

BANK OF GREECE GOVERNOR'S ACT 2541/27 February 2004

Re: Codification and amendment of Bank of Greece Governor's Act 2440/11 January 1999, "Establishment and operation of bureaux de change in Greece by sociétés anonymes other than credit institutions", as currently in force.

THE GOVERNOR OF THE BANK OF GREECE, having regard to:

- a) The Statute of the Bank of Greece, in particular Article 55A, as currently in force, thereof;
- b) Article 1 of Law 1266/1982 "Authorities responsible for the conduct of monetary, credit and exchange rate policies, and other provisions";
- c) Article 15 of Law 2515/1997 "Bureaux de change";
- d) Law 2331/1995 "Prevention and suppression of money laundering and other provisions", as currently in force, and the related circulars of the Bank of Greece Department for the Supervision of Credit and Financial Institutions (latest relevant circular: 654/22 July 2003);
- e) Bank of Greece Governor's Act 2440/11 January 1999, as currently in force, on the establishment and operation of bureaux de change in Greece by sociétés anonymes other than credit institutions;
- f) the need to codify into a single text and to update the provisions regarding the authorisation and supervision of bureaux de change by the Bank of Greece;
- g) the relevant recommendation of the Bank of Greece Department for the Supervision of Credit and Financial Institutions;

HAS DECIDED:

I. TERMS AND CONDITIONS FOR AUTHORISATION

The Bank of Greece shall authorise a société anonyme to operate as bureau de change under Law 2515/1997, as currently in force, as long as it meets the following terms and conditions:

1. a) The société anonyme shall have a minimum initial share capital of two hundred thousand euro (€200,000) fully paid-in and deposited with a credit institution operating in Greece prior to the authorisation. This amount shall remain in deposit until the société anonyme has been officially incorporated.

b) Throughout the operation of the société anonyme, its own funds may not fall below the above minimum amount. This shall also apply to business firms converted into sociétés anonymes - bureaux de change.

The aforementioned minimum own funds shall cover the establishment of up to six (6) branches and shall be increased by twenty-five thousand euro (€25,000) for each additional branch.

c) Own funds of the bureau de change shall be considered, for purposes of supervision by the Bank of Greece, the key items of own funds specified in Bank of Greece Governor's Act 2053/1992, as currently in force, plus reserves from the revaluation of fixed assets less the items defined in the said Act.

2. The application submitted to the Bank of Greece shall contain the following information plus the necessary supporting documents:

a) The registered name and the location of the société anonyme.

b) Identification of the natural or legal persons which hold, directly or indirectly, at least 10% of the capital or voting rights of the société anonyme.

Information on the above main shareholders shall include:

(i) Complete curricula vitae.

- (ii) Copy of type A criminal record (for shareholders that are natural persons).
- (iii) Non-bankruptcy certificate.
- (iv) Declaration stating the sources of the funds with which they will acquire their shares.
- (v) For shareholders that are legal persons, identification of the natural persons who directly or indirectly control these legal persons.

c) Identification of the person that will be in charge of the operation of the société anonyme, as well as of the person responsible for compliance with anti-money laundering legislation (Article 4, paragraph 10, of Law 2331/1995, as currently in force). As regards these two persons, the following documents shall be submitted to the Bank of Greece, latest by the société anonyme's start of operation:

- (i) the supporting documents referred to in paragraph 2(b), indents (i) to (iii) above. Curricula vitae shall include information on the professional background and previous experience of the said persons.
- (ii) two letters of recommendation for each person; these letters must not come from shareholders, Board of Directors members or (prospective or working) executives of the applicant (under establishment or existing) société anonyme.

d) Identification of the Board of Directors members and submission of the supporting documents referred to in paragraph 2(b), indents (i) to (iii), above.

These persons shall be reliable and suitable for the sound and prudent management of the bureau de change.

e) Draft Articles of Association of the société anonyme under establishment or copy of the codified (applicable or prospective) Articles of Association of the existing société anonyme.

f) Detailed organisational and administrative structure of the company as well as the anticipated number of personnel.

g) Description of the accounting system, the IT system and the management information system, as well as the manuals on transaction processing procedures.

h) The société anonyme's officially applying internal audit procedures aimed at monitoring fulfilment of the obligations that stem from this Act, Law 2331/1995, as currently in force, the relevant circulars of the Bank of Greece and the provisions of law governing the société anonyme's operation.

i) The exact number of branches to be established and their location.

j) The registered name and the postal address of the head office of any companies with which the applicant has contracted in order to operate as an intermediary.

3. The Bank of Greece shall reserve the right to request additional information and data for granting the authorisation. In the event that any data or information provided for under this Act are inaccurate or misleading, the Bank of Greece shall reserve the right to revoke authorisation.

4. The authorisation shall be valid for six (6) months from the communication of the relevant decision of the Bank of Greece to the applicant, unless this decision sets another time limit.

II. OPERATIONS ALLOWED

1. Bureaux de change operating as sociétés anonymes may engage in the following foreign exchange operations:

a) Purchase of banknotes, travellers' cheques, personal cheques and bank cheques in foreign currency, including those surrendered by Hellenic Post SA, as well as by tourist and other businesses accordingly authorised by Currency Committee Decision 176/4/1997, as currently in force.

b) Sale of foreign banknotes and travellers' cheques.

2. Bureaux de change may also offer the following intermediary services, ancillary to the above operations:

- a) Promotion of, and intermediation in, the supply of bank products and services, within bilateral agreements, excluding both the undertaking of any commitment on behalf of credit institutions and the carrying out of receipts or payments on behalf of such institutions. This limitation shall not affect the operations referred to in paragraph 1 above or indent (b) below.
- b) Cooperation with credit card issuers domiciled in Greece or abroad for supplying credit card holders with cash, up to the respective cash advance limit.
- c) Intermediation in fund transfer within Greece or across borders, according to the provisions of Bank of Greece Governor's Act 2536/4 February 2004.
- d) Acceptance of payment of bills issued by non-credit institutions.
- e) Sale of tickets for domestic and international means of public transport, concerts and other cultural events.
- f) Travel agency and travel insurance services, sale of the products of Hellenic Post SA and of "Athens 2004", provided that any required authorisation has previously been granted by the competent authorities.
- g) Promotion and sale of mobile and fixed telephony companies' products and of internet access providers' products.

3. A bureau de change may participate in the share capital of another bureau de change operating as a société anonyme, provided that it has notified accordingly the Bank of Greece Department for the Supervision of Credit and Financial Institutions at least fifteen (15) days prior to acquiring such holding, without prejudice to the provisions of section IV, paragraph 1.

III. RULES OF OPERATION

1. The daily ceiling for the foreign exchange reserves of the bureau de change shall be five times as high as its own funds. In calculating this ceiling, any credit balances in foreign exchange deposits shall be counted in.

2. Bureaux de change are allowed to:

a. Purchase, daily, foreign banknotes from banks authorised to carry out exchange operations, from other bureaux de change and from the Bank of Greece up to the amount of the daily ceiling for each bureau's foreign exchange reserves, in accordance with the provisions of paragraph 1 above and paragraph 2(a) of section VI.

b. Issue foreign exchange purchase vouchers or other equivalent documents certifying the import of funds, according to applicable law or competent authorities' decisions.

3. Foreign exchange amounts in excess of the daily ceiling for each bureau's reserves, as per paragraph 1 above and paragraph 2(a) of section VI, shall be surrendered within the next working day either to the banks authorised for the conduct of foreign exchange operations or to the Bank of Greece. Formal documentation for such surrender shall be kept in the accounting department of the bureaux and shall remain at the disposal of the supervising officials of the Bank of Greece.

4. For the transactions referred to in paragraphs 1 and 2(b) of section II, the bureaux de change shall issue vouchers, which, in the event that the value of the transaction exceeds the amount of €1,000, shall include at least the following information:

- time when the transaction was carried out,
- name and address of the counterparty to the transaction (as evidenced by his/her ID card or passport or other official document),
- the transacted amount.

For transactions connected with fund transfer intermediation, any documents shall be issued in compliance with the provisions of Bank of Greece Governor's Act 2536/2004.

5. Each branch of the bureau shall each business day post at a prominent position a table depicting the exchange rates applicable for the day, which shall be freely determined by the bureau, same as the amounts or rates of any commissions charged (also freely determined).

6. Each branch of the bureau de change shall keep its own financial data. The bureau de change shall keep records of its operations for five years.

7. Bureaux de change shall apply the Greek Chart of Accounts for Banks. A separate accounting procedure shall apply to the transactions pertaining to the provisions of paragraph 2, section II.

8. Bureaux de change shall comply with the circulars of the Bank of Greece Department for the Supervision of Credit and Financial Institutions (latest relevant circular: 654/22 July 2003) relating to the implementation of Law 2331/1995 "Prevention and suppression of money laundering and other provisions", as currently in force.

9. The provisions of this section shall apply without prejudice to the rights and obligations of bureaux de change, which may stem from applicable legislation and/or the decisions of other authorities with regard to matters falling within their field of competence.

IV. REPORTING TO THE BANK OF GREECE

1. In the event of transfer of a shareholding stake or voting rights leading to a shareholder acquiring more than 10% of the bureau's share capital, the party intending to acquire such holding shall submit to the Bank of Greece the documents set out in section I, paragraph 2(b). If the Bank of Greece does not communicate a

negative response within forty-five (45) days from the above submission, this shall mean approval of the share transfer.

2. For the establishment of new branches, an application shall be submitted to the Bank of Greece Department for the Supervision of Credit and Financial Institutions. If the Bank of Greece does not communicate a negative response within three months from the submission, this shall mean approval of the application.

3. Bureaux de change shall submit the following data to the Bank of Greece Department for the Supervision of Credit and Financial Institutions:

a) In writing, any changes relating to the contents of section I, paragraph 2, excluding indent (b), at least fifteen (15) working days prior to effecting the change. If the change relates to the persons referred to in indents (c) and (d) of paragraph 2, section I, the documents referred therein shall also be submitted.

b) On an annual basis (at the latest by end-April), financial statements and data on the société anonyme's business activity (monthly turnover per branch, broken down by type of operation as set out in section II) for the preceding financial year.

c) Within the first ten days after each calendar quarter, a detailed list of daily balances of: purchases-sales, reserves in foreign banknotes, and cheques for the quarter (in the form provided by the Bank of Greece Department for the Supervision of Credit and Financial Institutions). This list shall also be communicated to the Bank of Greece Financial Operations Department.

d) List of the credit institutions with which the bureau de change keeps its deposit accounts.

e) Notification of the start of operation and the exact postal address of the bureau de change and any authorised new branches within fifteen (15) days from their start of operation.

f) Any amendments to the bureau's Articles of Association.

V. SANCTIONS

1. The Bank of Greece may impose sanctions (suspension of operation, administrative fines, revocation of authorisation) on the bureaux de change as well as on the persons acting in violation of the provisions of this Act, any decisions relating to the operation of the bureaux and foreign exchange legislation in general. In the event that bureau shareholders do not comply with the provisions of section IV, paragraph 1, the following sanctions shall be imposed on them, individually or collectively:

a) Fine in favour of the Greek government up to 30% of the value of the shares transferred in breach of the above mentioned provisions,

b) For natural persons, barring from the bureau's Board of Directors as well as from any other executive position in the bureau, for a definite or an indefinite period of time.

2. Fines shall be paid within one month from the communication of the relevant decision. The bureau's failure to pay the fine imposed shall incur suspension of operation or even revocation of authorisation.

VI. OTHER PROVISIONS

1. The provisions of this Act shall also apply to all bureaux de change already operating in Greece with the authorisation of the Bank of Greece.

2. The Bank of Greece Department for the Supervision of Credit and Financial Institutions is hereby authorised:

a) to determine a daily ceiling on the bureau's foreign exchange reserves lower than the levels referred to in section III, paragraph 1, taking into consideration, indicatively, its turnover, the number of its branches or its non-conformity with the relevant decisions of the Bank of Greece,

b) to monitor compliance with the provisions of this Act, to further specify requirements on reporting to the Bank of Greece for supervisory purposes, and to provide clarifications relating to the implementation of this Act.

3. Bank of Greece Governor's Act 2440/11 January 1999, as amended by Bank of Greece Governor's Act 2473/10 April 2001, Banking and Credit Matters Committee Decisions 112/8/5 November 2001 and 36/1/29 June 1999 are hereby repealed. Any reference to Bank of Greece Governor's Act 2440/11 January 1999 or its amendments shall mean to refer to this Act.

The government budget shall not incur expenses on account of this Act.

This Act shall be published in the Government Gazette (Issue A).

The Governor

Nicholas Ch. Garganas

Exact copy

Athens, 27 February 2004

Department for the Supervision of Credit and Financial Institutions

Signed (P. Kyriakopoulos, Director)