



**BANK OF GREECE**  
EUROSYSTEM

June 2015

**BANK OF GREECE**  
**SYSTEM FOR MONITORING TRANSACTIONS**  
**IN BOOK-ENTRY SECURITIES**

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**OPERATING REGULATION OF THE SYSTEM**

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## 1. GENERAL

Under Law 2198/1994, Section B (Government Gazette 43/A/22 March 1994), as currently in force, the Bank of Greece was appointed Manager of the **“System For Monitoring Transactions in Book-entry Securities”** (hereinafter referred to as “the System”) through which, according to Articles 5 to 12 of the above law, Greek government and other agencies’ securities shall be issued, registered and monitored, and clearing and settlement of transactions in book-entry securities held in participants’ accounts shall be carried out.

TARGET2-Securities (hereinafter referred to as “T2S”) is a project whereby the Eurosystem provides to central securities depositories (CSDs) book-entry securities settlement services, at cross-border and European level, based on a single technical platform (hereinafter referred to as the “T2S Platform”).

The Eurosystem is responsible for the governance and operation of T2S. The provision of services and the overall operation of T2S are governed by Guideline of the European Central Bank ECB/2012/13 on TARGET2-Securities (OJ L125, 11.8.2012), Decision of the European Central Bank ECB/2011/20 establishing detailed rules and procedures for implementing the eligibility criteria for central securities depositories to access TARGET2-Securities services (OJ L319, 2.12.2011), as well as the Framework Agreement between the Eurosystem central banks and the individual CSDs, including its annexes (hereinafter referred to as the “T2S Framework Agreement”),

([http://www.ecb.europa.eu/paym/t2s/pdf/csd\\_FA/T2S\\_Framework\\_Agreement\\_Schedules.pdf](http://www.ecb.europa.eu/paym/t2s/pdf/csd_FA/T2S_Framework_Agreement_Schedules.pdf)), as the technical details and relevant procedures are specified in the documents included in the T2S Framework Agreement (including, in particular, the T2S User Detailed Functional Specifications – hereinafter referred to as the “UDFS”, (<http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html>), which is part of the T2S Scope Defining Set of Documents (<http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html>).

T2S is not a “system” within the meaning of Directive 98/26/EC on settlement finality in payment and securities settlement systems (OJ L166/11.6.1998) and Law 2789/2000 (Government Gazette A21/11.2.2000), as currently in force.

In the context of T2S, CSDs maintain their legal relationships with their participants and continue to keep securities accounts of their participants (own portfolio and customer portfolio), according to their operating rules.

In the context of T2S, the settlement of the cash leg of securities transactions is effected through Dedicated Cash Accounts (DCAs), which are specifically created to serve the cash settlement of these transactions in central bank money. Although DCAs are technically supported by the T2S Platform, they constitute accounts of the TARGET2 (T2) payment system. References in this Regulation to cash accounts in T2S shall be understood as references to the DCAs, the operation of which shall be governed by Guideline of the European Central Bank ECB/2012/27 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) and where applicable, the Operating Regulations T2-GR, as currently in force, and, additionally, by the provisions of this Regulation.

In securities transactions with a cash leg, T2S operates according to the **Delivery Versus Payment** principle, in central bank money, both in euro and other currencies, for European securities.

The Bank of Greece, as Manager of the System, has signed the T2S Framework Agreement dated 8/5/2012. Pursuant to the above agreement, as from the effective date of T2S, i.e. 22 June 2015, settlement of transactions in securities kept with the System shall be conducted in accordance with the provisions of this Regulation and the above-mentioned rules governing the operation of T2S.

This Regulation shall be drafted in greek and english. In case of discrepancy between the two versions the greek version shall prevail. References in this Regulation to the provisions of laws and regulations shall be construed as references to these provisions as in force from time to time, save as otherwise expressly provided herein.

## 2. SCOPE

The System shall serve as a register of book-entry securities issued by the Greek government or other issuers (Articles 5 and 11 of Law 2198/94), under the terms of specific agreements between the issuers and the Bank of Greece, and shall handle transactions in these securities at System-wide level. In particular, the following types of book-entry securities shall be issued, registered and monitored via book entries through the System:

- A. Greek government
  - (a) in euro
    - (i) Treasury Bills
    - (ii) Bonds
    - (iii) Other
  - (b) in foreign currency
- B. Securities issued by other agencies
- C. Forward contracts (futures, options, etc.)
- D. Foreign securities issued in other CSDs with which the System is linked

The System may handle securities with various lots, as specified from time to time by the issuer.

For securities under categories (B) and (C) above, the terms and conditions governing entry into, and handling by the System, shall be laid down by the Bank of Greece, subject to the general terms, rules and procedures applicable to the operation of T2S.

Each issue of securities issued through the System shall be given a code number in accordance with the **International Securities Identification Number (ISIN) System**. The code number of securities issued through the System shall have the following format:

**GRANANANAYYZ**

where **ANANANA** shall be the 7-alphanumeric-character code number of the issue and **YY** and **Z** shall be check numbers, calculated as described in **Annex 1** hereto.

### **3. PARTICIPANTS IN THE SYSTEM**

#### **3.1 CATEGORIES OF PARTICIPANTS**

Natural or legal persons shall participate in the System subject to approval by a Bank of Greece Governor's Act. For each participant so approved, the System shall open and keep securities accounts, for the clearing and settlement of the transactions carried out by the participant on its own behalf or on behalf of its customers. These accounts shall be mirrored in securities accounts held with the T2S platform, with which cash accounts shall also be held by participants for the cash settlement of these transactions.

The signing of an accession agreement under Section 3.2 of this Regulation shall imply an irrevocable authorisation to the Bank of Greece, as Manager of the System, to connect the securities accounts (own and/or customer portfolio) kept by the participant with the System with the corresponding T2S securities accounts, as well as with the participant's T2S cash accounts. Participation in the System shall imply an irrevocable authorisation to the Bank of Greece, as Manager of the System, to operate the above accounts for the clearing and settlement of the participant's transactions in securities held by the participant on its own behalf or on behalf of customers, in accordance with the specific conditions of operation of T2S.

Regarding securities held on behalf of third parties (e.g. customers-investors), participants shall keep in their books records of securities accounts in the name of these parties, as provided for by the law on segregating between customer and participant assets, as well as between individual customer assets.

The following can join the System:

- a. the Greek government;
- b. the Bank of Greece;
- c. credit or financial institutions of the euro area;
- d. investment companies, operating in Greece under the right of establishment or freedom to provide services, which have been authorised at least to receive and execute orders on financial instruments, as well as to provide custodian and management services in respect of such instruments;
- e. the Hellenic Central Securities Depository (ELKAT);
- f. the Central Securities Depositories, including International Central Securities Depositories, EU Securities Settlement Systems which have been accepted for participation in the Eurosystem's credit operations;
- g. any other Central Securities Depositories subject to terms and conditions specified by Bank of Greece Governor's Acts and laid down in relevant agreements;
- h. such other entities as may be specified by a Bank of Greece Governor's Act or individually approved on condition of meeting a number of criteria (coverage by a specific legal or regulatory organisational and operating framework, special supervision, etc.) guaranteeing that they have an adequate level of organisation.

### 3.2 PROCEDURE FOR ACCESSION TO THE SYSTEM

Any person referred to in para. 3.1(c)-(h) that wishes to participate in the System shall submit to the Bank of Greece, Payment and Settlement Systems Department, an application for participation (an application template is attached as **Annex 2** hereto). Following approval by the Bank of Greece, the prospective participant (through its legal representative) shall sign an accession agreement (**Annex 3**), whereby it shall be committed to strictly observe the Operating Regulation of the System, as well as relevant Annexes. Participation in the System implies unconditional acceptance of this Regulation and its Annexes. Each participant shall be assigned a code number, which shall serve to identify its securities accounts with the System and T2S.

### 3.3 SYSTEM PARTICIPANTS' CONNECTION WITH T2S

System participants may connect to the T2S platform either directly (direct connectivity) or indirectly (indirect connectivity) or through an operated account. UDFS Section 1.3 "Access to T2S", which is an integral part of this Regulation, shall apply to all connectivities to T2S. Connectivity shall be declared in the participant's participation application and shall be one of the conditions of participation. The connectivity declaration shall be a condition for the conduct by the System of operations of any nature required within T2S for the clearing and settlement of the relevant transactions. Participant shall act in such a way as to ensure the smooth operation of T2S and the System. In particular, participants that have opted for direct connectivity, as described hereinabove, shall do anything reasonable to ensure their continuous connection with the T2S platform throughout the period of connection.

Specifically:

#### a. Direct connectivity with T2S

Any System participant may connect directly to T2S, through a network approved by T2S, routing its settlement instructions directly to the T2S platform and having direct access to the T2S services, i.e. without needing any action by the System (direct connectivity – Directly Connected Party – DCP).

In case of contingency, a DCP may route its settlement instructions to T2S through the System. In such case, the System shall route messages to T2S provided that they meet the System requirements, as described in detail in the website of the Bank of Greece<sup>1</sup>.

The Bank of Greece, as Manager of the System, may at its discretion ask T2S to provide it with copies of the participant's messages.

Before a System participant can connect directly to T2S, it has to be certified by the Eurosystem. To this end, it must complete successfully the test cases for DCP certification, which are common to all markets and are specified by the Eurosystem. The Bank of Greece, as Manager of the System, may lay down additional criteria (test cases) for approving participants' direct connectivity to T2S.

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<sup>1</sup> <http://www.bankofgreece.gr/Pages/en/PaymentsSystems/bogs.aspx> document entitled «Annex 4 - SWIFT messages ISO 15022»

A System participant connected directly to T2S may not take any action or use any service or functionality of T2S unless the Bank of Greece, as Manager of the System, has authorised the participant to use a service/access an operation of T2S. The Bank of Greece, as Manager of the System, shall assess every participant independently and irrespective of any authorisation already granted to the participant by other CSDs/settlement system. In conducting such assessment, the Bank of Greece shall apply the principle of equal treatment of participants.

#### **b. Indirect connectivity**

Any System participant may connect indirectly to T2S, routing its messages indirectly to T2S via the System (indirect connectivity – Indirectly Connected Party – ICP). The System shall route the messages to T2S provided that they meet the System requirements as detailed in the website of the Bank of Greece<sup>2</sup>.

#### **c. Operated accounts**

Any System participant may connect to T2S, specifying that all messages related to its (own portfolio and customer portfolio) securities accounts shall be transmitted on its behalf by another participant, connected directly or indirectly with the T2S platform. The operation of the participant's securities accounts (and the corresponding cash accounts used for the cash settlement of securities transactions) shall be governed by the specific provisions of this Regulation on operated accounts.

### **3.4 SPECIFIC CONDITIONS**

In order to ensure the smooth settlement of transactions, subject to the T2S operational framework, special arrangements can be made, by a Bank of Greece Governor's Act, for specific participants or groups of participants, in relation to the conduct and settlement of transactions.

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<sup>2</sup> see footnote 1 above

## 4. SECURITIES ACCOUNTS

### 4.1 CATEGORIES OF ACCOUNTS HELD

Each participant shall hold with the System a securities account, identified as follows:

1008NNNNX...XZZ

The same account shall be transferred to T2S, with the prefix BNGR. Securities accounts with T2S shall be identified as follows:

BNGR1008NNNNX...XZZ

Where:

NNNN shall be the participant's code number,

X...X the code number connected with one of the below categories of the securities account,

and ZZ the check number, which shall be calculated in the same way as the securities code number (see Annex 1).

For each participant the System can maintain the following securities accounts:

- 01: "Own portfolio account";
- 0150: "Securities pledged to a participant"
- 0151: "Securities pledged";
- 02: "EU (other than Greece) own portfolio account"
- 100: "Resident customers' portfolio account – Financial Sector";
- 101: "Resident customers' portfolio account – General Government Sector";
- 102: "Resident customers' portfolio account – Domestic Non-Financial Corporations Sector";
- 103: "Resident customers' portfolio account – Households and Non-Profit Institutions Serving Households Sector";
- 11: "EU (other than Greek) Customers' portfolio account";
- 12: "Non-EU customers' portfolio account";
- 130<sup>3</sup>: "Customers' portfolio account for repos on securities with residents –Financial Sector";
- 131<sup>3</sup>: "Customers' portfolio account for repos on securities with residents – General Government Sector";
- 132<sup>3</sup>: "Customers' portfolio account for repos on securities with residents –Domestic Non-Financial Corporations Sector";
- 133<sup>3</sup>: "Customers' portfolio account for repos on securities with residents –Households and Non-Profit Institutions Serving Households Sector";
- 140: "Resident customers' portfolio – Financial Sector – Mutual funds – Portfolio investment companies – Real estate investment companies"
- 141: "Resident customers' portfolio – Financial Sector – Mutual funds – Portfolio investment companies – Real estate investment companies (Law 3522/2006)"

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<sup>3</sup> Securities involved in repo transactions between participants and their customers shall be transferred to these accounts, provided that transfer of ownership thereof has been agreed upon during the repo period.

- 14<sup>3</sup>: "Customers' portfolio account for repos on securities with EU residents (other than Greek)";
- 15<sup>3</sup>: "Customers' portfolio account for repos on securities with non-EU residents";
- 20: "Greece large customers – Segregated accounts"
- 21: "EU (other than Greece) large customers – Segregated accounts"
- 22: "Non-EU large customers – Segregated accounts"
- 500: "Securities blocked for management purposes"
- 501: "Securities blocked for corporate operations"
- 502: "Management of portfolios subject to restrictions"

## 4.2 LARGE CUSTOMER SEGREGATED ACCOUNTS

1. By special approval of the Bank of Greece as Manager of the System, further securities accounts may be opened to serve the transactions of participants and their customers ("Large customer segregated accounts", hereinafter "LC segregated accounts"). The Manager shall open LC segregated accounts upon the request of a participant, in accordance with **Annex 5** to this Regulation, provided that the following conditions are met:
  - a. the large customer is a financial institution, within the meaning of Article 3.1 of this Regulation;
  - b. no LC segregated account is already kept for the same legal person through the same participant/custodian; and
  - c. the large customer is a direct customer of the participant that requests the opening of the account, acting as custodian.

The large customer's order to the participant/custodian to open and keep a segregated account, in accordance with **Annex 6** to this Regulation, shall be communicated to the Manager together with the request of the participant/custodian. The large customer's order shall state, among other things, that the large customer is aware of and accepts all the conditions for the opening and operation of the LC segregated account under the provisions of this Regulation. The large customer may choose a cash settlement bank, in accordance with Chapter 5 of this Regulation on participants, which shall apply as appropriate. .

2. The Bank of Greece, as Manager of the System, shall operate the LC segregated accounts on the basis of instructions received from either the participant/custodian or a regulated market or a Multilateral Trading Facility ("MTF"), within the meaning of Law 3606/2007, where the transaction to be settled was entered into, in accordance with the provisions of this Regulation.

Without prejudice to the instructions by a regulated market or MTF and subject to the conditions of operation of the LC segregated account under the custody agreement between the participant/custodian and the large customer, the participant/custodian shall be exclusively responsible and liable for keeping and operating the LC segregated account. The agreement between the participant/custodian and its large customer, as it concerns solely the relations between them, shall have no legal results vis-à-vis the Bank of Greece as Manager of the System.

The Bank of Greece, as Manager of the System, shall carry out the instructions received according to the above provisions and shall have no liability vis-à-vis the participant/custodian, its large customers or any third party for any loss caused by the execution of the instructions received, unless such loss is caused through its own fault, as provided for in Article 7.2 of this Regulation.

3. LC segregated accounts may be closed upon a request from the participant/custodian to the Manager of the System, provided that there are no balance of securities and pending transactions at the desired closing date of the account, which shall be stated explicitly. Without prejudice to Chapter 18.1 indent (b) of this Regulation, for the termination of the participation of a participant/custodian in the System, the Manager of the System, may by a decision close the LC segregated account for a material reason connected with the smooth operation of the System. The Manager of the System shall determine by its decision the effective date, assessing the impact of the continued operation of the LC segregated account.
4. The participant/custodian shall promptly notify in writing the Bank of Greece, as Manager of the System, upon being informed that its large customer meets any of the conditions of termination of participation in the System listed in Chapter 18.2 of this Regulation, which shall apply by way of analogy.

The Manager of the System shall:

- (a) not bring for settlement any instructions dated later than the above-mentioned notice;
- (b) allow the settlement on T2S of all final instructions, within the meaning of Chapter 15.2 of this Regulation.

The Manager of the System, may bring for settlement new instructions solely for the purpose of settling pending relations by the participant/custodian and shall have no liability for any loss caused by the execution of such instructions, unless such loss is caused through its own fault, as provided for in Article 7.2 of this Regulation.

### **4.3 STRUCTURE OF BALANCES ON SECURITIES ACCOUNTS**

In securities accounts, in addition to the “available” balance (Available Without Additional Status – AWAS), a participant may also establish Blocked/Reserved/Earmarked sub-balances to which it may transfer securities to be used for specific purposes. Within the same account, the participant may create more than one sub-balances by category. By way of derogation, earmarked sub-balances on the “Securities pledged” account (0151), including the sub-balance “COLL”, which is used for the Eurosystem autocollateralisation operations, shall be created by the System itself.

## 5. CASH ACCOUNTS

1. Every System participant shall designate in its participation application to the Bank of Greece, as Manager of the System, the cash account(s) opened with T2S, which shall be credited/debited for the cash settlement of its transactions. The relevant declaration shall further include the securities account(s) kept with the System to which the cash account(s) correspond(s). For every securities account more than one cash accounts may be designated, on the participant's request, of which one shall be designated as default account to be used for the participant's messages. The participant may designate in its message a cash account other than the default account. The signing of an accession agreement under Chapter 3.2 of this Regulation shall imply an irrevocable mandate and authorisation to the Bank of Greece, as Manager of the System, to connect the (own portfolio and/or customer) accounts kept by the participant in the System with the corresponding securities accounts in T2S, as well as the participant's cash accounts in T2S.
2. A participant may, instead of opening in its name a cash account with T2S, provide in its participation application to the Bank of Greece, as Manager of the System, the name, BIC and the cash account of a credit institution that will act as settlement bank/payment bank on behalf of the participant, i.e. the credit institution on the cash account of which T2S will settle the cash leg of the transactions conducted by the participant.

In such case, the settlement bank shall authorise the Bank of Greece to operate its cash account for the settlement of the cash leg of the transactions conducted by the participant (acting on own behalf or on behalf of customers) and shall further authorise the Bank of Greece, as Manager of the System, to connect its cash account with T2S with the securities account held by the participant on its own behalf or on behalf of customers (a relevant mandate-authorisation shall be signed between the settlement bank and the participant—see **Annex 7** to this Regulation).

With regard to an LC segregated account, the relevant cash account shall be designated by the Participant's Customer in the application for the opening of an LC segregated account pursuant to **Annex 5**. The authorization to the Bank of Greece to operate the cash account of the settlement bank and to link the LC segregated account with such cash account for cash settlement of the Customer's transactions shall be given jointly by the Participant, the Customer and the settlement bank in accordance with **Annex 7A**. In case the designated cash account is held in the name of the Participant or in the name of the Customer, the joint authorization shall be given solely by the Participant and the Customer.

## 6. OPERATED ACCOUNTS

1. The System may keep (own and/or customer portfolio) securities accounts of participants that are operated through instructions/messages sent by other participants (operators). The operation of the securities and cash accounts created from time to time for the purpose of cash settlement (cash account of the participant itself, the operator or third settlement bank, as the case may be) shall be conducted in accordance with the provisions of this Regulation and the relevant law governing the System, Guideline ECB/2012/27 and, where applicable, the Operating Regulations of TARGET2-GR, as well as the other provisions of the Eurosystem operational framework, including the operational framework of T2S.
2. Further to the provisions of the preceding paragraph, the Bank of Greece, as Manager of the System, shall operate the relevant accounts provided that the participant and the operator (and/or third settlement bank, as appropriate) grant a joint authorisation, according to the format specified in **Annex 8** to this Regulation.
3. In the cases described in this Chapter, the participant shall be fully and solely responsible vis-à-vis the Bank of Greece, as Manager of the System, the participant's customers, as well as any third party for any errors, mistakes, acts and/or omissions in relation to the participant's securities accounts and cash accounts, including, but not limited to, any damage and/or loss incurred due to errors, mistakes, acts and/or omissions of the operator.
4. In addition to the cases referred to in Chapter 18 regarding the termination of participation of the participant and/or operator in the System, the Bank of Greece, as Manager of the System, shall cease to operate the relevant accounts under this Chapter, if the operation of the cash account with which the participant's securities accounts are connected for the purposes of cash settlement is suspended or terminated in any manner, or the cooperation/agency agreement between the participant and the operator is terminated in any manner. The participant and the operator shall forthwith inform the Bank of Greece, as Manager of the System, on the occurrence of any such event.

The Bank of Greece, as Manager of the System, shall accept clearing and settlement messages/instructions provided that the participant:

- (a) (i) has in place the infrastructure required hereunder for transmission to the System of instructions of clearing and settlement of its transactions in book-entry securities, brings them for clearing and settlement to the System and,  
(ii) keeps itself a cash account or, as the case may be, has entered into an agreement with another settlement bank acceptable to the Bank of Greece, which will substitute the initial operator according to the conditions of this Regulation, and notifies to the System the cash account to be credited/debited for the settlement of the cash leg of the securities transactions it conducts on its own behalf or on behalf of customers; and
  - (b) enters into a similar cooperation agreement with a new operator according to the conditions of this Regulation, which will have substituted the initial operator at the time of submission of a new clearing and settlement instruction.
5. Chapter 18.4 of this Regulation shall apply by analogy to the termination of the relationship between participant and operator.

## **7. TASKS AND RESPONSIBILITIES OF THE MANAGER OF THE SYSTEM**

### **7.1 TASKS**

The Bank of Greece, as Manager of the System, shall have the following principal tasks:

- a. to consider applications for participation in the System and for the opening of relevant accounts;
- b. to monitor and inform T2S on any changes in the participants' particulars and accounts during the operation of the System;
- c. to take appropriate measures in order to ensure the unhindered operation thereof;
- d. to advise participants of which of the transactions entered into the System will be cleared that day and which will be cleared in the following days;
- e. to determine the fees for the services offered by the System;
- f. to provide aggregate transaction statistics to participants upon request; and
- g. to carry out studies on the improvement of the System.

Without prejudice to Law 2198/1994 and to other provisions hereof concerning the sanctions imposed by the Bank of Greece, if, with regard to transactions in securities which have been entered into the System and particularly with regard to the participants' obligations arising herefrom, it is established that a participant violates, during his operation, the rules of conduct for investment companies and/or other provisions relating to the organisational and operating rules, as well as to the supervision thereof, the Bank of Greece, as Manager of the System, shall itself take appropriate action against that particular participant or report the violation to the appropriate supervisory authorities in order for them to take appropriate action.

### **7.2 RESPONSIBILITIES OF THE MANAGER**

1. The Bank of Greece, as Manager of the System, shall be liable, contractually or otherwise, for wilful misconduct and gross negligence. In the case of light negligence, the Bank of Greece shall be liable in accordance with the next paragraph.
2. The liability of the Bank of Greece, as Manager of the System, for light negligence on its own part or on the part of its servants in the performance of its obligations under this Regulation shall be limited to compensation for direct/actual damages, excluding any other liability for compensation, whether contractual or otherwise, in particular liability for any indirect damages or loss of profits.

The above liability for light negligence shall be limited to a total amount of €20,000 vis-à-vis all participants for any losses incurred during a given calendar year due to acts or omissions of the Bank of Greece, as Manager of the System, during that calendar year. If the total loss incurred by participants during a given calendar year exceeds the above amount, then the amount due to each participant shall be determined by the Bank of Greece, as Manager of the System, on a pro rata basis, i.e. by calculating the proportion of the loss incurred by

each participant to the total losses incurred by all the participants and applying the resulting percentage for each participant to the annual ceiling set forth hereinabove. The procedure for the satisfaction of relevant claims set out in Annex 13 to the T2S Framework Agreement shall apply by way of analogy.

3. If a participant raises a claim for compensation against the Bank of Greece as Manager of the System for any losses incurred due to violation by the Eurosystem of its obligations under the T2S Framework Agreement, the Bank of Greece shall pay compensation subject to the following conditions:
  - (a) the Bank of Greece has obtained the prior consent of the Eurosystem or is forced to pay compensation by a final court judgment;
  - (b) the damage incurred by the participant, whether actual or consequential, is directly and causally linked with the act or omission of the Eurosystem; and
  - (c) the participant's claim should be satisfied on the basis of good faith and business usage, in accordance with para. 32.2 of the T2S Framework Agreement.

The participant shall have no claim against the Bank of Greece, as Manager of the System, and shall refund any compensation paid if any of the above payment conditions is not met (or is no longer met), or the participant has received compensation for the same damage under another agreement, in particular under an insurance policy or through another central bank. The participant may under no circumstances raise its claim directly against the Eurosystem.

Any compensation liability of the Bank of Greece, as Manager of the System, vis-à-vis a participant under the above provisions may under no circumstances exceed the amount for which the Eurosystem is likewise liable vis-à-vis the Bank of Greece, as Manager of the System, under the T2S Framework Agreement.

4. The participants shall pay to the Bank of Greece, as Manager of the System, any amount paid by the latter to the Eurosystem as compensation for any loss incurred by the Eurosystem due to acts or omissions of a participant, in accordance with Article 33(1)(b) of the T2S Framework Agreement.
5. The Bank of Greece, as Manager of the System, shall have no liability for any damage incurred by participants due to force majeure, such as e.g. war, strike (including by its staff), lock-out, insurrection, riot, social disturbance, epidemic, shortage of electric power, oil, raw materials or other shortages, requisition, fire, flood, transport failure, telecommunications failure, computer breakdown, exercise of sovereign power or acts of public authorities or other events beyond its control.
6. Moreover, the Bank of Greece, as Manager of the System, shall incur no liability for any computer failure due to any cause, even temporary, or any loss of data from its computers or any fraudulent use of data by third parties. However, the Bank of Greece, as Manager of the System, shall take all proper measures to prevent computer failures and shall seek to repair any damage or mend any malfunctions as soon as possible. It shall also create backup of System data on an at least daily basis.

## **8. OPENING DAYS OF THE SYSTEM**

### **8.1 OPENING DAYS – SETTLEMENT DAY**

1. The System shall operate during the opening days of T2S, as specified in para. 1.4.1 of UDFS (“T2S Calendar”). Any changes in the T2S opening days shall affect the opening days of the System. The Bank of Greece, as Manager of the System, shall promptly inform participants of any change in the opening days of the System.
2. “Settlement day” is defined as the date of settlement of transactions in T2S. It shall comprise five periods, to each one of which different procedures shall apply, as described in detail in UDFS para. 1.4.2 “T2S Schedule” and 1.4.3 “Overview description of the settlement day”.

### **8.2 OPENING HOURS**

The System opening hours during every “Settlement Day” shall be the same as the T2S opening hours, as described in UDFS, para. 1.4.3 “Overview description of the settlement day” and 1.4.4 “Detailed description of the settlement day”.

The cut-off time for receipt of instructions by T2S for same-day settlement of transactions is 16:00 CET for transactions with a cash leg and 18:00 CET for transactions without a cash leg.

In order for the System to convert participants’ instructions to the format required by T2S and forward them to T2S, these instructions must be entered into the System reasonably in advance of the cut-off time of T2S, i.e. at a time when the execution of the above procedure by the System is operationally and technically feasible.

## 9. TRANSACTIONS

In order for a transaction to be generated, both parties have to send an instruction, with the exception of transactions referred to in the texts included in chapters 3.3.a/3.3.b<sup>4</sup>, for which only one instruction shall be required.

### 9.1 TRANSACTIONS ON THE PRIMARY MARKET

Newly-issued securities entering the System can be initially offered on the primary market by any procedure, such as public subscription, auction, etc. The final allotment of securities between own portfolio and customers' (investors') portfolio shall be announced by every participant to the System through relevant instructions, along with the respective settlement amounts aggregated by issue code number. After checking the data included in the participants' instructions, the System shall generate the Issuer instructions and send them to T2S so that the transactions will be settled and the following entries will simultaneously be made:

- a. debiting the participant's T2S cash accounts and crediting the T2S cash account kept by the Bank of Greece on behalf of the Issuer of the securities;
- b. crediting the own and/or customers' portfolio securities account of the participant and debiting the Issuer's securities account.

### 9.2 TRANSACTIONS ON THE SECONDARY MARKET

All transactions between participants, whether accompanied by simultaneous movements in cash accounts or not, shall be transmitted (either by the participants or by T2S through instructions) to the System, aggregated by securities issue code number. Transactions between the "Own Portfolio" and the "Customers' Portfolio" securities accounts of the same participant, as well as transfers from one sub-balance to another in the participant's account, shall also be transmitted to the System. These transmissions shall apply regardless of how the transaction is performed, i.e. on a regulated market or through another trading system (e.g. a multilateral trading facility – MTF) or over the counter (OTC).

OTC transactions shall be transmitted either through the System or directly to T2S (depending on the T2S connectivity) by the participants involved in the transactions.

In the case of transactions on regulated markets, or MTFs, within the meaning of Law 3606/2007, the System shall receive an instruction from the regulated market, or MTF concerned. In such case, the Bank of Greece, as Manager of the System, shall act on the basis of a relevant authorisation (attached as **Annex 9** to this Regulation), according to the terms of which instructions shall be accepted by the System.

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<sup>4</sup> see footnotes 1 & 2, pages 8 & 9

### **9.3P PURCHASE/SALE AND HOLDING OF SECURITIES**

1. With the completion of settlement in accordance with Chapter 15, the securities involved in the transaction shall be finally credited to a participant's account and the rights attached thereto shall be transferred to that participant or through him to his investors, depending on the type of the credited account. Similarly, with the final debit of securities against a participant's account in accordance with Chapter 15, the rights attached thereto shall be alienated from that participant and indirectly, from his customers-investors, depending on the type of the debited account. The above shall also apply, as appropriate, to the pledging of securities and, generally, to transfers of rights attached to securities involved in transactions entering the System.
2. Participants shall always ensure that entries in their customers' (investors') accounts with the System correspond to the securities which have been registered in their books and whose beneficiaries are the above customers, pursuant to Article 12 of Law 3606/2007 and without prejudice to any other relevant legislation, the beneficiaries of securities must always be indicated in the participant's books. To this end, participants shall indicate in their books, in relation to each category of customers' portfolio securities account they hold with the System, the investors-beneficiaries of the respective securities, with reference to the specific amount of securities which corresponds to each of the beneficiaries.

## 10. TYPES OF TRANSACTIONS

### 10. TRANSACTIONS SUPPORTED BY THE SYSTEM

The System supports the following transactions:

#### FREE OF PAYMENT

Transfer of securities free of payment – receipt ↪ Message: MT540

Transfer of securities free of payment – delivery ↪ Message: MT542

Internal transfer of securities (to the sender's securities account) ↪ Message: MT542

Borrowing and lending of securities - Borrower ↪ Message: MT540

Borrowing and lending of securities - Lender ↪ Message: MT542

Maturity of securities loan - Borrower ↪ Message: MT542

Maturity of securities loan – Lender ↪ Message: MT540

Pledging of securities – Pledgor ↪ Message: MT542

Pledging of securities – Pledgee ↪ Message: MT540

Release of securities collateral - Pledgor ↪ Message: MT540

Release of securities collateral – Pledgee ↪ Message: MT542

Registration of securities in an account ↪ Message: MT540

#### AGAINST PAYMENT

Purchase of securities ↪ Message: MT541

Sale of securities ↪ Message: MT543

Reverse Repos on securities – Purchase of securities ↪ Message: MT541

Repos on securities – Sale of securities ↪ Message: MT543

Maturity of repos on securities – Purchase of securities ↪ Message: MT541

Maturity of reverse repos on securities – Sale of securities ↪ Message: MT543

Buy/sell back of securities – Purchase of securities ↪ Message: MT541

Buy/sell back of securities – Sale of securities ↪ Message: MT543

Maturity of buy/sellback of securities – Purchase of securities ↪ Message: MT541

Maturity of buy/sellback of securities – Sale of securities ↪ Message: MT543

Acquisition of Greek government securities on the primary market ↪ Message: MT541

Acquisition of private sector securities on the primary market ↪ Message: MT 541

Payment without transfer of securities ↪ Message: MT541

Receipt without transfer of securities ↪ Message: MT543

### OTHER TRANSACTIONS

Transfer of securities to sub-balance (of sender's securities accounts) ↪ Message: MT524

Modification of instruction ↪ Message: MT530

### CANCELLATIONS

Cancellation of pending settlement instruction:

Original instruction MT524 – Cancellation instruction MT524

Original instruction MT540 – Cancellation instruction MT540

Original instruction MT541 – Cancellation instruction MT541

Original instruction MT542 – Cancellation instruction MT542

Original instruction MT543 – Cancellation instruction MT543

## **10.2 INSTRUCTIONS**

### **10.2.1 General**

The System shall accept for processing and settlement, in accordance with this Regulation and the rules of T2S, the following instructions with regard to transactions outside the primary market. The rules laid down in UDFS Appendix 4, "4.1 Index of Business Rules and Error Codes", shall apply.

#### **10.2.1.1 Purchase/sale of securities**

Transactions needing to be settled and consisting of sales and purchases of securities between two different participants (who act on their own behalf and/or on behalf of their customers) shall be registered insofar as they result in securities movements between the System accounts of these participants and in the settlement thereof on a cash basis. Such transactions involve a transfer of securities from one participant to another and a cash flow in the opposite direction.

#### **10.2.1.2 Transfer of securities free of payment**

Transfers of securities (not involving a cash flow) between the accounts of two participants shall be registered.

#### **10.2.1.3 Internal transfer of securities**

Movements of securities between different accounts (e.g. "Own Portfolio" and "Customers' Portfolio" accounts) held by the same participant, whether or not involving a cash flow, shall be registered.

#### **10.2.1.4 Repos on securities**

Repo transactions in securities, i.e. sales of securities with a repurchase agreement, shall be registered. These comprise two legs: (a) the first leg involves the sale of securities against cash and (b) the second leg involves the agreement, contained in the original contract, that these securities will be repurchased, at a specified price at a predetermined future date, by the original seller (via a reverse sale).

Each repo trade is effected through two transactions, each consisting of a purchase and a sale. The first transaction shall take place at the effective date of the agreement (value date of the transaction) and the second one at the date when the agreement matures (repurchase date). Accounting entries shall be identical to those for outright sales and purchases under Section 10.2.1.

Because a repo trade does not exist in T2S as a specific transaction, the two transactions shall be sent to T2S as linked instructions, each consisting of a purchase and a sale, under the responsibility of System participants, making use of the corresponding fields.

#### **10.2.1.5 Buy/sell back of securities**

Buy/sell back of securities, i.e. sales of securities with a repurchase agreement, shall be registered. These comprise two legs: (a) the first leg involves the sale of securities against cash and (b) the second leg involves the agreement, contained in the original contract, that these securities will be repurchased, at a specified price at a predetermined future date, by the original seller (via a reverse sale). In this respect, buy/sell back of securities are identical to repos on securities.

Each buy/sell back transaction is effected through two transactions, each consisting of a purchase and a sale. The first transaction shall be settled at the effective date of the agreement (value date of the transaction) and the second one at the date when the agreement matures (repurchase date). Accounting entries shall be identical to those for outright sales and purchases under Section 10.2.1.

Because a buy/sell back trade does not exist in T2S as a specific transaction, the two transactions shall be sent to T2S as linked instructions, each consisting of a purchase and a sale, under the responsibility of System participants, making use of the corresponding fields.

#### **10.2.1.6 Borrowing and Maturity of securities loan**

Transactions regarding borrowing and lending of securities, under an agreement between the two contracting parties, shall be registered.

In “Borrowing and lending of securities” and “Maturity of securities loan” transactions, both parties shall send instructions.

#### **10.2.1.7 Pledging of securities**

Participants or their customers-investors may secure liabilities, in particular those arising from their transactions, by pledging securities they hold with the System.

Specifically:

In case of pledging securities for the purpose of securing the liquidity provided by the central bank according to such liquidity’s respective terms, the pledged securities are transferred from the participant’s “Own Portfolio” or “Customers’ Portfolio” securities account to the corresponding sub-balance of the securities pledged account held by the participant-collateral giver (“Securities pledged” account) (code number 0151).

In case of pledging securities between two participants of the System, the pledged securities are transferred from the participant’s “Own Portfolio” or “Customers’ Portfolio” securities account to the “Securities pledged to a participant” account (code number 0150) held by the participant-collateral taker.

In both cases, the System effects registrations on the relevant accounts after receiving instructions from both the participant-collateral giver and the participant-collateral taker.

#### **10.2.1.8 Release of collateral**

For the release of securities collateral, mentioned in par. 10.2.1.7, both the participant-collateral taker and the participant-collateral giver shall send instructions.

#### **10.2.1.9 Payment without transfer of securities**

Payments without transfer of securities shall be registered. Instructions on such transactions shall include the ISIN that the payment concerns, but with zero nominal value.

#### **10.2.1.10 Receipt without transfer of securities**

Receipts without transfer of securities shall be registered. Instructions on such transactions shall include the ISIN that the payment concerns, but with zero nominal value.

#### **10.2.1.11 Transfer of securities to sub-balance**

Transfers from a sub-balance of a securities account to another shall be registered. Only one instruction is required by the holder of the securities account.

#### **10.2.1.12 Instruction amendment/cancellation**

A participant may amend or cancel an instruction already sent for clearing and settlement to T2S in accordance with the provisions of UDFS Sections “1.1.13 Processing of maintenance instructions”, “1.6.1.4 Instruction amendment” and “1.6.1.5 Instruction cancellation”, as well as Section 4 of Annex 5 to the T2S Framework Agreement (Schedule 5 – T2S Service Description), which is an integral part of this Regulation.

##### **10.2.1.12.1 Instruction amendment**

In order for an instruction to be amended, a relevant amendment instruction shall be sent, provided that it meets the amendment conditions set out in UDFS Section “1.6.1.4 Instruction amendment”.

Specific contents of instructions may be amended:

- a) Priority
- b) Partial settlement
- c) Links
- d) Hold/Release Indicator

##### **10.2.1.12.2 Instruction cancellation**

Participants may cancel their instructions to the System only before the final settlement of the relevant transactions and subject to the following distinctions regarding matched or unmatched instructions. In order for an instruction already sent to be cancelled, a relevant cancellation instruction shall be sent.

If the instruction to be cancelled has not been matched according to Chapter 15 of this Regulation, a cancellation instruction from the sender of the original instruction or any other authorised entity shall suffice for the instruction to be cancelled. If the instruction to be cancelled has been matched, a cancellation instruction from both parties to the transaction or any entity authorised by them shall be required for the instruction to be cancelled.

Apart from cancellation by the parties, an instruction may be automatically cancelled by T2S for the reasons described in UDFS, para. 2.3.5 “Settlement Instruction Cancellation Processing”.

All instructions sent to the System must comply with the templates included on the website of the Bank of Greece<sup>5</sup>.

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<sup>5</sup> <http://www.bankofgreece.gr/Pages/en/PaymentsSystems/bogs.aspx> document entitled «Annex 4 - SWIFT messages ISO 15022»

## 11. REDEMPTION OF SECURITIES AT MATURITY/PAYMENT OF COUPONS – SPECIAL ISSUER RELATED OPERATIONS – DEMATERIALISATION OF SECURITIES

### 11.1 REDEMPTION OF SECURITIES AT MATURITY AND PAYMENT OF COUPONS

#### 11.1.1 Outstanding balances

The System, **on the basis of the balances on securities accounts** at the end of the business day prior to the maturity day of securities (record date) and/or coupon payment day, shall generate for transmission to T2S payment instructions with/without delivery of securities, linked between them in order to ensure simultaneous settlement of all transactions, in connection with the maturity of securities and/or payment of coupons. On the basis of the outcome of the settlement of these transactions, the relevant entries shall be made in the participants'/beneficiaries' and the Issuer's securities and cash accounts held with T2S.

#### 11.1.2 Pending transactions

1. The System, **on the basis of the outstanding transactions** at the close of the business day preceding the maturity day of securities (record date) and/or coupon payment day, shall follow the procedure described below:
  - a. **Coupon payment.** The System shall generate and send to T2S, for every pending transaction on a coupon-paying security, instructions to debit the seller and credit the buyer with the amount of the coupon that corresponds to the nominal value of the security involved in the pending transaction. The same procedure shall apply to unmatched instructions with envisaged settlement date prior to or the same as the business day preceding the maturity day of securities and/or coupon payment day, which are matched within 20 days from the coupon payment date.
  - b. **Maturity of securities.** The System shall generate and send to T2S, for every pending transaction on a maturing security, new instructions (a) cancelling pending transactions and (b) replacing them with new ones. The number of new instructions replacing the cancelled ones depends on the kind of original pending transactions.
2. When the original transaction is "**Against payment**", the System shall generate and send to T2S corresponding instructions debiting the buyer and crediting the seller with the settlement value of the pending transaction, and debiting the seller and crediting the buyer with the amount of the nominal value of the security involved in the said pending transaction.
3. When the original transaction is "**Free of Payment**", the System shall generate and send to T2S corresponding instructions debiting the seller and crediting the buyer with the amount of the nominal value of the security involved in the said pending transaction. It should be noted that the two parties (seller-buyer) may choose not to follow the above procedure in connection with their transactions, both completing the relevant field in their instructions. In such case, the transaction shall be cancelled.

The proceeds from the redemption of securities pledged, for which there is no collateral release agreement until their maturity date, shall be credited in an interest-free blocked account kept with the Bank of Greece in the name of the pledgor. This account shall be pledged to the pledgee.

## **11.2 MANAGEMENT OF SPECIAL OPERATIONS OR EVENTS RELATED TO THE ISSUER OF BOOK-ENTRY SECURITIES**

1. The Bank of Greece, as Manager of the System, shall inform the participants upon receipt of any notice in writing from the issuer of book-entry securities (“Issuer”) or agent of holders of book-entry securities or other person appointed to act on their behalf (“Bondholders’ Representative/Trustee”), served by the Issuer upon the Bank of Greece as Manager of the System in accordance with para. 11.2.2, concerning:
  - a. any event that concerns the Issuer and is related to entries in the System, such as swap or replacement of book-entry securities;
  - b. any matter or event or proposed matter or event associated with meetings of holders of book-entry securities;
  - c. any action or proposed action concerning or related to the rights of the holders of book-entry securities; and/or
  - d. any notification by the Issuer or any Bondholders’ Representative/Trustee to the holders of these book-entry securities as a group.

The Bank of Greece, as Manager of the System, shall act without undue delay upon receipt of written notice of any such event, matter, action or notification (“Bondholder Event Notice”).

The Bank of Greece, as Manager of the System, shall not be responsible for the genuineness of any Bondholder Event Notice received, provided that:

- a. a Bondholder Event Notice sent by fax shall bear the signatures of the duly authorised officers of the Issuer or Bondholders’ Representative/Trustee, as the case may be, and in the case of a Bondholders’ Representative/Trustee, as provided for in Annex 2 to the Bondholders’ Representative/Trustee accession agreement to the System; and
  - b. after the submission of a Bondholder Event Notice, the Bank of Greece, as Manager of the System, shall confirm orally the transmission by fax of the relevant notice on behalf of the Bondholders’ Representative/Trustee, as provided for in Annex 1 to the relevant accession agreement.
2. The Issuer shall communicate to the Bank of Greece, as Manager of the System, the name and data of the Bondholders’ Representative/Trustee that has the right to give Bondholder Event Notices. The Issuer shall also notify the Bank of Greece, as Manager of the System, of any appointment of a new Bondholders’ Representative/Trustee.

A Bondholder Event Notice may also be given to the Bank of Greece, as Manager of the System, by any other person duly authorised by the Issuer or the Bondholders’ Representative/Trustee, as the case may be, provided that the Bank of Greece has been notified in writing by the Issuer or Bondholders’ Representative/Trustee, as the case may be, of the identity of the duly authorised person.

Such information should be received by the Bank of Greece, as Manager of the System, at least three business days before the relevant Bondholder Event Notice is given. The same time limit shall apply to the identity data of the Bondholders' Representative/Trustee provided by the Issuer to the Bank of Greece as Manager of the System.

3. Where a Bondholders' Representative/Trustee is not a participant, it shall, not later than the date of entry of the relevant book-entry securities into the System, sign an Agreement on Accession to the System, provided by the Bank of Greece as Manager of the System.
4. The Issuer or the Bondholders' Representative/Trustee, as the case may be, shall send any Bondholder Event Notice to the Bank of Greece as Manager of the System one business day, as defined in the first sentence of para. 8.1 of this Regulation, before the date on which the Bank of Greece, as Manager of the System, must deliver the Bondholder Event Notice to the participants. Greek time shall be the reference time for determining the opening and close of the business day.

The Bondholder Event Notice shall include the contents of the notice to be given to the participants. Bondholder Event Notices shall be sent to the Bank of Greece, as Manager of the System, through a secure medium (i.e. by fax or any other medium designated from time to time by the Bank of Greece as Manager of the System, provided that the Issuer or Bondholders' Representative/Trustee, as the case may be, shall always have the right to send the Bondholder Event Notice to the Manager of the System by fax). The Bank of Greece, as Manager of the System, shall confirm the receipt of any Bondholder Event Notice either by email or by post or on the phone.

The Bank of Greece, as Manager of the System, shall transmit to participants any Bondholder Event Notice received by it, in a format determined by itself, also communicating it to the Bondholders' Representative/Trustee, provided that the latter asks for such communication for information purposes.

5. A Bondholder Event Notice shall include, indicatively, the following data:
  - a. the Issuer's name;
  - b. the ISIN(s) of the relevant book-entry security(ies);
  - c. the record date, i.e. the date of determination of the holders of the relevant securities for the purposes of the Bondholder Event Notice; and
  - d. the date when the Bondholder Event Notice must be given to participants according to para. 4 above.
6. The Bank of Greece, as Manager of the System, shall determine the participants to which the Bondholder Event Notice must be sent on the basis of the above data. Not later than the close of business of the System on the date of transmission of the Bondholder Event Notice to participants, the Bank of Greece shall send to the Issuer or the Bondholders' Representative/Trustee, as the case may be, a confirmation naming the participants to which the Bondholder Event Notice has been sent and specifying the date and time of transmission of the said notice.

7. The Bank of Greece, as Manager of the System, shall incur no liability vis-à-vis the participants, the Issuer, the Bondholders' Representative/Trustee and any third party in relation to the contents of any Bondholder Event Notice it has sent.

The Bank of Greece, as Manager of the System, shall not verify the contents of the Bondholder Event Notice, including the completeness and accuracy of the said notice. The sole obligation of the Bank of Greece as Manager of the System shall be to transmit, without undue delay and within the required time period, any Bondholder Event Notice to the participants.

8. Participants shall take all appropriate measures to duly inform in detail the investors on behalf of which they keep book-entry securities on their accounts with the System and facilitate them to exercise their rights as investors.
9. A decision of the Bank of Greece as Manager of the System may further regulate issues relating to the management of events that concern the issuer of book-entry securities in accordance with the conditions that govern the book-entry securities entered from time to time into the System.

### **11.3 CONVERSION OF PHYSICAL SECURITIES INTO BOOK-ENTRY (DEMATERIALIZED) SECURITIES**

Physical (material) securities may be converted into book-entry (dematerialised) securities in accordance with the provisions of Law 2198/1994.

## 12. BOND STRIPPING – REATTACHMENT OF BOND COUPONS AND TRANSACTIONS IN STRIPS

### 12.1 INTRODUCTION

This section describes the management of the securities (strips) generated when coupons are stripped from a bond and the monitoring of the relevant transactions by the System. With reference to the stripping of bond coupons, the transaction unit (lot) is set at 1,000 euro. It also describes the procedures for reattaching strips and rejoining bonds. These procedures are based on the principles of the System, including the “principle of no change in the nominal value of a security already admitted to the System”. According to this principle, coupons may be admitted to the System only if they have a specific nominal value (i.e. as a security).

Depending on the interest they yield, bonds are divided into three categories:

- a. Euro-denominated fixed-rate bonds  
The rate is fixed for all interest-bearing periods.
- b. Euro-denominated floating-rate bonds  
The rate is fixed only for the current interest-bearing period, while it is announced a few (2 to 3) days before the beginning of each subsequent period.
- c. Euro-denominated bonds of unknown coupon proceeds (“parametric” rate bonds).

The proceeds from the coupons of these bonds are calculated on the basis of a combination of factors, which are either variable or fixed. The values of the (variable) parameters change during the interest-bearing period. Indicatively, indexed Greek Government bonds and bonds with a foreign currency clause have their euro yield determined shortly before the end of the relevant interest-bearing period (e.g. 10-15 days for the index-linked bond and 2 days for the bond with a foreign currency clause).

Stripping and reattachment are possible in all the above categories of bonds provided that both the following conditions are met:

- a. The security issuance decision explicitly provides that stripping is allowed. For this reason, different ISINs are assigned.
- b. At the time that a participant wishes to strip a coupon, the interest rate of interest-bearing periods concerned must be known.

In particular with respect to floating-rate and parametric bonds, stripping shall only be allowed for the current interest-bearing period.

## 12.2 BOND STRIPPING

### 12.2.1 General

Bond stripping may be effected in any bond issue.

The Ministry of Finance shall issue the relevant decision. At the same time, the ISIN of the original security and the ISINs of strips (coupons, bond corpus with attached coupons of the next interest-bearing periods, as well as zero-coupon bonds) are announced, having the form GR09CCCCC. The number of ISINs resulting from the stripping is twice the maturity years of the bonds.

ISIN examples:

Three-year floating-rate bond

Initial ISIN: GR0510099733

ISIN of coupon of 1st interest-bearing period: GR0900649048

ISIN of bond corpus of 1st interest-bearing period with the other two (2) coupons attached: GR0900650053

ISIN of coupon of 2nd interest-bearing period: GR0900651069

ISIN of bond corpus of 2nd interest-bearing period with the last coupon attached: GR0900652075

ISIN of coupon of 3rd interest-bearing period: GR0900653081

ISIN of zero-coupon bond: GR0900654097

The participant may strip a part of or the entire nominal value of the bond registered in the own portfolio or customers' portfolio account.

It should be noted that, although stripping may cover the bond's entire nominal value, the initial ISIN shall not cease to exist, since the participants will be carrying out transactions with that code number where no stripping has been effected or strips have been reattached.

In addition, at the end of each interest-bearing period, the bond corpus with the attached coupons of the next interest-bearing period shall be deleted from the System and the balance of the nominal value on the securities accounts of the participant shall be transferred – automatically by the System – to the initial ISIN (see also Section 12.4 "Rejoining of bonds by the system"). Accordingly, for securities deleted at the beginning of the next interest-bearing period, instructions with value date the deletion date of the securities involved or a later date shall not be accepted.

### 12.2.2 Stripping cases

(a) Stripping of the coupon of the current interest-bearing period from a bond.

(b) Stripping of all coupons from a bond.

In both cases, the participant or its customer may, as mentioned above, strip a part of or the entire nominal value of the bonds kept in an own portfolio or customers' portfolio securities account.

#### Examples

##### **a) Stripping of the coupon of the current interest-bearing period**

Three-year bond with known interest rate (e.g. floating rate)

INITIAL BOND

ISIN GR0510099733

BOND	COUPON 1
CORPUS	COUPON 2
	COUPON 3

##### **1st INTEREST-BEARING PERIOD**

ISIN GR0900650053

BOND CORPUS	
	COUPON 2
	COUPON 3

ISIN GR0900649048

COUPON 1
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##### **2nd INTEREST-BEARING PERIOD**

ISIN GR0900652075

BOND CORPUS	
	COUPON 3

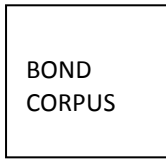
ISIN GR0900651069

COUPON 2
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**3rd INTEREST-BEARING PERIOD**

ISIN GR0900654097

ISIN GR0900653081

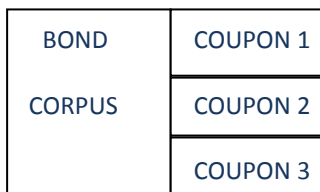


**b) Stripping of the coupons of all the interest-bearing periods**

Three-year fixed-rate bond

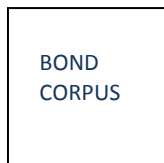
INITIAL BOND

ISIN GR0110001030



**1st INTEREST-BEARING PERIOD**

ISIN GR0928006072    ISIN GR0928001024    ISIN GR0928003046    ISIN GR0928005066

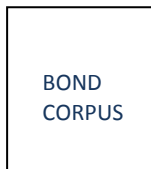


**2nd INTEREST-BEARING PERIOD**

ISIN GR0928006072

ISIN GR0928003046

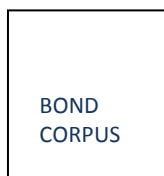
ISIN GR0928005066



**3rd INTEREST-BEARING PERIOD**

ISIN GR0928006072

ISIN GR092800506



### 12.2.2.1 Stripping of the coupon of the current interest-bearing period [case (a)]

#### Fixed- or floating-rate or parametric euro-denominated bond

In order for such stripping to be effected, the System shall receive from the participant, within the time limit referred to in Section 12.6.1 "Stripping – Reattachment Instructions", an instruction of "Free transfer of securities" containing the transaction details. The **security ISIN** given in the instruction shall be the **initial ISIN**. Counterparty Code Number shall be marked "**9888**", which corresponds to an artificial participant entitled "**SYSTEM – STRIPPING 1**".

The System shall generate and send all instructions to T2S so that **at the value date of the transaction** the (Own Portfolio – OP – or Customers' Portfolio – CP) securities account of the participant is debited with the nominal value of the security from which the coupon is stripped and **the securities own account** is credited with the corresponding nominal values of the strips, so that the trading of the latter is possible.

#### Example of stripping of the 2nd coupon from a three-year bond:

A customer of a participant holds a three-year bond with initial ISIN GR0510099733 and nominal value of 500,000 euro and requests on the same day the stripping of the coupon of the current (2nd) interest-bearing period for the part of 100,000 euro. It is self-evident that no other stripping has been effected by the customer and the 1st interest-bearing period has ended. The rate for the current interest-bearing period is 5.355%. The participant shall send to the System a free transfer instruction with Counterparty "9888: SYSTEM – STRIPPING 1". On the same day, the System shall generate and send to T2S instructions so that the following entries are made:

Customers' portfolio securities account of the participant:

Entry	Security ISIN	Nominal value
Debit:	GR0510099733	----- 100,000
Credit:	GR0900652075	----- 100,000
Credit:	GR0900651069	----- 5,355

### 12.2.2.2 Stripping of all coupons [case (b)]

#### Fixed-rate euro-denominated bond

In order for such stripping to be effected, the System shall receive from the participant, within the time limit referred to in Section 12.6.1 "Stripping – Reattachment Instructions", an instruction of "Free transfer of securities" containing the transaction details. The **security ISIN** given in the instruction shall be the **initial ISIN**. Counterparty Code Number shall be marked "**9777**", which corresponds to an artificial participant entitled "**SYSTEM – STRIPPING 2**".

The System shall generate and send all instructions to T2S so that **at the value date of the transaction** the (OP or CP) securities account of the participant is debited with the nominal

value of the security from which the coupon is stripped and the securities own account is credited with the corresponding values of the strips, so that the trading of all new securities is possible.

Example of stripping of all coupons from a three-year fixed-rate (3.455%) bond:

A customer of a participant holds a three-year bond with initial ISIN GR0110001030 and a nominal value of 500,000 euro and requests on the same day the stripping of all coupons. The current interest-bearing period is the first one. (It is self-evident that no other stripping has been effected by the customer). The participant shall send to the System a free transfer instruction with participant Counterparty "9777: SYSTEM – STRIPPING 2". On the same day, the System shall generate and send to T2S instructions so that the following entries are made.

Customers' portfolio securities account of the participant:

Entry	Security ISIN	Nominal value
Debit:	GR0110001030	----- 500,000
Credit:	GR0928006072	----- 500,000
Credit:	GR0928001024	----- 17,275
Credit:	GR0928003046	----- 17,275
Credit:	GR0928005066	----- 17,275

## 12.3 TRANSACTIONS IN STRIPS

### 12.3.1 General

Bonds may be stripped only against an existing balance on the own portfolio securities accounts and customer's portfolio securities accounts.

The nominal value of the coupons shall be any number with two decimal points. Thus, the participant or its customer may carry out all transactions in strips referred to in the Operating Regulation of the System.

## 12.4 REATTACHMENT OF BOND COUPONS

### 12.4.1 General

Bond coupons may be reattached only against an existing balance on the own portfolio securities accounts and customer's portfolio securities accounts. If stripping is effected with the securities accounts having no outstanding balance, the debit balances cannot be covered.

The participant or its customer may request the reattachment of a coupon to a bond which has the other coupons attached or the reattachment of all coupons (for fixed-rate euro-denominated bonds) to the zero-coupon bond. However, this shall not apply during the last interest-bearing period of the security.

#### **12.4.2 Reattachment of the coupon of the current interest-bearing period of a euro denominated fixed- or floating-rate bond**

In order for such reattachment to be effected, the System shall receive from the participant, within the time limit referred to in Section 12.6.1 "Stripping – Reattachment Instructions", an instruction of "Free transfer of securities" with Counterparty Code Number "9888". The **ISIN** given in the instruction shall be that of the **bond corpus with the attached coupons of the next interest-bearing periods**. To enable reattachment, the participant shall hold in the securities own account both the security corresponding to the bond corpus (with the coupons of the next interest-bearing periods attached) and the stripped coupon of the current interest-bearing period.

The System shall generate and send all instructions to T2S so that **the reattached bond is credited to the securities account of the participant on the same day** and its trading is possible.

Example (floating-rate bond – 2nd interest-bearing period):

A participant's customer requests the reattachment of a security with ISIN GR0900652075 to its stripped coupon for a nominal value of 1,500,000 euro. Let us assume that the rate for the current interest-bearing period is 5%. The participant shall send to the System an instruction with counterparty code No. 9888, ISIN GR0900652075 and nominal value 1,500,000 euro. In order for the transaction to be completed, the participant shall also hold in the CP securities account the security with ISIN GR0900651069 (corresponding to the coupon) with nominal value of 75,000 euro.

#### **12.4.3 Reattachment of all coupons of a euro-denominated fixed-rate bond**

In order for such reattachment to be effected, the System shall receive from the participant, within the time limit referred to in Section 12.6.1 "Stripping – Reattachment Instructions", an instruction of "Free transfer of securities" containing the transaction details with Counterparty Code Number "9777". The **ISIN** given in the instruction shall be that of the **zero-coupon bond**. To enable reattachment, the participant shall hold in the securities own account both the security corresponding to the zero-coupon bond and all the stripped coupons.

The System shall generate and send all instruction to T2S so that **the reattached bond is credited to the securities account of the participant on the same day** and its trading is possible.

Example (fixed-rate bond – 1st interest-bearing period):

A participant requests the reattachment, against the OP securities account, of a security with ISIN GR0928006072 (zero-coupon bond) with its three stripped coupons, for a nominal value of 3,000 euro. Let us assume that the bond rate is 3%. The participant shall send to the System an instruction with counterparty code No. 9777, ISIN GR0928006072 and nominal value 3,000 euro. In order for the transaction to be completed, the participant shall also hold in the OP securities account the securities with ISINs GR0928001024,

GR0928003046 and GR0928005066 (corresponding to the three coupons) with nominal value of 90 euro each.

## **12.5 REJOINING OF BONDS BY THE SYSTEM**

On the expiry of each interest-bearing period, the security corresponding to the bond corpus with attached coupons of the next interest-bearing periods shall be deleted by the System and the balance of the nominal value remaining on the securities accounts shall be automatically transferred – by the System – to the initial security, so that the same security does not appear with two different ISINs. The System shall generate and send to T2S the relevant instructions. Thus, in the new interest-bearing period only the initial bond shall be held in the securities account and the participant may, if it effects a new stripping, carry out transactions in the strips to be generated. In case of expiry of a strip (bond corpus with coupons) registered in a collateral account, the System shall automatically replace it with the initial security of an equal nominal value.

## **12.6 CUT-OFF TIME FOR RECEIPT OF INSTRUCTIONS OF BOND STRIPPING – REATTACHMENT OF BOND COUPONS BY THE SYSTEM**

### **12.6.1 Stripping – reattachment instructions**

The cut-off time for receiving stripping or reattachment instructions with same day value shall be two (2) hours before the end of T2S opening hours.

### **12.6.2 Instructions of cancellation of stripping – reattachment**

The cut-off time for receiving instructions of cancellation of stripping or reattachment with same day value shall be one (1) hour before the end of T2S opening hours.

Once the above cut-off time has passed, the participant may only send an instruction of opposite transactions subject to the restriction stated in Chapter 10.2.1.12.

## 13. TRANSMISSION OF INSTRUCTIONS TO THE SYSTEM

Participants may transmit instructions to the System as follows:

- a. by SWIFT messages (ISO 15022);
- b. by registration in the System's web application (through GUI – Graphical User Interface);
- c. by sending a relevant document (see Bank of Greece website<sup>6</sup>) signed by an authorised person(s), only in contingencies – such as disconnection from SWIFT or failure of the web application – and for a limited number of instructions.

Instructions transmitted via SWIFT shall comply with the guidance included in the website of the Bank of Greece<sup>7</sup>.

## 14. PROCESSING OF INSTRUCTIONS

### SWIFT messages

SWIFT messages entering the System, after the relevant validation checks described hereinbelow, shall be converted into XML (ISO 20022) messages in order to be transmitted to T2S in the required format. These messages, if necessary, shall be enriched with System default values in certain fields, without any change in the data of the instruction sent by the participant to the System.

For every incoming SWIFT message, the System shall:

- a. check that it is consistent with the message templates of the System;
- b. check that the message data are consistent with the static data of the System; and
- c. if the above checks are successful, generate a corresponding instruction (XML message) on the basis of the data of the participant's message and transmit it to T2S.

It should be noted that the checks conducted by the System do not cover the checks conducted by T2S, as described in UDFS, para. 1.6.1.1 "Business Validation". As a result, successful validation of an instruction by the System does not ensure its further processing by T2S.

### GUI

Participants may have access to the web application of the System upon request. Through this web application, they can monitor the status of their instructions and send new instructions to the System. Guidance on the use of the web application is provided on the website of the Bank of Greece<sup>8</sup>.

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<sup>6</sup> <http://www.bankofgreece.gr/Pages/en/PaymentsSystems/bogs.aspx> document entitled «Annex 10 - Manual Notifications»

<sup>7</sup> <http://www.bankofgreece.gr/Pages/en/PaymentsSystems/bogs.aspx> document entitled «Annex 4 - SWIFT messages ISO 15022»

<sup>8</sup> <http://www.bankofgreece.gr/Pages/en/PaymentsSystems/bogs.aspx> document entitled «Annex 11 – System's web application (Graphical User Interface – GUI)»

The Director of the competent department of the Bank of Greece, the latter acting in its capacity as Manager of the System, may take decisions with a view to addressing, as appropriate, technical issues relating to the transmission and processing of instructions referred to in articles 13 and 14 herein.

## **15. SETTLEMENT PROCEDURE**

### **15.1 PROCESSING STAGES**

1. Transactions in securities kept with the System shall be settled on the T2S platform in accordance with the provisions of Section 1.6.1 “Settlement” of UDFS and Section 4 of Schedule 5 of the Framework Agreement – T2S Service Description.
2. Participants shall send their instructions for settlement of the transaction. The System shall check their completeness according to the System requirements, as described in Annex 4 to this Regulation. If instructions are found to meet all formal requirements, the System shall transmit them to T2S for validation checks. The time of entry of an instruction into the System, within the meaning of Law 2789/2000 and Directive 98/26/EC, shall be the time of receipt by the System from T2S of confirmation of completion of the validation checks for the relative instruction, according to T2S rules as provided for hereinabove.
3. After completing the validation checks according to T2S rules, T2S shall match all instructions (whether or not cross-border) in accordance with the provisions of UDFS Section “1.6.1.2 Matching” and Section 4.2 of Schedule 5 of the Framework Agreement – T2S Service Description, in real time throughout the business day. If matching is achieved, the System shall receive a relevant notice from T2S, otherwise relevant notice shall be sent, and the matching effort shall continue for twenty (20) days from the reported settlement day or the day of the last status change. If this time period lapses, T2S shall cancel the instruction received and inform participants to this effect.

Participants shall monitor the status of their instructions through the web application of the System.

An instruction shall become final, within the meaning of Law 2789/2000 and Directive 98/26/EC, upon completion of its matching by T2S according to the above provisions. Instruction that have become final may not be revoked unilaterally by a participant. In this connection, the provisions of Chapter 10.2.2 of this Regulation shall apply.

4. Transactions that have been matched according to the above provisions shall be forwarded for settlement. T2S conducts real-time settlement, as well as night-time settlement. With the exception of (a) central banks’ cash accounts, (b) T2S transit accounts, (c) Issuer CSD balance accounts and d) ‘mirror’ accounts of Investor CSDs, both the securities leg and the cash leg of transactions shall be settled on the basis of the “delivery versus payment” principle, provided that this does not result in debit positions on the relevant accounts. A transaction has been settled if the relevant credits/debits have been made in the securities accounts and the corresponding cash accounts with T2S. Such settlement shall be final, within the meaning of Law 2789/2000 and Directive 98/26/EC, and therefore cannot be reversed for any reason whatsoever by the participant or any third party.

Where the Bank of Greece, as Manager of the System, keeps through a link a securities account with a central registry/depository under Law 2198/1994, as currently in force, the relevant debit/credit entries on the securities accounts kept with the System shall be made after the corresponding entries in the said central registry/depository, as verified by a notice received by the Bank of Greece, as Manager of the System, from the said central registry/depository.

5. Participants shall take every necessary measure to ensure the smooth and appropriate settlement of every instruction entered in the System. Indicatively, they shall not send to the System instructions unless it is certain that, at the clearing and settlement of the relevant transactions, the securities to be delivered or the cash balances due are available, as the case may be.

## **15.2 GENERAL RULES APPLICABLE TO THE SETTLEMENT OF TRANSACTIONS**

1. Credit entries in a participant's securities account must match –in quantitative and qualitative terms– debit entries in the securities account of another participant or another securities account of the same participant.
2. The results of securities transfers between System accounts shall occur only after finalisation of relevant entries, in accordance with the provisions of para. 15.1 above.
3. In the event of a claim against the participant, the securities held in its investors' account shall not be subject to any form of seizure or garnishment in favour of the claimant. Similarly, if the participant is found in a situation of bankruptcy or other insolvency, the said securities shall be excluded from its estate and shall be transferred to the investors' account of another participant in order to be given to their beneficiaries, subject to Law 2198/1994, Article 8, Law 3606/2007, Article 12, or to any other relevant legislation, as well as to the provisions of Chapter 18 "TERMINATION OF PARTICIPATION IN THE SYSTEM". The bankruptcy administrator, the special liquidator or any creditor shall in no way seize these securities or obtain rights thereon so as to satisfy claims they may have against the participant. Nevertheless, it is understood that the bankruptcy administrator or the special liquidator may raise against the investors-beneficiaries of the securities any legitimate objections that the participant may have against the latter, without prejudice to the relevant legislation.
4. The launch of an insolvency proceeding against a participant shall not affect clearing and settlement of transactions through the System if such a proceeding has already started when the Manager is notified of the relevant decision, subject to Laws 2789/2000 and 3301/2004 and to the Statute of the Bank of Greece.

## **15.3 COVERAGE OF OPEN OR SHORT POSITIONS**

### **15.3.1 General**

The Manager of the System shall monitor the settlement of transactions on the envisaged date of settlement and identify cases of settlement inability, so as to move the procedures

under this Regulation for facilitating their settlement and ensuring the smooth operation of the System.

In case of short positions in the securities accounts of participants, the Manager of the System shall first give participants an opportunity to cover these positions through a tender. If such tender does not take place or fails, the Manager of the System shall forcibly take measures and impose pecuniary penalties according to the provisions of this chapter.

### **15.3.2 Coverage of short or open positions in securities through an optional tender**

Without prejudice to the right of bilateral cancellation by both parties under Article 10.2.2.1 of transactions that give rise to a short position and remain pending after the envisaged settlement date, and without prejudice to the provisions on penalties of Chapter 16, defaulting participants shall be granted an extension of up to seven business days to settle the transactions, starting on the next business day after the envisaged settlement date, so as to achieve the settlement of transactions.

During this time period, the defaulting participants shall make, from the first business day, every possible effort to settle the transaction and, in particular, make use of the tender procedure as provided for hereinbelow.

The object of the tender shall be to achieve the purchase, through a “Buy/sell back” trade, of the securities due on behalf of the defaulting participant, on an understanding that they will be returned to their seller on the next business day, so that the open position will be covered.

- (a) The defaulting participants may request the Manager of the System to conduct a tender in order to cover their existing short/open position after the cut-off time for receipt of instructions on transactions without a cash leg, i.e. from 18:00 CET to 08:00 CET, from the next business day after the envisaged settlement date. Such a tender shall concern transactions that are pending and have a past due settlement date (short position).
- (b) A tender request may also be submitted by a participant that does not present a short position at the closing of business of the System but wishes to return to his customers' account securities of the same quantity and features that it had used for the settlement of another transaction, provided that it has the right to use a customer's securities to settle a transaction that gives rise to an open position.
- (c) The Manager of the System may, at its discretion, conduct a tender at its initiative, following a simple notice to a defaulting participant, when non-settlement of a transaction jeopardises the smooth operation of the financial market. In such case, the participant shall be bound by all instructions given by the Manager of the System on its behalf to cover the open position and shall bear any cost and liability arising out of such instructions. Indicatively, the Manager of the System may charge, by a simple notice to the defaulting participant, the cash settlement account for any debt arising out of the above procedure.

### **15.3.3 Tender procedure**

The tender shall be conducted in the Electronic Secondary Securities Market (HDAT) between 09:00 and 09:15 CET.

If bids are submitted during the tender, they shall be listed in diminishing order of the bid repo rate. The best bid shall be the last one in this list, to be followed by the next bids until the amount of the securities to be allotted is fully covered. Then the Manager of the System shall cover the pending transactions that gave rise to the short position.

If the aggregate bid is lower than the amount to be allotted, the Manager of the System shall cover the pending transactions that gave rise to the short position by order of matching, to the extent that the balance that remains after successively covering the transactions is enough to fully cover an entire transaction, otherwise the Manager of the System shall cover the next transaction.

If the balance of securities to be allotted is sufficient, the Manager of the System shall, using the same methodology, also cover the open positions by order of matching of the corresponding instructions.

Then, instructions are entered into the System for purchase of securities with a value equal to the verified short (and/or open) position through overnight (O/N) buy/sell back trades, choosing the bids as described hereinabove. Afterwards, the instructions shall be forwarded to T2S for settlement and the participants involved shall be notified.

Where the defaulting participant is unable to return on the next business day the securities acquired through the tender, then the Manager of the System shall forcibly move the above procedure without any request by the participant and without an extension period, i.e. from the next business day after the participant's non-performance of its obligation.

### **15.3.4 Forced tender**

After the end of the extension period, as defined in para. 15.3.2, and provided that the transactions are still pending until 09:00 CET of the next business day, the Manager of the System shall conduct a forced tender for covering the short positions, following the procedure described in para. 15.3.3 above.

### **15.3.5 Tender through the Manager of the System**

If after the forced tender not all short positions have been covered, the Manager of the System may invite directly all participants to cover them (buy-in).

The Manager of the System shall send by email, within the time period from 09:45 to 10:00 CET, a notice informing the participants of the securities it seeks, the face value by security, the minimum bid price and the time limit for submitting bids.

Participants shall send bids by email, completing the template given in **Annex 12**. Bids shall be listed in diminishing order of the sale price given by the participant in its bid. The best bid

shall be the last one in this list, to be followed by the next bids until the amount of securities to be allotted in order to cover the short position is fully covered.

Then the Manager of the System shall cover the pending transactions that gave rise to the short positions, registering in the System instructions of purchase of securities with a value equal to that of the verified short position through purchase/sale operations, choosing the bids as described hereinabove. Afterwards, the instructions shall be forwarded to T2S for settlement and the participants involved shall be notified.

In such case, the defaulting participant shall be bound by all instructions given by the Bank of Greece, as Manager of the System, on its behalf, to cover the open position, and shall bear any cost and liability arising out of such instructions. To this end, the Manager of the System shall have the right to debit, by a simple notice to the defaulting participant, the latter's cash settlement account with any debt arising out of the above procedure.

#### **15.4 SUPPLY OF INFORMATION TO PARTICIPANTS ABOUT THEIR TRANSACTIONS AND ACCOUNTS**

During the day, the Manager of the System shall provide information to participants about their instructions and transactions with same-day value, including matched or unmatched instructions, pending, settled or final unsettled transactions (in case instructions and related transactions have been cancelled), etc. Participants shall then act in response to this information. Such information can be provided by the following means:

- a. internet (upon specific authorisation);
- b. SWIFT; or
- c. fax

The means referred to in (b) and (c) above can be used to send periodical statements to the participants, under an *ad hoc* agreement with interested parties.

Also, in due time after the closing of the settlement date, participants shall receive the following data:

- a. statement of securities accounts balances, aggregated by issue code number;
- b. statement of settled transactions, aggregated by securities account; and
- c. statement of unsettled transactions, aggregated by securities account.

#### **15.5 CLOSURE FOR THE DAY**

The System shall close for the day after the general cut-off time (18:00 CET) for receiving transaction instructions.

## 16. PENALTIES

**16.1** In the event that the balance of the cash account or the securities account of a participant is not sufficient, resulting in inability to duly settle its transactions, the defaulting participant shall report in writing to the Manager of the System, the actions it has taken to settle the transactions concerned. Such report shall be submitted not later than the start of operation of the System on the next business day after the due settlement date.

It is understood that during the extension period for the settlement of transactions under para. 15.3.2, such report shall be submitted every business day on which settlement of the transaction is not achieved.

**16.2** The participant shall automatically and without any reminder pay to the Manager of the System, a fine of three hundred euro (€300) for each unduly settled transaction per default day, to compensate for the operating expenses incurred by the System.

If the Manager of the System judges that the participant's report referred to in para. 16.1 is adequate, the participant shall not be liable to payment of the above amount.

**16.3** In addition to the above amount, the Manager of the System, taking into account the cause and duration of default, and considering whether the defaulting participant moved in a timely and proper fashion the procedures described in Chapter 15.3.2 for the settlement of the transaction, may impose on the defaulting participant for every unduly settled transaction the fines described in **Annex 13** per day of default.

In calculating the fine, the Manager of the System shall take into account, the value of the unsettled transaction, the period of default, the degree of fault of the defaulting participant, as well as the impact of default on the smooth operation of the System and the securities market, and in particular whether the transactions not settled due to lack of securities or cash on the participant's accounts triggered the non-settlement of transactions of other participants.

**16.4** In case of relapse, in particular in the event of serious breaches that jeopardise the smooth operation of the System, or in case of non-payment of the fine by the participant as required hereinabove, in addition to imposing a multiple fine under Annex 13, the Manager of the System may also exclude the participant from the System, without prejudice to the provisions of Chapter 18 "TERMINATION OF PARTICIPATION IN THE SYSTEM" hereinbelow.

**16.5** The participant shall pay monetary compensation to the counterparty, calculated on a daily basis for every business day of delay in the settlement of a transaction beyond the envisaged settlement date and until settlement of the transaction is achieved or the transaction is cancelled by the parties.

The amount of such monetary compensation and further payment details/procedures are laid down in **Annex 13**.

In determining them, the principles and rules of ESMA shall be taken into account, on the basis of a harmonised framework of rules. The automated compensation enforcement procedure shall apply as from the date of entry into force of this framework.

**16.6** The fine shall be imposed by the System at the business day's closure. The relevant amount shall be credited by the participant in the cash account designated by the Manager of the System within a deadline set by the latter. If such deadline lapses and the participant has not credited the corresponding amount, the Manager of the System is entitled to take all necessary actions for its collection.

## **17. PRICING**

### **17.1 SECURITIES ACCOUNT HOLDING, SETTLEMENT AND RELEVANT SERVICES FEES**

The Bank of Greece, as Manager of the System, shall charge fees by service category, as follows:

#### Safekeeping fees

A sliding scale will be applied on the average monthly balance of the securities' accounts ("Own portfolio" and "Customer's portfolio") of each participant.

#### Communication fees

They include the cost of messages between the System and T2S and messages from the System to participants.

#### Settlement fees

They include the T2S cost of settlement of each participant's transactions, without any further charge by the System.

A detailed description of fees is provided in **Annex 14**.

### **17.2 SECURITIES SAFEKEEPING AND MANAGEMENT FEES OF FOREIGN/INTERNATIONAL DEPOSITORIES**

According to Law 2198/1994, as currently in force, the Bank of Greece, as Manager of the System, may open securities accounts (through links) with foreign/international central securities depositories. Any fees chargeable to these securities accounts shall be apportioned to the participants in accordance with the rules of the account-holding central depository (see **Annex 15**).

### **17.3 ADJUSTMENT OF FEES AND CHARGES – COLLECTION OF TAXES**

The Bank of Greece, as Manager of the System, may adjust at its discretion fees, commissions, fines and other charges. Such adjustments shall be communicated to the participants in writing, two months before they become effective.

In addition, the Bank of Greece, as Manager of the System, shall collect any taxes chargeable on the services provided, according to the laws being in force. The Bank of Greece, as Manager of the System, shall inform the participants in writing, before the implementation of any adjustment or the initiation of any tax collection.

## 18. TERMINATION OF PARTICIPATION IN THE SYSTEM

1. Participation in the System shall be terminated by decision of the Bank of Greece, as Manager of the System:
  - a. On the participant's initiative, at any time, upon written notification of the Bank of Greece as Manager of the System, at least 15 (fifteen) days prior to termination. The Bank of Greece, as Manager of the System, shall accept such termination request provided that no obligation of the participant to the System or other participants is pending, and shall issue a decision specifying the exact date of termination. In any event, the Bank of Greece, as Manager of the System, shall be responsible for ensuring the fulfilment of the participant's obligations prior to termination.
  - b. On the initiative of the Bank of Greece as Manager of the System, at any time, upon written notification of the participant concerned at least 3 (three) days prior to the termination.

Such a decision may be issued for a serious reason, such as the participant's failure to fulfil participation requirements; unacceptable risks to the operation of the System or the smooth operation of the financial market caused by the continuation of such participation, including cases of material or recurrent breaches of the present Operating Regulation by the participant, which place the latter's credibility in doubt and jeopardise the smooth operation of the System or of the financial market; or other reasons stipulated in the present Operating Regulation. The Bank of Greece, as Manager of the System, may further decide to terminate the participation in the system, if there is no movement in a participant's securities accounts within five (5) years.

The notification to the participant concerned shall briefly set out the reasons of exclusion.

Termination shall be effective as of the date at which all the participant's transactions of which the System was notified at the latest 15 (fifteen) days prior to termination on the participant's initiative or at the latest 3 (three) days prior to termination on the initiative of the Bank of Greece as Manager of the System are finally settled in accordance with Chapters 14 " PROCESSING OF INSTRUCTIONS " and 15 " SETTLEMENT PROCEDURE " hereinabove.

2. Termination shall take place *ipso jure* and become immediately effective, irrespective of any notification, if the participant is found in any of the following situations:
  - insolvency, i.e. any collective measure (such as bankruptcy, special liquidation, resolution, etc.) provided for by the law governing the participant's operation which prohibits it from asset disposal or limits its power thereof;
  - appointment of a government commissioner or other receiver;
  - liquidation, for any reason;
  - permanent withdrawal of authorisation;
  - revocation of approval to participate in the System.

3. The Bank of Greece, as Manager of the System, may suspend a participant's participation in the System for a period of up to 30 (thirty) days if the participant is found in any of the following situations:
- change in the participant's financial situation, which, at the reasonable discretion of the Bank of Greece as Manager of the System, is likely to lead the participant to suspension of payments or insolvency;
  - attachment or seizure imposed on the participant's property, which, at the reasonable discretion of the Bank of Greece as Manager of the System, puts at risk the participant's smooth operation or the fulfilment of its obligations;
  - failure, whether or not temporary, to fulfil its obligations under the present Regulation, which creates an immediate risk to the smooth operation of the System;
  - decrease in the value of the collateral it has provided to the System to secure the fulfilment of its obligations, whereby continuation of participation creates an immediate risk to the System;
  - provisional withdrawal of authorisation; and
  - any other event which can lead the Bank of Greece as Manager of the System to reasonably deem that continuation of participation in the System may put at risk the smooth operation of the System or the financial market.

The Bank of Greece, as Manager of the System, may revoke a prior decision regarding the suspension of a participant's participation in the System if, at its reasonable discretion, the reasons for such suspension no longer apply.

During the suspension period, the accounts kept by the participant shall be transferred to a special blocked account, which shall be managed by the Bank of Greece as Manager of the System and used only for the settlement of pending cases, especially for the transfer of the securities to the accounts of other participants, in compliance with the provisions of the following paragraph as appropriate.

4. At the date when termination of a participant's participation in the System becomes effective and without prejudice to the provisions of Chapter 19 "COLLATERAL IN FAVOUR OF THE MANAGER OF THE SYSTEM" hereinbelow, the Bank of Greece, as Manager of the System, shall transfer the securities registered in the account of the participant either to the account of a consenting other participant designated by the participant whose participation is terminated, in case it has such a right, or, in the absence of such designation, as well as in the cases described in paras.18.1.b and 18.2, to a special blocked account provisionally managed by the Bank of Greece, as Manager of the System.

This account shall be used only for the settlement of pending cases, especially for the transfer of the securities to the accounts of other participants. Instructions for the use of this account may be given to the Manager of the System, by the persons authorised to manage and represent the participant (including the participant excluded), such as, as the case may be, the participant's administrator in bankruptcy, special liquidator, liquidation overseer, or any other party assigned, by virtue of applicable legislation, with the task of

settling the participant's affairs and empowered to manage the participant's affairs and represent it.

In addition to the transfer of securities from the CP account of the participant whose participation in the System has been terminated or suspended and, in general, the sale of securities held in the accounts of the erstwhile participant, securities may also be transferred from the OP account of the erstwhile participant to another participant's CP account. The special account may only be used for the transfer and sale of securities. [Purchase of securities is prohibited, unless carried out following a special explicit permission by the Manager of the System].

In the event of withdrawal or suspension of the participant's authorisation, whereby the participant is prohibited from acting as custodian of securities or conducting transactions in securities (e.g. in the context of carrying out instructions or managing portfolios), transfers or sales of securities held in the above blocked account of the participant are allowed, especially in the following cases:

- a. if the relevant instruction is given by a special liquidator or liquidation overseer,
- b. if the decision of the participant's competent bodies for the transfer, handover or sale is approved by the competent supervisory authority, and
- c. if the competent supervisory authority informs the Manager of the System that specific persons are authorised to carry out operations using the above account; these persons shall then be entitled to conduct the aforementioned operations and, in general, operations that serve the settlement of the accounts and the smooth termination of the System's relationship with the participant in question as such.

In this respect, the Bank of Greece, as Manager of the System, shall conduct due diligence in relation to compliance with the provisions of legislation safeguarding the rights of the investors-customers of the excluded participant; the Bank of Greece shall not be liable for any delays in using the special blocked account in case of reasonable doubt as to whether the requested use is legitimate.

With reference to foreign participants in particular, the Bank of Greece, as Manager of the System, may trust opinions of law firms or written statements of supervisory authorities of the states the laws of which govern the operation of the excluded participant and shall not be liable for the correctness of the above opinions or statements.

5. The above restrictions as regards the persons allowed to manage and use the securities accounts shall equally apply to the use of any capital accounts held with the System by a participant who is – definitely or temporarily – deprived of its capacity as such.
6. In any of the above cases of termination of the participant's participation in the System, the Bank of Greece, as Manager of the System, shall accordingly notify the other participants by a relevant publication or announcement addressed to all of them, without stating which party has initiated the termination. The Bank of Greece, as Manager of the System, shall also announce to the other participants the suspension of a participant's participation in the System, as well as the revocation of suspension.

## **19. COLLATERAL IN FAVOUR OF THE MANAGER OF THE SYSTEM**

Any asset (cash or securities) held by participants for their own account with the Bank of Greece, as Manager of the System, shall be deemed legal collateral securing fulfilment by the participant of its obligations to the Manager or other obligations arising from transactions within the System, as well as obligations referred to in Article 151 of Law 4261/2014 or other laws. In case of non-fulfilment or delayed fulfilment of the participant's obligations, the Bank of Greece, as Manager, is hereby authorised to take possession of these assets (cash or securities), liquidate them according to law and use the proceeds to cover the participant's obligations (principal, interest and charges).

In the above framework, the Statute of the Bank of Greece and Law 3301/2004 "Agreements on the provision of collateral, application of International Accounting Standards, and other provisions", Articles 1 to 10, shall apply; hence the Bank of Greece, as Manager of the System, in accordance with the above law, notably Article 4 thereof, is entitled to seek to satisfy its claims by the immediate sale of the securities held in the own account of the participant.

## **20. AMENDMENTS**

The Bank of Greece, as Manager of the System, may at any time amend the provisions hereof. Such amendment shall be announced to participants in writing at least eight (8) business days prior to its entry into force, unless an urgent amendment is deemed necessary, such as a legislative change -, including decisions made from time to time in the context of the operation of the Eurosystem, as well as any related agreements, which (decisions and/or agreements) are connected in any manner with the operation of the System - or an urgent need to safeguard the orderly operation of the System. Such amendments shall be communicated to the participants in writing.

The Manager of the System is committed to engage in consultation with the participants before introducing any essential amendment. A participant may withdraw from the System if it does not accept an amendment.

## **21. APPLICABLE LAW – JURISDICTION**

1. The provisions hereof and any transaction hereunder shall be governed by Greek law.
2. All disputes arising from the application of the present Regulation or the operation of the System in general shall be subject to the jurisdiction of the courts of Athens.

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