionally provided to it by

credit institutions as collateral in order to cover any claims it may have out of the conduct of monetary policy and any transactions through OTC payment and settlement systems. If the above claims are not fully backed by collateral, debtors shall immediately provide supplementary collateral.

2. All the collateral provided by a credit institution to the Bank of Greece or another central bank of the Eurosystem shall be used as a pool to secure all their claims on the credit institution arising out of monetary policy operations and intraday liquidity operations. In this case, the credit institution may not, without the pledgee central bank's consent, withdraw and/or dispose of the assets provided as collateral.

3. Notice to a debtor of the provision as collateral by a credit institution to the Bank of Greece or another central bank of the Eurosystem, in the context of monetary policy or intraday liquidity operations, of the credit institution's claims arising from a loan or other credit extended to the debtor in any form, shall be senior to any subsequent notice of creation of a security interest in claims arising from the same loan or credit, effected in any manner whatsoever, including publication pursuant to the provisions of Law 2844/2000 (Government Gazette 220A).

Article 90

Amendment to Law 2789/2000

1. Subparagraph (m) of Article 1 of Law 2789/2000 (Government Gazette 21A), as currently in force, shall be amended as follows: “(m) Collateral: All realisable assets, including claims arising from bank loans or other credit, or money, provided under a pledge, guarantee, repurchase or similar agreement or otherwise provided in order to secure rights and obligations that may arise in connection with any System, or provided to the Member States' central banks or the European Central Bank”.

2. Paragraph 2 of Article 9 of the above Law shall be amended as follows:

“2. As long as there is an overdue debt of a Participant in a System in the context of its operation or of a Counterparty of a central bank of an EU Member State and/or the European Central Bank, financial instruments listed on a regulated market or claims arising from bank loans or other credit that have been provided as collateral may be sold by the System's Settler or Central Counterparty, the central bank or the European Central Bank, by way of derogation from the provisions on compulsory sale, or, provided that they are securities or overdue and payable claims, the relevant amounts may be collected by the

System's Settler or Central Counterparty, the central bank or the European Central Bank in their own name. Such collateral shall be sold on a stock exchange through a member of the regulated market appointed by the Settler, the Central Counterparty, the central bank or the European Central Bank; it may also be sold over the counter, at the discretion of the Settler, the Central Counterparty, the central bank or the European Central Bank, provided that the underlying assets are claims arising from bank loans or other credit, government paper or other securities legally traded by undertakings that pursue the business of a credit institution or investment firm carrying out direct transactions for their own account with their customers. The proceeds from the sale or the amount collected shall be applied by priority towards satisfying the secured claim. When collateral has been provided in the form of a securities repurchase agreement and the Participant or Counterparty who has undertaken to repurchase the securities defaults on its obligation to pay the price, the Settler, the central bank or the European Central Bank may immediately sell freely the securities they had purchased".

Article 91

Covered bonds

1. Credit institutions may issue covered bonds according to this article and, on a supplementary basis, Articles 1 to 9, 12 and 14 of Law 3156/2003 (Government Gazette 157A).

2. The duties of a bondholders' representative shall be performed by a trustee, which may be a credit institution or a subsidiary undertaking of a credit institution that legally provides services in the European Economic Area (EEA). Unless otherwise specified in the terms of the bond issue, the trustee shall be liable vis-à-vis the bondholders for wilful misconduct and gross negligence.

3. The cover of the covered bonds may consist in claims arising from loans and any kind of credit and, on a supplementary basis, from financial derivatives (including, but not limited to, interest rate swaps), in deposits with credit institutions and in transferable securities, as specified in a decision of the Bank of Greece. The same decision shall lay down the ratio of the value of the assets constituting the cover to the value of the covered bonds upon issuance, the manner of valuation of such assets, as well as the control ensuring the adequacy of the cover throughout the term of the issuance. A different asset-to-bond value ratio may be determined according to the kind of assets constituting the cover, in

particular the type of underlying loans or credit.

4. The cover shall be pledged to the bondholders and other lenders the claims of which are linked to the issuance of the bonds (such as, without limitation, claims from financial derivatives linked to the bond issue, claims of the trustee for its agreed fees and expenses, claims of any guarantors, claims of any manager of the loans), and which are mentioned as secured lenders in the bond issue schedule. If any of the assets constituting the cover of the bonds are governed by foreign law, a security interest therein shall be created in favour of the bondholders and other secured lenders according to the respective foreign law.

5. The claims included in the cover of the bonds shall be listed by bondholder in a document signed by the issuer and the trustee and registered in summary form including its substantial points, according to Article 3 of Law 2844/2000 (Government Gazette 220A). In the same manner, claims constituting part of the cover may be replaced with other claims or claims may be added to the cover.

6. Pledged claims shall be senior to the claims referred to in Article 975 of the Code of Civil Procedure, unless otherwise specified in the terms of the bond issue.

7. From the registration of the document referred to in paragraph 5 of this article onwards, the validity of the issuance of the bond loan, of the creation of the pledge and of any security interest governed by foreign law, of the payments to the bondholders and other lenders secured by the pledge, as well as of the conclusion of any agreement relevant to the issuance of the covered bonds shall not be affected by the institution of insolvency proceedings, as defined in Law 3458/2006 (Government Gazette 94A), against the issuer.

8. Attachment of the assets included in the cover shall be prohibited. Unless otherwise specified in the terms of the bond issue, their sale by the issuer without the trustee's written consent shall be null and void.

9. The bond issue schedule may specify that either from the start or upon occurrence of certain events, such as, without limitation, institution of insolvency proceedings against the issuer, the trustee may assign or take up the collection and overall management of the assets constituting the cover of the bonds by way of analogical application of paragraphs 14 to 16 of Article 10 of Law 3156/2003 (Government Gazette 157A). In case of the issuer's insolvency, the Bank of Greece may appoint an administrator, regardless of the powers it may assign to a Commissioner or Liquidator under Articles 63 and 68 above, if the trustee does not do so. The proceeds from the collection of the claims included in the pledge and

the sale of the other assets subject thereto shall be applied towards the repayment of the bonds and the other claims secured by the pledge according to the terms of the bond issue.

10. Bonds issued by a special purpose vehicle based either in Greece or in a EEA Member State that acquires claims from loans and credits of any type from a credit institution based in Greece according to the provisions of Article 10 of Law 3156/2003 on securitisation (Government Gazette 157A) may be assimilated with covered bonds, as long as the credit institution guarantees liability as self-debtor in favour of the total of bondholders' claims. In addition, in order for the bonds issued by the special purpose vehicle to be assimilated with covered bonds, the conditions of the decision of the Bank of Greece to be issued pursuant to paragraph 3 of this article in relation to the value of the bonds and the value and kind of assets of the special purpose vehicle must be fulfilled. Paragraph 8 of this article shall apply also in this case.

11. The covered bonds may be listed on a regulated market within the meaning of paragraph 14 of Article 2 of Law 2396/1996 (Government Gazette 73A), as currently in force, as well as sold by public offering according to the relevant provisions.

12. In case a credit institution based in an EEA Member State issues according to a foreign law bonds classified according to that law as covered bonds, the issuer may pledge claims governed by Greek law to the bondholders and other lenders the claims of which are linked to the issuance of the bonds by way analogical application of paragraphs 5, 6 and 8 of this article and of Article 14 of Law 3156/2003 (Government Gazette 157A).

13. Details for the implementation of this article shall be provided by Acts of the Governor of the Bank of Greece.

Article 92

Repealed provisions

a) As from the promulgation of this Law, the following provisions shall be repealed and any existing reference to them shall henceforth be read as a reference to the corresponding provisions of this Law: 1. The provisions of Articles 1 to 25, 27 paragraphs 1, 2 and 3, 28, 29 and 30 paragraph 1 of Law 2076/1992 (Government Gazette 130A), as currently in force. 2. The provisions of Presidential Decree 267/1995 (Government Gazette 149A), as currently in force. 3. The provisions of Law 5076/1931 (Government Gazette 186A), as currently in force, and any existing reference in the legislation to the term "bank" shall henceforth be read as a reference to the term "credit institution" referred to in subparagraph (a) of

paragraph 1 of Article 2 of this Law. 4. The provisions of Emergency Law 1665/1951 (Government Gazette 31A), as currently in force. 5. Article 3 of Emergency Law 675/1945 (Government Gazette 282A). 6. Article 5 of Legislative Decree 588/1948 (Government Gazette 85A). 7. Articles 1 and 2 of Law 1387/1950 (Government Gazette 1A). 8. The last sentence of paragraph 7 of Article 2 of Law 1665/1986, as replaced by paragraph 5 of Article 2 of Law 3483/2006 (Government Gazette 169A). 9. Paragraph 3 of Article 5 of Law 1905/1990 (Government Gazette 147A). 10. Paragraph 2 of Article 18 of Law 3148/2003 (Government Gazette 136A). 11. Article 2 paragraph 3, Articles 4, 5, 17, 20 to 31 and 33 to 39, Article 3 paragraphs 5 and 6, and Articles 9 and 32 to 38 of Law 2396/1996 (Government Gazette 73A), as currently in force, and any reference to them shall henceforth be read as a reference to this Law and the decisions of the Bank of Greece and the Board of Directors of the Capital Market Commission that will be issued for the implementation of Article 27 and of paragraph 3 of Article 72 of this Law. In particular, the repeal of these Articles shall take effect as from the entry of the said decisions into force. 12. The provisions of Legislative Decree 1321/1972 (Government Gazette 239A). 13. The provisions of Legislative Decree 116/1973 (Government Gazette 197A). 14. The provisions of Presidential Decree 22/30.9.1931 (Government Gazette 342A). 15. The fourth and fifth sentences of paragraph 3 of Article 2 of Law 5422/1932, which (paragraph) has been added by Article 15 of Law 2515/1997 (Government Gazette 154A).

b) The decisions, circulars and clarifying instructions issued by Ministers or the competent authorities, pursuant to provisions repealed by paragraph (a) of this article, amended, completed or replaced by provisions of this Law, shall remain in force until they are repealed, amended, supplemented or replaced pursuant to the relevant provisions of this Law.

Article 93

This Law shall enter into force as from its promulgation in the Government Gazette, unless otherwise specified in its individual provisions.

We hereby order the promulgation of this Law in the Government Gazette and its execution as a Law of the State.

Athens, 31 July 2007

THE PRESIDENT OF THE REPUBLIC

KAROLOS G. PAPOULIAS

THE MINISTER OF ECONOMY AND FINANCE

G. ALOGOSKOUFIS

Certified and affixed with the Great Common Seal of State. Athens, 1 August 2007.

THE MINISTER OF JUSTICE

ANASTASIS PAPALIGOURAS