



BANK OF GREECE

EUROSYSTEM

THE EXECUTIVE COMMITTEE

Meeting 189/14.05.2021

Subject 1: Terms and conditions governing the establishment and operation of the Regulatory Sandbox of the Bank of Greece

THE EXECUTIVE COMMITTEE OF THE BANK OF GREECE, having regard to:

- (a) Articles 28 and 55A of the Statute of the Bank of Greece;
- (b) the provisions of Law 4261/2014 “Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (transposition of Directive 2013/36/EU), repeal of Law 3601/2007, and other provisions” (Government Gazette A 107), in particular Articles 4, 66(3) and 153 thereof;
- (c) the provisions of Law 4537/2018 “Transposition into Greek law of Directive 2015/2366/EU on payment services, and other provisions” (Government Gazette A 84), in particular Article 23 thereof,
- (d) the provisions of Chapter A of the Second Part of Law 4021/2011 “Enhanced credit institution supervision and resolution measures – Regulation of financial matters – Ratification of the Framework Agreement on the European Financial Stability Facility and its amendments, and other provisions” (Government Gazette A 218), in particular Articles 12 and 13(1) thereof;
- (e) the provisions of Law 4701/2020 “Framework for microcredit provision, financial sector regulation and other provisions” (Government Gazette A 128), in particular Articles 4 and 5 thereof;
- (f) the provisions of Law 4354/2015 “Non-performing loans management, wage provisions, and other urgent provisions concerning the implementation of the fiscal goals and structural reforms agreement” (Government Gazette A 176), in particular Article 1 thereof;
- (g) the provisions of Law 1665/1986 “Financial Leasing Contracts” (Government Gazette A 194), in particular Article 2 thereof;



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- (h) the provisions of Law 1905/1990 “Factoring contracts and other provisions” (Government Gazette A 147), in particular Articles 4 and 5 thereof;
- (i) the provisions of Law 5422/1932 “Suspension of the obligation of the Bank of Greece to redeem its banknotes and regulation of foreign exchange purchases and sales” (Government Gazette A 133), as amended by paragraphs 3 to 6 of Article 15 of Law 2515/1997 “Practice of the profession of Accountant/Tax Consultant, operation of the Body of Certified Valuers (SOE) and other provisions” (Government Gazette A 154), in particular Article 2 thereof;
- (j) the provisions of Law 4364/2016 “Adaptation of Greek legislation to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II); to Articles 2 and 8 of Directive 2014/51/EC of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Insurance and Occupational Pensions Authority (hereinafter “EIOPA”) and the European Securities and Markets Authority; as well as to Article 4 of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 as regards the supplementary supervision of financial entities in a financial conglomerate, and pertinent provisions of private insurance legislation and other provisions” (Government Gazette A 13), in particular Articles 3(10), 19 and 46 thereof;
- (k) Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63), in particular Articles 4 and 6, and Recital 28 thereof;
- (l) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment



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- firms and amending Regulation (EU) No 648/2012, in particular Article 2 thereof;
- (m) the joint European Supervisory Authorities' report of 7 January 2019 on Regulatory Sandboxes and Innovation Hubs (JC 2018 74);
 - (n) the need to encourage innovation in the financial system, with conditions that ensure its financial stability, cyber resilience and efficient operation, through the monitoring of developments in financial technology by the Bank of Greece; and
 - (o) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions of this Act;

HEREBY DECIDES as follows:

to establish and operate a Regulatory Sandbox of the Bank of Greece and to lay down the terms and conditions for participation of institutions supervised by the Bank of Greece, as follows:

A. Scope

1. Without prejudice to paragraph 2 hereof, the provisions of this Act shall apply to the following supervised institutions with regard to their activities in the Greek market (hereinafter "institutions"):
 - (a) credit institutions authorised in Greece;
 - (b) branches of credit institutions authorised in third (non-EEA) countries operating in Greece;
 - (c) financial leasing companies authorised in Greece;
 - (d) factoring companies authorised in Greece;
 - (e) electronic money institutions authorised in Greece;
 - (f) payment institutions authorised in Greece;
 - (g) account information data providers authorised in Greece;
 - (h) credit companies authorised in Greece;
 - (i) credit servicing firms authorised in Greece;
 - (j) bureaux de change authorised in Greece;



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- (k) microfinance institutions authorised in Greece;
- (l) insurance and reinsurance undertakings authorised in Greece;
- (m) insurance and reinsurance undertakings authorised in third (non-EEA) countries operating branches in Greece.

2. This Act shall not apply to the insurance intermediation activities of credit institutions under Law 4583/2018, whether authorised in Greece or in a third country, and operating a branch in Greece.

3. Provided that they meet the eligibility criteria for admission to the Regulatory Sandbox, the institutions listed in paragraph 1 may provide Fintech services/products under testing in accordance with the terms and conditions set out herein.

4. The present Act does not imply an obligation for institutions using or intending to use financial technology to provide banking or insurance services/products or payment services to apply for admission to the Regulatory Sandbox. However, once an institution is admitted to the Regulatory Sandbox of the Bank of Greece and for the duration of the testing up to the final exit from the Regulatory Sandbox, the service/product under testing shall be exclusively provided in conformity with the terms and conditions set out herein.

5. The present Act shall be without prejudice to the provisions of national and EU law applicable to institutions in the pursuit of their activities and the relevant regulatory framework.

6. Institutions shall not advertise, within the meaning of Article 9(1)(a) of Law 2251/1994, their participation in the Regulatory Sandbox of the Bank of Greece for the commercial promotion of their services/products. This prohibition shall apply for as long as the service/product is provided. Participation in the Regulatory Sandbox shall in no way be construed as endorsement or approval by the Bank of Greece of the service/product under testing.

B. Definitions

For the purposes of this Act, the following definitions apply:



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(a) Financial technology (Fintech): Any type of technologically enabled financial innovation that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services.

(b) Regulatory Sandbox: A mechanism established and operating in accordance with the terms and conditions set out herein that enables institutions to test innovative technology-based financial services/products under a specific testing plan agreed upon with and monitored by the Bank of Greece.

(c) Testing Plan: A plan submitted by the institution and agreed upon with the Bank of Greece during the Preparation Phase. In this testing plan, the terms, parameters and limitations or restrictions according to which the institution shall test a service/product within the Regulatory Sandbox of the Bank of Greece, are defined and specified.

C. Support provided within the Regulatory Sandbox

Within the Regulatory Sandbox of the Bank of Greece, support is provided to the participating institutions, in the following ways:

(a) Individualised guidance to the institutions, in order to facilitate their understanding of the supervisory framework related to the innovative service/product concerned and falling within the competence of the Bank of Greece, including but not limited to clarifications and institution-specific information on any compliance issues that may arise at any time during the Regulatory Sandbox phases. Guidance provided by the Bank of Greece shall not supersede or substitute for the applicable legislative and regulatory framework, compliance with which shall be the exclusive responsibility of the participating institution.

(b) Active dialogue between the Bank of Greece and the Regulatory Sandbox participants, through a designated Single Point of Contact for each participating institution, in order to ensure direct communication and cooperation between the Bank of Greece and the institutions.



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D. Eligibility criteria

Eligible for admission to the Regulatory Sandbox, shall be institutions intending to offer any service/product which:

- (a) is provided in the license for the establishment and operation of the applicant institution, is in line with its articles of association and falls within the scope of competence of the Bank of Greece;
- (b) is truly innovative and/or significantly different from those similar services currently available in the Greek market. The innovative solution or the innovative aspects of the proposed solution should improve an already existing financial activity or significantly differ from the services/products already provided by the institutions in the Greek financial market;
- (c) provides distinct benefits to users and the financial system. The innovative solution should provide clear and identifiable benefits to users of financial services and the Greek financial market, such as, for example, by developing new services/products that are better in terms of efficiency, quality or value for money;
- (d) presents sufficient readiness to test, i.e. has reached a sufficiently mature stage, possibly after some initial tests, and is ready to be tested in a live environment, while the necessary (financial, technological, human) resources have been secured; and
- (e) is intended to be placed in the domestic market. The institution has the intention and ability to develop and deploy the proposed service /product in the Greek market.

E. Regulatory Sandbox phases

1. The life cycle of the Regulatory Sandbox comprises the following successive phases: (i) application phase; (ii) preparation phase; (iii) testing phase; and (iv) evaluation/exit phase.
2. The operational details of the Regulatory Sandbox, in particular with regard to when institutions can apply for admission to the Regulatory Sandbox, shall be



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specified by the Bank of Greece by relevant announcements on its website, including any restrictions as to the type and number of applications accepted by the Bank of Greece and/or the number of concurrent tests that may be running within the Regulatory Sandbox at a time.

I. Application phase

1. The application phase starts with the submission by the institution of an application for admission to the Regulatory Sandbox and lasts until the Bank of Greece communicates its admission or non-admission decision to the applicant institution.
2. For admission to the Regulatory Sandbox, an institution listed in Chapter A hereof shall be required to submit a fully completed application in the form provided on the Bank of Greece website. As a minimum, the application shall include the following:
 - (a) identity and contact details of the applicant institution;
 - (b) a description of the business model underlying the Fintech service/product to be tested;
 - (c) documentation demonstrating the fulfilment of the eligibility criteria set out in Section D hereof;
 - (d) testing parameters: description of the type and characteristics of the service/product proposed to be tested, as well as the operational procedures that will support the provision of the service/product; proposed duration of testing; definition of user selection criteria and of the range of targeted users of the service/product during testing;
 - (e) overview of the regulatory and business risks associated with the supply of the innovative service/product;
 - (f) brief description of the applicant's exit and transition plan;
 - (g) demonstration of the need to test the service/product in the Regulatory Sandbox and description of the type of support expected from the Regulatory Sandbox;



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(h) information on any prospective partnerships for entering the Regulatory Sandbox;

3. The content of the application and of the accompanying documents must be true, complete and up-to-date.

4. When submitting the application and the required data and information to the Bank of Greece, the applicant institution shall not merely refer to internal procedures or other documents, but shall submit the relevant excerpts, indicating the source thereof.

5. The Bank of Greece shall acknowledge receipt of the application and of the data and information required under paragraph 2. Within a reasonable time frame, the Bank of Greece shall check the completeness of the application and shall notify the institution of any missing documents or information. The institution shall submit the required documents or data in a timely manner and without undue delay.

6. The Bank of Greece shall communicate its admission or non-admission decision to applicant institutions within one (1) month of the receipt of a complete application.

II. Preparation phase

1. The Preparation phase for the testing of a service/product in the Regulatory Sandbox includes the preparation of a Testing Plan by the institution and its finalisation in cooperation with the Bank of Greece. The Preparation Phase starts at the time when the institution is notified in writing that it has been admitted to the Regulatory Sandbox of the Bank of Greece and ends upon finalisation of the Testing Plan.

2. The institution shall submit the Testing Plan to the Bank of Greece within fifteen (15) working days from receiving notification from the Bank of Greece that it has been admitted to the Regulatory Sandbox.

3. The Testing Plan shall include, as a minimum, the following information:



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(a) Testing scope: number and type of users, duration of testing, quantitative and other limits (e.g. maximum transaction value, time limitations), other parameters related to the service/product.

(b) Exit and Transition Plan: steps and procedures to be followed by the institution upon completion or early termination of the testing.

(c) Measures to duly inform users that the service/product is being supplied in a Regulatory Sandbox environment and does not have an explicit approval by the Bank of Greece and that this fact is in no way related to or affects users or the relevant legislative and regulatory framework.

(d) Risk management framework and measures: description of the methodology and framework for the identification, assessment and management of the risks arising from the proposed service/product and submission of the relevant Key Risk Indicators (KRIs). Any issues relating to governance, resource adequacy, system resilience and business continuity that could arise in the testing of the service/product in the Regulatory Sandbox shall be addressed and described in detail by applicant institutions.

(e) Key Performance Indicators (KPIs): submission of indicators measuring the performance and success of testing against operational targets and intended outcomes, and the impact of the service/product on the institution's financial and regulatory positions.

4. The Testing Plan submitted by the institution shall be assessed by the Bank of Greece within fifteen (15) working days of submission. The Bank of Greece may request amendments and/or additional parameters, terms, limitations/restrictions and obligations to be included in the submitted Testing Plan, where deemed necessary. In this case, the institution shall be notified in writing thereof and shall submit a revised version of the Testing Plan within five (5) working days, in accordance with the instructions of the Bank of Greece. If such revised Testing Plan is found to be complete, appropriate and adequate, the Bank of Greece shall finalise it and inform the institution accordingly in writing within fifteen (15) working days; otherwise, the



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above procedure shall be repeated. If, after the repeated procedure, the submitted Testing Plan is still not found to be complete, appropriate and adequate, the Bank of Greece may terminate the participation of the institution in the Regulatory Sandbox and allow for no further repetition of the process.

5. Institutions shall comply with the terms and conditions of the final Testing Plan throughout the testing and up to the final exit from the Regulatory Sandbox.

III. Testing phase

1. In the Testing phase of a service/product in the Regulatory Sandbox, the participating institution supplies the tested service/product to users, in accordance with the terms and conditions set out herein and the testing parameters specified in the final Testing Plan. The Testing phase starts upon completion of the Preparation phase and ends upon expiration of the testing period or any extension thereof.

2. The maximum life cycle of testing a service/product in the Regulatory Sandbox shall be six (6) months from the start of the Testing phase and can be extended once for a maximum period of six (6) months. In any event, the overall life cycle of a service/product test cannot exceed twelve (12) months from the start of the Testing phase, as defined herein.

3. If the participating institution considers that an extension of the testing phase pursuant to paragraph 2 above is necessary, it shall inform the Bank of Greece accordingly in writing, no later than one (1) month before the expiration of the testing phase. In requesting an extension, the institution shall specify the duration of the extension requested and shall provide the reasons for which the extension is necessary.

4. The Bank of Greece shall assess the request for extension and inform the institution on whether this extension may or may not take place and of the duration of any extension, which may differ from that requested by the institution. The Bank of Greece will respond to an extension request within fifteen (15) working days of its receipt.

5. In the Testing phase, the participating institution shall:



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- (a) initiate testing without undue delay;
 - (b) comply with the terms and conditions of the Testing Plan at all times during the testing and up to the final exit from the Regulatory Sandbox and shall ensure the continuous and secure supply of the service/product under testing. In the event of non-compliance, the Bank of Greece may request the early termination of testing and activate the Exit and Transition Plan laid down in the Testing Plan;
 - (c) cooperate in good faith with the Bank of Greece and provide, without undue delay, appropriate information on any issue that may arise throughout the testing period, on its own initiative and/or upon request by the Bank of Greece. Furthermore, on a monthly basis, unless otherwise specified in the Testing Plan, or whenever requested by the Bank of Greece, it shall duly provide a comprehensive testing progress report against the agreed parameters.
6. The institution may request the early termination of the service/product testing in the Regulatory Sandbox. In this case, it shall inform the Bank of Greece accordingly in writing within five (5) working days of the relevant decision.
7. During the service/product testing and for reasons related to issues arising in the testing phase, an institution may submit a written request to the Bank of Greece for the amendment of terms or parameters in the Testing Plan, accompanied by the reasons substantiating the request. The Bank of Greece shall assess the proposed amendments and notify the institution of its decision to accept or reject them.
8. By reviewing the progress reports submitted by the institution, the Bank of Greece shall monitor the following:
- (a) the compliance of the participating institution with the Testing Plan, recommending remedial action, where deemed necessary; and
 - (b) the suitability of testing parameters, recommending, where deemed necessary, amendments and/or additional parameters and/or terms.

IV. Evaluation/exit phase



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1. The Evaluation/exit phase starts with the end of the Testing phase. This phase includes the final evaluation of the service/product under testing and the exit of the participating institution from the Regulatory Sandbox.
2. Within one (1) month of the end of the Testing phase, the institution shall submit to the Bank of Greece a report on the overall outcomes of the testing with reference to the pre-defined objectives and intended results.
3. Within twenty (20) working days of the receipt of the institution's report, as envisaged in paragraph 2 above, the Bank of Greece shall assess whether or not the pre-defined objectives have been achieved and shall inform the institution of the successful or unsuccessful outcome of the test. Success shall be judged in terms of smooth operation of the innovative solution embedded in the service/product upon completion of this phase, rather than in terms of any (ex post or ex ante) returns from the provision of the service/ product in the market.
4. The institution shall continue to supply the service/product to users in accordance with the terms and conditions of the Testing Plan until it is informed by the Bank of Greece of the outcome of the test, as stipulated above, whereupon it shall put into effect the Exit and Transition Plan, which marks the exit of the institution from the Regulatory Sandbox. The Bank of Greece shall monitor the implementation of the Exit and Transition Plan, and the institution shall inform the Bank of Greece of the progress and completion of this Plan.

F. Final provisions

1. The Bank of Greece may at any time request, and shall receive without delay, any additional data, information and clarifications that are necessary for the purposes hereof, at any phase of the life cycle of the Regulatory Sandbox.
2. In the event of any change affecting the accuracy of information and supporting documents envisaged herein, the institution shall inform the Bank of Greece accordingly without undue delay.
3. If it is found that an institution provided untrue or misleading information either in the application phase or in any other phase in the life cycle of the Regulatory



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Sandbox, in the event of non-compliance with the provisions hereof, and/or if deficiencies/weaknesses are found which hamper the operation of the innovative service/product, the Bank of Greece may expedite the Exit of the institution from the Regulatory Sandbox.

4. The provisions of this Act shall enter into force as from the date of its publication in the Government Gazette.

5. This Act shall be published in the Government Gazette and posted on the website of the Bank of Greece.

THE SECRETARY

THE MEMBERS

THE CHAIRMAN

Yannis Stournaras

True and exact copy

Athens,

The Secretary

I. Pantou