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LAW 4261

*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*

**THE PRESIDENT
OF THE HELLENIC REPUBLIC**

We hereby promulgate the following law passed by Parliament:

PART I

TRANSPOSITION OF DIRECTIVE 2013/36/EU

CHAPTER I

**SCOPE, TERMS AND CONDITIONS FOR THE ESTABLISHMENT
AND OPERATION OF A CREDIT INSTITUTION, AND PROVISIONS
ON THE INITIAL CAPITAL OF INVESTMENT FIRMS**

Article 1

Object – Aim

(Article 1 of Directive 2013/36/EU)

1. Articles 1-166 of this Law aim at transposing to Greek law Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176).
2. In particular, this Law lays down rules concerning:
 - (a) access to the activity of credit institutions and investment firms (collectively referred to as "institutions");

- (b) supervisory powers and tools for the prudential supervision of institutions by competent authorities;
- (c) the prudential supervision of institutions by competent authorities in a manner that is consistent with the rules set out in Regulation (EU) No. 575/2013 (OJ L 176);
- (d) publication requirements for competent authorities in the field of prudential regulation and supervision of institutions.

Article 2

Scope

(Article 2 of Directive 2013/36/EU)

1. The provisions of Articles 1-166 of this Law shall apply to institutions, as defined in Article 3(1)(3) below.
2. Article 30 shall apply to local firms, as defined in Article 3(1)(4) below.
3. Article 31 shall apply to the firms referred to in point (2)(c) of Article 4(1) of Regulation (EU) No. 575/2013.
4. Articles 41, 42 and 104-120 shall apply to financial holding companies, mixed financial holding companies and mixed-activity holding companies which have their head office in the European Union (EU).
5. This Law shall not apply to:
 - (a) the access to the activity of investment firms in so far as it is regulated by Law 3606/2007 (Government Gazette A' 195) transposing to Greek law the Directive 2004/39/EC (OJ L 145);
 - (b) the Bank of Greece;
 - (c) post office giro institutions; and
 - (d) the Deposits and Loans Fund, with the exception of Article 150.
6. The entities referred to in points (a), (c) and (d) of para. 5 of this Article shall be treated as financial institutions for the purposes of Articles 41, 42 and 104-120.

7. Credit institutions based in other Member States and are explicitly excluded under Article 2 of Directive 2013/36/EU shall be excluded from the scope of Articles 34 and 38 on free establishment and provision of services.

Article 3

Definitions

(Article 3 of Directive 2013/36/EU)

1. For the purposes of Articles 1-166 of this Law, the following definitions shall apply:

(1) 'credit institution' means credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No. 575/2013;

(2) 'investment firm' means investment firm as defined in point (2) of Article 4(1) of Regulation (EU) No 575/2013, referred to in Article 2(1) and (2) of Law 3606/2007 transposing point (1) of Article 4(1) of Directive 2004/39/EC;

(3) 'institution' means institution as defined in point (3) of Article 4(1) of Regulation (EU) No 575/2013;

(4) 'local firm' means local firm as defined in point (4) of Article 4(1) of Regulation (EU) No 575/2013;

(5) 'insurance undertaking' means insurance undertaking as defined in point (5) of Article 4(1) of Regulation (EU) No 575/2013, referred to in point (1) of Article 13 of Directive 2009/138/EC (OJ L 335), which has been transposed to Greek law by Article 2a(a) of L.D. 400/1970 (Government Gazette A' 10);

(6) 'reinsurance undertaking' means reinsurance undertaking as defined in point (6) of Article 4(1) of Regulation (EU) No 575/2013, referred to in point (4) of Article 13 of Directive 2009/138/EC, which has been transposed to Greek law by Article 2a(c) of L.D. 400/1970 (Government Gazette A10);

(7) 'Board of Directors' means an institution's management body, which is empowered with the management and representation of the institution and which oversees and monitors management decision-making, and includes the persons who effectively direct the business of the institution;

(8) 'non-executive members of the Board of Directors' means the members of the Board of Directors without executive power in the management of the institution other than duties in their capacity as members of the Board of Directors and in their role of overseeing and monitoring management decision-making;

(9) 'senior management' means those natural persons who exercise executive functions within an institution and who are responsible, and accountable to the Board of Directors, for the day-to-day management of the institution;

(10) 'systemic risk' means a risk of disruption in the financial system with the potential to have serious negative consequences for the financial system and the real economy;

(11) 'model risk' means the potential loss an institution may incur, as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models;

(12) 'originator' means originator as defined in point (13) of Article 4(1) of Regulation (EU) No 575/2013;

(13) 'sponsor' means sponsor as defined in point (14) of Article 4(1) of Regulation (EU) No 575/2013;

(14) 'parent undertaking' means parent undertaking as defined in point (15) of Article 4(1) of Regulation (EU) No 575/2013, referred to in Articles 1 and 2 of Directive 83/349/EEC, which have been transposed to Greek law by Article 42e(5)(a) of Law 2190/1920 (Government Gazette A' 216);

(15) 'subsidiary' means subsidiary as defined in point (16) of Article 4(1) of Regulation (EU) No 575/2013, referred to in Articles 1 and 2 of Directive 83/349/EEC, which have been transposed to Greek law by Article 42e(5)(a) of Law 2190/1920 (Government Gazette A' 216);

(16) 'branch' means branch as defined in point (17) of Article 4(1) of Regulation (EU) No 575/2013;

(17) 'ancillary services undertaking' means ancillary services undertaking as defined in point (18) of Article 4(1) of Regulation (EU) No 575/2013;

- (18) 'asset management company' means asset management company as defined in point (19) of Article 4(1) of Regulation (EU) No 575/2013, referred to in point (5) of Article 2 of Directive 2002/87/EC, which has been transposed to Greek law by Article 2(5) of Law 3455/2006, and in point (b) of Article 4(1) of Directive 2011/61/EU (OJ L 174), which has been transposed to Greek law by Article 4(1)(b) of Law 4209/2013 (Government Gazette A' 253);
- (19) 'financial holding company' means financial holding company as defined in point (20) of Article 4(1) of Regulation (EU) No 575/2013;
- (20) 'mixed financial holding company' means mixed financial holding company as defined in point (21) of Article 4(1) of Regulation (EU) No 575/2013, referred to in point (15) of Article 2 of Directive 2002/87/EC (OJ L 35), which has been transposed to Greek law by Article 2(15) of Law 3556/2007 (Government Gazette A91);
- (21) 'mixed activity holding company' means mixed activity holding company as defined in point (22) of Article 4(1) of Regulation (EU) No 575/2013;
- (22) 'financial institution' means financial institution as defined in point (26) of Article 4(1) of Regulation (EU) No 575/2013;
- (23) 'financial sector entity' means financial sector entity as defined in point (27) of Article 4(1) of Regulation (EU) No 575/2013;
- (24) 'parent institution in a Member State' means parent institution in a Member State as defined in point (28) of Article 4(1) of Regulation (EU) No 575/2013;
- (25) 'EU parent institution' means EU parent institution as defined in point (29) of Article 4(1) of Regulation (EU) No 575/2013;
- (26) 'parent financial holding company in a Member State' means parent financial holding company in a Member State as defined in point (30) of Article 4(1) of Regulation (EU) No 575/2013;
- (27) 'EU parent financial holding company' means EU parent financial holding company as defined in point (31) of Article 4(1) of Regulation (EU) No 575/2013;

(28) 'parent mixed financial holding company in a Member State' means parent mixed financial holding company in a Member State as defined in point (32) of Article 4(1) of Regulation (EU) No 575/2013;

(29) 'EU parent mixed financial holding company' means EU parent mixed financial holding company as defined in point (33) of Article 4(1) of Regulation (EU) No 575/2013;

(30) 'systemically important institution' means an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution the failure or malfunction of which could lead to systemic risk;

(31) 'central counterparty' means central counterparty as defined in point (34) of Article 4(1) of Regulation (EU) No 575/2013;

(32) 'participation' means participation as defined in point (35) of Article 4(1) of Regulation (EU) No 575/2013;

(33) 'qualifying holding' means qualifying holding as defined in point (36) of Article 4(1) of Regulation (EU) No 575/2013;

(34) 'control' means control as defined in point (37) of Article 4(1) of Regulation (EU) No 575/2013, referred to in Article 1 of Directive 83/349/EC, which has been transposed to Greek law by Article 42e of Law 2190/1920;

(35) 'close links' means close links as defined in point (38) of Article 4(1) of Regulation (EU) No 575/2013;

(36) 'competent authority' means competent authority as defined in point (40) of Article 4(1) of Regulation (EU) No 575/2013;

(37) 'consolidating supervisor' means consolidating supervisor as defined in point (41) of Article 4(1) of Regulation (EU) No 575/2013;

(38) 'authorisation' means authorisation as defined in point (42) of Article 4(1) of Regulation (EU) No 575/2013;

(39) 'home Member State' means home Member State as defined in point (43) of Article 4(1) of Regulation (EU) No 575/2013;

(40) 'host Member State' means host Member State as defined in point (44) of Article 4(1) of Regulation (EU) No 575/2013;

- (41) 'ESCB central banks' means ESCB central banks as defined in point (45) of Article 4(1) of Regulation (EU) No 575/2013;
- (42) 'central banks' means central banks as defined in point (46) of Article 4(1) of Regulation (EU) No 575/2013;
- (43) 'consolidated situation' means consolidated situation as defined in point (47) of Article 4(1) of Regulation (EU) No 575/2013;
- (44) 'consolidated basis' means consolidated basis as defined in point (48) of Article 4(1) of Regulation (EU) No 575/2013;
- (45) 'sub-consolidated basis' means sub-consolidated basis as defined in point (49) of Article 4(1) of Regulation (EU) No 575/2013;
- (46) 'financial instrument' means financial instrument as defined in point (50) of Article 4(1) of Regulation (EU) No 575/2013;
- (47) 'own funds' means own funds as defined in point (118) of Article 4(1) of Regulation (EU) No 575/2013;
- (48) 'operational risk' means operational risk as defined in point (52) of Article 4(1) of Regulation (EU) No 575/2013;
- (49) 'credit risk mitigation' means credit risk mitigation as defined in point (57) of Article 4(1) of Regulation (EU) No 575/2013;
- (50) 'securitisation' means securitisation as defined in point (61) of Article 4(1) of Regulation (EU) No 575/2013;
- (51) 'securitisation position' means securitisation position as defined in point (62) of Article 4(1) of Regulation (EU) No 575/2013;
- (52) 'securitisation special purpose entity' means securitisation special purpose entity as defined in point (66) of Article 4(1) of Regulation (EU) No 575/2013;
- (53) 'discretionary pension benefits' means discretionary pension benefits as defined in point (73) of Article 4(1) of Regulation (EU) No 575/2013;
- (54) 'trading book' means trading as defined in point (86) of Article 4(1) of Regulation (EU) No 575/2013;
- (55) 'regulated market' means regulated market as defined in point (92) of Article 4(1) of Regulation (EU) No 575/2013, referred to in point (14) of

Article 4 of Directive 2004/39/EC, which has been transposed to Greek law by Article 2(10) of Law 3606/2007;

(56) 'leverage' means leverage as defined in point (93) of Article 4(1) of Regulation (EU) No 575/2013;

(57) 'risk of excessive leverage' means risk of excessive leverage as defined in point (94) of Article 4(1) of Regulation (EU) No 575/2013;

(58) 'external credit assessment institution' means external credit assessment institution as defined in point (98) of Article 4(1) of Regulation (EU) No 575/2013;

(59) 'internal approaches' means the internal ratings based approach referred to in Article 143(1), the internal models approach referred to in Article 221, the own estimates approach referred to in Article 225, the advanced measurement approaches referred to in Article 312(2), the internal models method referred to in Articles 283 and 363, and the internal assessment approach referred to in Article 259(3) of Regulation (EU) No 575/2013;

(60) 'Member State' means every member state of the EU and every other state that has ratified the European Economy Area (EEA) Agreement;

(61) 'third countries' means all countries other than Member States.

2. Where an institution has assigned the managerial and supervisory functions of the management body to different bodies, the “Board of Directors”, as defined in point (7) of the preceding paragraph, shall be the body entrusted with the managerial function. The “non-executive members of the Board of Directors”, as defined in point (8) of the preceding paragraph, shall be the body entrusted with the supervisory function.

Article 4

Competent authorities

(Article 4 of Directive 2013/36/EU)

1. The Bank of Greece is designated as the competent authority that carries out the functions and duties provided for in this Law and Regulation (EU) No.

575/2013 with respect to credit institutions, including branches in Greece of credit institutions based in third countries, and to financial institutions.

2. Without prejudice to the specific provisions of the legislation in force and the provisions of its Statute, the supervision hereunder conducted by the Bank of Greece concerns credit institutions' solvency, adequate liquidity and compliance with this Law and the above Regulation, as well as the smooth and sufficiently transparent operation of credit institutions.

3. To achieve its supervisory objects, the Bank of Greece may lay down criteria and rules, take general or credit institution-specific measures, monitor and assess credit institutions' compliance on an ongoing basis by requiring credit institutions to report data and provide written explanations on request, and by carrying out on-site examinations.

4. The responsibilities of the Bank of Greece under Articles 1-166 of this Law and Regulation (EU) 575/2013 shall be exercised by Acts of the Executive Committee under Article 55A of its Statute or a body authorised by it.

A similar Act may lay down, by way of derogation from any other provision on the transposition of EU law to Greek law, the arrangements needed to adapt to and comply with directives, decisions, regulations and recommendations issued by the competent EU bodies on matters relating to the Bank of Greece's responsibilities hereunder. The regulatory acts referred to in the preceding sentence may introduce any supplementary measure on the implementation of the above Acts. In particular in the exercise of the above regulatory authority regarding the transposition of EU law, the Ministry of Finance shall be informed reasonably in advance of the issue of the relevant Act.

5. Without prejudice to the provisions of paras. 6 and 15 of this Article, Member States' regulatory powers, discretions or derogations provided for under Regulation (EU) 575/2013 shall be exercised by Acts of the Executive Committee under Article 55A of the Statute of the Bank of Greece or a body authorised by it.

6. The Hellenic Capital Market Commission is designated as the competent authority that carries out the functions and duties provided for in this Law and Regulation (EU) No. 575/2013 with respect to investment firms, as well as the firms referred to in Article 4(1)(2)(c) of the said Regulation, including branches in Greece of such firms based in third countries.

7. The Bank of Greece or the Hellenic Capital Market Commission shall obtain the information needed to assess the compliance of credit institutions and, where applicable, financial holding companies and mixed financial holding companies with the requirements of this Law and Regulation (EU) No. 575/2013, and shall be responsible for investigating possible breaches thereof.

8. Institutions shall provide to the Bank of Greece or the Hellenic Capital Market Commission all information needed to assess their compliance with the rules adopted in accordance with this Law and Regulation (EU) No. 575/2013. Institutions shall also maintain internal control mechanisms and administrative and accounting procedures that permit the checking of their compliance with such rules at all times.

9. Institutions shall register all their transactions and document systems and processes which are subject to this Law and Regulation (EU) No 575/2013 in such a manner that the Bank of Greece or the Hellenic Capital Market Commission is able to check the compliance with this Law and Regulation (EU) No 575/2013 at all times.

10. The supervisory functions pursuant to this Law and to Regulation (EU) No 575/2013 and any other functions of the Bank of Greece or the Hellenic Capital Market Commission are separate and independent from the resolution functions.

11. The Bank of Greece may lay down rules regarding the information and data that credit institutions and other supervised entities are required to provide to their customers in relation to the conditions of transactions, with a view to ensuring transparency and clarity.

12. Without prejudice to the specific provisions of the legislation in force, the supervision hereunder conducted by the Hellenic Capital Market

Commission concerns the solvency, liquidity and compliance of the firms referred to in para. 6 of this article with this Law and the above Regulation, as well as the smooth and transparent operation of the firms referred to in para. 6 of this article.

13. To achieve its supervisory objects, the Hellenic Capital Market Commission may lay down criteria and rules, take general measures or specific measures by firm referred to in para. 6 of this article, conduct assessments, monitor the compliance of firms referred to in para. 6 of this article on an ongoing basis by requiring them to report data and provide written explanations on request, and by carrying out on-site examinations.

14. The responsibilities of the Hellenic Capital Market Commission hereunder shall be exercised by Decision of its Board of Directors. A similar Decision may lay down, by way of derogation from any other provision on the transposition of EU law to Greek domestic law, the arrangements needed to adapt to and comply with directives, decisions, regulations and recommendations issued by the competent EU bodies on matters relating to the Hellenic Capital Market Commission's responsibilities hereunder. The regulatory acts referred to in the preceding sentence may introduce any supplementary measure on the implementation of the above decisions. In particular in the exercise of the above regulatory authority of the Hellenic Capital Market Commission regarding the transposition of EU law, the Ministry of Finance shall be informed reasonably in advance of the issue of the relevant Decision.

15. Member States' regulatory powers, discretions or derogations provided for under Regulation (EU) 575/2013 shall be exercised by Decisions of the Board of Directors of the Hellenic Capital Market Commission, insofar as they fall within its scope of authority.

16. Regulatory acts issued by authority of this Law or Regulation (EU) No 575/2013 may have retrospective effect, subject to Article 191(1) of this Law.

Article 5

Coordination of competent authorities

(Article 5 of Directive 2013/36/EU)

1. The Bank of Greece and the Hellenic Capital Market Commission shall take the requisite measures to organise coordination between them by a Protocol of Cooperation.
2. For the effective exercise of supervision on a consolidated basis, in particular with respect to the capital adequacy of groups which include credit institutions and the firms referred to in Article 4(6), the Protocol of Cooperation between the Bank of Greece and the Hellenic Capital Market Commission shall provide for:
 - (a) procedures to ensure prior notice and exchange of information between the above authorities, with a view to avoiding overlaps and reducing administrative costs, on matters that concern:
 - (aa) changes in the shareholding, organisational or management structure of supervised firms;
 - (bb) important sanctions or extraordinary measures taken by each authority in the context of its responsibilities under the legislation in force;
 - (b) the participation of each authority in on-site examinations conducted by the other authority in the context of its responsibilities under the legislation in force; and
 - (c) the delegation of responsibilities by one authority to the other, in the context of the legislation for the time being in force.

Article 6

Cooperation within the European System of Financial Supervision

(Article 6 of Directive 2013/36/EU)

In the exercise of its duties under this Law, the Bank of Greece or the Hellenic Capital Market Commission, respectively, shall take into account the convergence in respect of supervisory tools and supervisory practices in the application of the laws, regulations and administrative requirements adopted pursuant to this Law and to Regulation (EU) No 575/2013. For that purpose:

(a) the Bank of Greece and the Hellenic Capital Market Commission, as parties to the European System of Financial Supervision (ESFS), shall cooperate properly, in particular when ensuring the exchange of appropriate and reliable information between them and other parties to the ESFS, in accordance with the principle of sincere cooperation set out in Article 4(3) of the Treaty on European Union;

(b) the Bank of Greece and the Hellenic Capital Market Commission shall participate in the activities of the European Banking Authority (hereinafter: “EBA”) established by Regulation (EU) No. 1093/2010 (OJ L 331) and, as appropriate, in the colleges of supervisors;

(c) the Bank of Greece and the Hellenic Capital Market Commission shall ensure compliance with those guidelines and recommendations issued by EBA in accordance with Article 16 of Regulation (EU) No 1093/2010 and to respond to the warnings and recommendations issued by the European Systemic Risk Board (hereinafter: “ESRB”) pursuant to Article 16 of Regulation (EU) No 1092/2010;

(d) the Bank of Greece and the Hellenic Capital Market Commission shall cooperate closely with the ESRB.

Article 7

Union dimension of supervision

(Article 7 of Directive 2013/36/EU)

The Bank of Greece and the Hellenic Capital Market Commission shall, in the exercise of their powers, duly consider the potential impact of their decisions on the stability of the financial system in the other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time.

Article 8

Authorisation

(Article 8 of Directive 2013/36/EU)

1. Credit institutions may be established and operate with the authorisation of the Bank of Greece. Credit institutions may only be established and operate in the form of a Société Anonyme or a Pure Credit Cooperative under Law 1667/1986 (Government Gazette A196) or a European Society (SE) under Regulation No. 2157/2001 (OJ L 294) or a European Cooperative Society (SCE) under Regulation No. 1453/2003 (OJ L 207).

2. Subject to Articles 10-15, the Bank of Greece is authorised to determine the contents of the application for authorisation, the required documentation and information, the specific conditions and the procedure for granting authorisation. These data shall be communicated to EBA.

3. A credit cooperative authorised as a credit institution may enter into transactions with its members, other credit institutions, as well as the Greek government. Upon approval by the Bank of Greece and subject to any specific terms and conditions, a cooperative may enter into transactions with non-members up to an amount that may at no event exceed 50% of its loans or deposits.

Upon approval by the Bank of Greece and subject to any specific terms and conditions, the above restriction shall not apply to transactions:

- (a) of any nature when a member of the cooperative is a party to the transaction; and
- (b) related to ancillary banking intermediation operations.

4. To obtain authorisation, the interested parties shall file an application and, before being granted authorisation by the Bank of Greece, shall pay up the initial capital, as defined in Article 12(1). In the case of a credit institution under multiple ownership, the application for authorisation shall be filed by a duly authorised founding committee, which shall comply with the provisions on investor solicitation.

Article 9

**Prohibition against persons or undertakings other than credit institutions
from carrying out the business of taking deposits or other repayable funds
from the public**

(Article 9 of Directive 2013/36/EU)

1. Natural or legal persons that are not credit institutions shall be prohibited from carrying out the business of taking deposits or other repayable funds from the public.
2. (a) Without prejudice to the specific provisions of law, the carrying out of the business of granting loans or other credits shall also be prohibited without a specific authorisation by the Bank of Greece. The conditions of authorisation to carry out the business of granting loans or other credits shall be laid down by decision of the Bank of Greece.
(b) The prohibition under (a) above shall not apply to the granting of loans or other credits in any manner (including through the issue of credit cards) between undertakings linked to each other within the meaning of Article 42e(5) of Law 2190/1920, as currently in force, or by undertakings to natural or legal persons for the purchase of goods or services provided by the undertaking firm that grants the loan or credit.
3. The prohibition referred to in paragraph 1 above shall not apply to:
 - (a) the issuance of securities by the Greek government or legal persons, as long as this is provided by the legislation in force; and
 - (b) the taking of deposits or other funds repayable by firms supervised by the Hellenic Capital Market Commission, in pursuit of their principal activities according to their authorisation, subject to the provisions of the legislation in force.
4. The provisions applicable to credit institutions shall apply to the interest rate, interest accrual and other charges on loans or other credits granted under the legislation in force by credit companies or other financial institutions according to the conditions of their authorisation granted by the Bank of Greece, or by firms other than credit institutions for the conduct of financial transactions.

Article 10

Programme of operations and structural organisation

(Article 10 of Directive 2013/36/EU)

1. Applications for authorisation shall be accompanied by a programme of operations setting out the types of business envisaged and the structural organisation of the credit institution.
2. The programme of operations shall state in particular the scope of business, the time schedule of achievement of the credit institution's objects, the structure of the group it may be a member of, as well as the Internal Control System, including the Internal Audit, Risk Management and Compliance functions, and the procedures required for compliance with Article 66(1) and (2). Where the credit institution plans to provide investment services, it shall also comply with the requirements under the current legislation on provision of investment services by credit institutions.
3. The application for authorisation shall also include the identity and information on the reputation, education, any criminal convictions, property, experience and training of the heads of the critical functions of the credit institution, according to the provisions of the applicable decisions of the Bank of Greece on the Internal Control Systems of credit institutions.

Article 11

List of activities subject to mutual recognition

(Annex I to Directive 2013/36/EU)

1. Credit institutions' activities for the application of Articles 33, 34, 36 and 38 to 43 that are subject to mutual recognition under this Law shall include:
 - (a) acceptance of deposits or other repayable funds;
 - (b) lending or granting of other credits, including, *inter alia*, consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting);

- (c) financial leasing;
- (d) payment services as defined in Article 4(3) of Law 3862/2010;
- (e) issuing and administering other means of payment (e.g. travellers' cheques and bankers' drafts) insofar as such activity is not covered by (d) above;
- (f) guarantees and commitments;
- (g) dealing for its own account or for account of customers in any of the following:
 - (aa) money market instruments (cheques, bills, certificates of deposit, etc.);
 - (bb) foreign exchange;
 - (cc) financial futures and options;
 - (dd) exchange and interest-rate instruments;
 - (ee) transferable securities;
- (h) participation in securities issues and the provision of services relating to such issues, in particular underwriting;
- (i) advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings;
- (j) money broking;
- (k) portfolio management or advice;
- (l) safekeeping and administration of securities;
- (m) credit reference services, including customer credit rating;
- (n) safe custody services;
- (n) issuing electronic money;
- (o) investment services and activities provided for in Article 4(1) of Law 3606/2007 and the ancillary services referred to in Article 4(2) of Law 3606/2007, when referring to the financial instruments provided for in Article 5 of Law 3606/2007.

2. The Bank of Greece may, in addition to the activities described in para. 1 of this article, allow credit institutions, provided that the relevant risks are fully hedged, to carry out other financial or secondary activities, according to

the legislation in force. To this end, the Bank of Greece may lay down general or specific criteria, as well as specific terms and conditions.

Article 12

Initial capital

(Article 12 of Directive 2013/36/EU)

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

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

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

2. Initial capital shall consist of one or more of the items referred to in Article 26(1)(a) to (e) of Regulation (EU) No 575/2013.

3. (a) If the initial capital is not fully paid up in cash, the Bank of Greece shall decide, on an *ad hoc basis*, which other assets and to what proportion can be contributed instead, taking into account the liquidity and solvency standards applying to credit institutions.

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

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

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

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

5. In the event of an increase in the own funds of already operating credit institutions, the Bank of Greece may impose special conditions regarding the contribution of capital, giving due consideration to the standards referred to in para. 3(a) of this Article.

Article 13

Effective direction of the business and place of the head office

(Article 13 of Directive 2013/36/EU)

1. The Bank of Greece shall grant authorisation to commence the activity of a credit institution only where at least two persons effectively direct the business of the applicant credit institution and participate in the Board of Directors as executive members.

2. The Bank of Greece shall refuse such authorisation if the members of the Board of Directors do not meet the requirements referred to in Article 83(1).

3. Credit institutions established and operating in Greece shall have both their head office and registered office in Greece.

Article 14

Shareholders and members

(Article 14 of Directive 2013/36/EU)

1. The Bank of Greece shall refuse authorisation to commence the activity of a credit institution unless it has been informed by the credit institution of the identities of the twenty (20) largest shareholders or members, as well as of its shareholders or members, whether direct or indirect, natural or legal persons, that have qualifying holdings and of the amounts of those holdings. The credit institution shall also inform the Bank of Greece of any natural persons other than those referred to in the preceding sentence that exercise control over the

credit institution under written agreements or other arrangements or by acting in concert.

2. In determining whether the criteria for a qualifying holding are fulfilled, the voting rights and the conditions regarding aggregation thereof set out in Articles 9, 10, 12 and 13(4) and (5) of Law 3556/2007 and Article 4(1)(f) of Law 3606/2007 shall be taken into account. In the calculation under the preceding sentence, voting rights or shares which institutions hold as a result of providing the underwriting of financial instruments or placing of financial instruments on a firm commitment basis included under point 6 of Section A of Annex I to Directive 2004/39/EC, shall not be taken into account, provided that those rights are not exercised or otherwise used to intervene in the management of the issuer and are disposed of within one year of acquisition.

3. The Bank of Greece shall refuse authorisation to commence the activity of a credit institution in light of the necessity to ensure the sound and prudent management of a credit institution, it is not satisfied as to the suitability of the shareholders or members, and in particular where the criteria set out in Article 24(1) are not met. Article 24(2) and (3) and Article 25 shall apply.

4. Where close links exist between the credit institution and other natural or legal persons, the Bank of Greece shall grant authorisation only if those links do not prevent the effective exercise of its supervisory functions. The Bank of Greece shall refuse authorisation to commence the activity of a credit institution where the laws, regulations or administrative provisions of a third country governing one or more natural or legal persons with which the credit institution has close links, or difficulties involved in the enforcement of those laws, regulations or administrative provisions, prevent the effective exercise of its supervisory functions. The Bank of Greece shall require credit institutions to provide it with the information it requires to monitor compliance with the conditions referred to in this paragraph on an ongoing basis or to verify that no circumstances have arisen that could lead it to refusal of authorisation.

Article 15

**Specific terms and conditions of establishment and operation of a
credit institution**

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

(a) may require details on the identity, reputation, education, any criminal convictions, financial situation and property, experience and source of funds of:

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

(bb) the twenty (20) largest shareholders of the credit institution and in case they are legal persons the natural persons that control them, directly or indirectly;

(cc) the natural persons that exercise control over the credit institution under written agreements or other arrangements or by acting in concert;

(dd) the following persons:

(i) persons referred to in Article 13(1);

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

(iii) the heads of the critical functions of the credit institution.

(b) may impose by its decision that the legal persons referred to in Article 14(1) and point (aa) of subparagraph (a) of this paragraph have their voting shares registered;

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

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

(a) the necessary documentation and data, as well as all other details for the implementation of this article;

(b) further restrictions and requirements concerning the activities or tasks in connection with the operation of the credit institution entrusted to the natural persons referred to in subparagraphs (a) and (b) of the preceding paragraph,

with a view to preventing or minimising significant conflicts of interest or influences that operate to the detriment of the credit institution's prudent and sound management;

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

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

(e) by way of derogation from the general provisions on sociétés anonymes, the procedures, maximum limits and any other terms regarding credit institutions' loans of any type, other credits, guarantees, as well as holdings in the persons referred to in subparagraph (d) of this paragraph, in order to ensure that such transactions are not carried out under preferential terms compared with those generally applied by the credit institution or in a manner that may operate to the detriment of the credit institution's prudent and sound management; and

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

3. For the purposes of implementation of the provisions of this article and of Articles 14 and 23-27, where the shareholders are legal persons, the disclosure requirements shall apply to the natural persons that directly or indirectly control them. In calculating the relevant holding in this context, Article 28 shall be taken into consideration.

Article 16

Refusal of authorisation

(Article 15 of Directive 2013/36/EU)

1. Subject to the provisions of Articles 13, 14 and 15, the Bank of Greece shall refuse authorisation of a credit institution if:

(a) it judges that the persons referred to in these articles are not reliable or, more generally, capable of securing the credit institution's prudent and sound management or preventing or minimising significant conflicts of interest or influences that operate to the detriment of the credit institution's prudent and sound management;

(b) it judges in particular that the persons referred to in Article 13(1), the members of the Board of Directors and the Board of Directors as a whole lack the necessary expertise for the effectively performance of their tasks, acquired through previous service in similar posts, preferably in credit or financial institutions;

(c) there are doubts as to the origin, the true ownership, or the adequacy of the funds of the shareholders referred to in Article 14 and, in the case of legal persons, of the natural persons that directly or indirectly control them;

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

(e) any of the authorisation requirements of this Law is not fulfilled.

2. Where the Bank of Greece refuses authorisation to commence the activity of a credit institution, it shall notify the applicant of the decision and the reasons thereof within six (6) months of the receipt of the application or, where the application is incomplete, within six months of receipt of all the necessary information for the decision. A decision to grant or refuse authorisation shall, in any event, be taken within twelve (12) months of the receipt of the application.

Article 17

Prior consultation with the competent authorities of other Member States

(Article 16 of Directive 2013/36/EU)

1. The Bank of Greece shall, before granting authorisation to a credit institution, consult the competent authorities of another Member State where the credit institution is:

- (a) a subsidiary of a credit institution authorised in that Member State;
- (b) a subsidiary of the parent undertaking of a credit institution authorised in that Member State;
- (c) controlled by the same natural or legal persons as those who control a credit institution authorised in that Member State.

2. The Bank of Greece shall, before granting authorisation to a credit institution, consult the competent authority that is responsible for the supervision of insurance undertakings or investment firms in the Member State concerned where the credit institution is:

- (a) a subsidiary of an insurance undertaking or investment firm authorised in the Union;
- (b) a subsidiary of the parent undertaking of an insurance undertaking or investment firm authorised in the Union;
- (c) controlled by the same natural or legal persons as those who control an insurance undertaking or investment firm authorised in the Union.

3. The relevant competent authorities referred to in paras. 1 and 2 shall in particular consult each other when assessing the suitability of the shareholders and the reputation and experience of members of the Board of Directors involved in the management of another entity of the same group. They shall exchange any information regarding the suitability of shareholders and the reputation and experience of members of the Board of Directors which is of relevance for the granting of an authorisation and for the ongoing assessment of compliance with operating conditions.

Article 18

Branches of credit institutions authorised in another Member State

(Article 17 of Directive 2013/36/EU)

Authorisation or endowment capital for branches of credit institutions authorised in other Member States under Directive 2013/36/EU shall not be required. The establishment and supervision of such branches shall be effected in accordance with Article 33(6), Article 34, Article 35, Article 39(2), Article 42(2), Articles 44-49, Article 50 and Articles 66-67.

Article 19

Withdrawal of authorisation

(Article 18 of Directive 2013/36/EU)

The Bank of Greece may only withdraw the authorisation granted to a credit institution where such a credit institution:

- (a) expressly renounces the authorisation, has ceased to engage in business for more than six (6) months, or does not make use of the authorisation within twelve (12) months;
- (b) has obtained the authorisation through false statements or any other irregular means;
- (c) no longer fulfils the conditions under which authorisation was granted;
- (d) no longer meets the prudential requirements set out in Articles 92-403 and 411-428 of Regulation (EU) No 575/2013 or imposed under Article 96(1)(a) or Article 98 of this Law or can no longer be relied on to fulfil its obligations towards its creditors, and, in particular, no longer provides security for the assets entrusted to it by its depositors;
- (e) falls within one of the other cases where national law provides for withdrawal of authorisation;
- (f) commits one of the breaches referred to in Article 59(1);
- (g) is unable to or refuses to increase its own funds;
- (h) prevents in any manner the effective performance of the supervisory functions of the Bank of Greece;
- (i) breaches provisions of laws on the supervision or on the carrying out of the business of credit institutions or decisions of the Bank of Greece, to such an extent that this may jeopardise the solvency of the credit institution or, in

general, the achievement of the supervisory objectives of the Bank of Greece;
or

(j) there arise the situations referred to in the second sentence of Article 14(4) or the structure of the credit institution's group have been changed that the effective performance of the Bank of Greece's supervisory tasks is impeded.

Article 20

Name of credit institutions

(Article 19 of Directive 2013/36/EU)

1. For the purposes of exercising their activities, credit institutions may, notwithstanding any provisions in the host Member State concerning the use of the words 'bank', 'savings bank' or other banking names, use throughout the territory of the European Union the same name that they use in the Member State in which their head office is situated. In the event of there being any danger of confusion, the Bank of Greece may, for clarification purposes, require that the name be accompanied by certain explanatory particulars.
2. In any event, the use of the words 'bank', 'savings bank' or any foreign language translation thereof in the registered name or trading name of a firm shall only be allowed to credit institutions, unless the business of the firm, as specified in its statutes and as suggested by the registered name and trading name of the firm, exclude any risk of confusion of the public.
3. Pure credit cooperatives authorised by the Bank of Greece as credit institutions may use in their name the words "Cooperative Bank".

Article 21

Notification of authorisation and withdrawal of authorisation to EBA

(Article 20 of Directive 2013/36/EU)

1. The Bank of Greece shall notify EBA of every authorisation granted under Article 8.
2. The Bank of Greece, acting as consolidating supervisor, shall provide the competent authorities concerned and the EBA with all the information

regarding the group of credit institutions in accordance with Article 14(4), Article 66(1) and Article 102(2) of this Law, in particular regarding the legal and organisational structure of the group and its governance.

3. The Bank of Greece shall notify EBA of each withdrawal of authorisation together with the reasons for such a withdrawal.

Article 22

Waiver for credit institutions permanently affiliated to a central body

(Article 21 of Directive 2013/36/EU)

1. The Bank of Greece may waive the requirements set out in Articles 10 and 12 and Article 13(1) of this Law with regard to a credit institution referred to in Article 10 of Regulation (EU) No 575/2013 in accordance with the conditions set out therein.

2. Where the Bank of Greece exercises a waiver referred to in para. 1, Articles 18, 33, 34, 38, 39(2), 41, 42, 44-49, 66-88 and 121-132 shall apply to the whole as constituted by the central body together with its affiliated institutions.

Article 23

Notification and assessment of proposed acquisitions

(Article 22 of Directive 2013/36/EU)

1. Any natural or legal person which individually or by acting in concert (the "proposed acquirer"), who have taken a decision either to acquire, directly or indirectly, a qualifying holding in a credit institution or to further increase, directly or indirectly, such a qualifying holding in a credit institution as a result of which the proportion of the voting rights or of the capital held would reach or exceed 20%, 1/3 or 50% or so that the credit institution would become its subsidiary (the "proposed acquisition"), shall notify in writing the Bank of Greece of the credit institution in which it is seeking to acquire or increase a qualifying holding in advance of the acquisition, indicating the size of the

intended holding and the relevant information, as specified in accordance with Article 24(4).

2. Any proposed acquirer that has taken a decision to acquire or further increase, directly or indirectly, a holding in a credit institution that has its head office in Greece as a result of which the proportion of the voting rights or of the capital held would reach or exceed 5% shall first inform the Bank of Greece, notifying it of the size of the intended holding. The Bank of Greece shall assess, as appropriate, within five (5) working days, whether this holding leads to significant influence and, if so, shall notify the proposed acquirer and conduct the assessment referred to in Article 24(1).

3. If the proposed acquirers of the holdings referred to in paras. 1 and 2 above are legal persons, they shall notify to the Bank of Greece the identities of the members of the Board of Directors, the members of the senior management, the shareholders that hold at least 5% and, as appropriate, the natural persons, within the meaning of beneficial owner referred to in Article 4(16) of Law 3691/2008 (Government Gazette A' 166), that control them directly or indirectly, as well as any subsequent change. Natural persons shall likewise be obliged to notify the Bank of Greece.

4. If one or more persons propose to acquire indirectly the holdings referred to in paras. 1 and 2 of this article, the Bank of Greece may assess, on the basis of the criteria set out in Article 24, in addition to the proposed acquirer that plans to acquire directly the holding the beneficial owner and any interposed persons.

5. For the purposes of implementation of this article and Articles 24-28, "acting in concert" means that two or more proposed acquirers plan to act jointly in the exercise of their rights after acquiring shares or voting rights under an agreement that is entered into in writing or orally or is implied from facts, whether or not these persons are associated. In this case, voting rights shall be notified to the Bank of Greece either by each proposed acquirer or by any of them that has been delegated for this purpose.

6. (a) If the heirs of a person having a holding as per para. 1 and 2 of this article acquire individually the holding referred to in the above sentences; they shall inform the Bank of Greece within a time limit of four (4) months from the date of death or the date of legal devolution of the decedent's estate. In case of renunciation of succession, the aforementioned time limit shall be accordingly extended until four (4) months have passed from the devolution of the estate to the further heirs, who shall have to comply with the notification requirement. Any executor of will or guardian of vacant estate or liquidator of estate appointed in accordance with the provisions in force shall be under the same obligation.

(b) The Bank of Greece may, if it is not satisfied that the heirs referred to above are suitable to ensure the credit institution's prudent and sound management, follow the procedure described in Article 27(4), (5) and (6).

7. The Bank of Greece shall acknowledge receipt of notification under para. 1 or of further information under para. 8 promptly and in any event within two (2) working days following receipt in writing to the proposed acquirer. The Bank of Greece shall have a maximum of sixty (60) working days as from the date of the written acknowledgement of receipt of the notification and of the documents required to be attached to the notification on the basis of the list referred to in Article 24(4) (the "assessment period"), to carry out the assessment provided for in Article 24(1) (the "assessment"). The Bank of Greece shall inform the proposed acquirer of the date of the expiry of the assessment period at the time of acknowledging receipt.

8. The Bank of Greece may, during the assessment period if necessary, and no later than on the 50th working day of the assessment period, request further information that is necessary to complete the assessment. Such a request shall be made in writing and shall specify the additional information needed. For the period between the date of request for information by the Bank of Greece and the receipt of a response thereto by the proposed acquirer, the assessment period shall be suspended. The suspension shall not exceed twenty (20) working days. Any further requests by the Bank of Greece for completion or

clarification of the information shall be at its discretion but shall not result in a further suspension of the assessment period.

9. The Bank of Greece may extend the suspension referred to in para. 8 of this Article up to thirty (30) working days if the proposed acquirer is situated or regulated in a third country or is a natural or legal person not subject to supervision of credit institutions, investment firms, insurance and reinsurance undertakings or UCITS under Union law.

10. If the Bank of Greece decides to oppose the proposed acquisition, it shall, within two (2) working days of completion of the assessment, and not exceeding the assessment period, inform the proposed acquirer in writing, providing the reasons. The decision on the opposition may be made accessible to the public at the discretion of the Bank of Greece or at the request of the proposed acquirer. Positive decisions shall be publicised in any case.

11. If the Bank of Greece does not oppose the proposed acquisition within the assessment period in writing, it shall be deemed to be approved.

12. The Bank of Greece may fix a maximum period for concluding the proposed acquisition and extend it where appropriate.

Article 24

Assessment criteria

(Article 23 of Directive 2013/36/EU)

1. In assessing the notification provided for in Article 23(1) and (6) and the information referred to in Article 23(8), the Bank of Greece shall, in order to ensure the sound and prudent management of the credit institution in which an acquisition is proposed, and having regard to the likely influence of the proposed acquirer on that credit institution, assess the suitability of the proposed acquirer and the financial soundness of the proposed acquisition in accordance with the following criteria:

- (a) the reputation of the proposed acquirer;
- (b) the reputation, knowledge, skills and experience, as set out in Article 83(1), of each member of the Board of Directors and any member of senior

management who will direct the business of the credit institution as a result of the proposed acquisition;

(c) the financial soundness of the proposed acquirer, in particular in relation to the type of business pursued or envisaged by the credit institution in which the acquisition is proposed;

(d) whether the credit institution will be able to comply and continue to comply with the prudential requirements based on this Law and Regulation (EU) No 575/2013, and where applicable, other Union law, in particular Laws 3455/2006 and 4021/2011, including whether the group of which it will become a part has a structure that makes it possible to exercise effective supervision, effectively exchange information among the competent authorities and determine the allocation of responsibilities among the competent authorities;

(e) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing, within the meaning of Article 2 of Law 3691/2008 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof.

2. The Bank of Greece may oppose the proposed acquisition only if there are reasonable grounds for doing so on the basis of the criteria set out in para. 1 or if the information provided by the proposed acquirer is incomplete or false.

3. The Bank of Greece shall neither impose any prior conditions in respect of the level of holding that must be acquired nor examine the proposed acquisition in terms of the economic needs of the market.

4. (a) The Bank of Greece shall, by a decision, publish a list specifying the information that is necessary for the purposes of prudential supervision to carry out the assessment and that must be submitted to the Bank of Greece at the time of notification referred to in Article 23(1).

(b) The information required under (a) above shall be proportionate and adapted to the nature of the proposed acquirer (natural or legal person,

supervised or not supervised etc.), the extent of its participation in the management of the credit institution in which it proposes to acquire a holding, and the level of the proposed acquisition.

5. Without prejudice to Article 23(7), (8) and (9), where two or more proposals to acquire or increase qualifying holdings in the same credit institution have been notified to the Bank of Greece, the latter shall treat the proposed acquirers in a non-discriminatory manner.

Article 25

Cooperation between competent authorities

(Article 24 of Directive 2013/36/EU)

1. The Bank of Greece when carrying out the assessment shall fully consult the other competent authorities if the proposed acquirer is:

(a) a credit institution, insurance undertaking, reinsurance undertaking, investment firm, a company referred to in Article 31 of this Law or a management company within the meaning of Article 3(b) of Law 4099/2012 (Government Gazette A' 250) ("UCITS management company") authorised in another Member State or in a sector other than that in which the acquisition is proposed;

(b) the parent undertaking of a credit institution, insurance undertaking, reinsurance undertaking, investment firm or UCITS management company authorised in another Member State or in a sector other than that in which the acquisition is proposed;

(c) a natural or legal person controlling a credit institution, insurance undertaking, reinsurance undertaking, investment firm or UCITS management company authorised in another Member State or in a sector other than that in which the acquisition is proposed.

2. The Bank of Greece shall, without undue delay, provide the competent authorities of the other Member States with any information which is essential or relevant for the assessment of the proposed acquisition under this article or a

similar provision of Member States' law transposing Article 22 of Directive 2013/36/EU, as currently in force:

- (a) upon request, all relevant information; and
- (b) on its own initiative all essential information, in both cases including any views or reservations regarding the proposed acquirer.

3. The Bank of Greece may request the competent authorities of other Member States to provide information for the purpose of its assessment of a proposed acquisition of a holding. The Bank of Greece's decision on the proposed holding in a credit institution which has its head office in Greece shall include any views or reservations expressed by a foreign competent authority in the context of the consultation.

Article 26

Notification in the case of a divestiture

(Article 25 of Directive 2013/36/EU)

Any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in a credit institution shall notify the Bank of Greece in writing in advance of the divestiture, indicating the size of the holding that the acquirer intends to keep. That person shall also notify the Bank of Greece if it has taken a decision to reduce its qualifying holding so that the proportion of the voting rights or of the capital held would fall below 20%, 1/3 or 50% or so that the credit institution would cease to be its subsidiary.

Article 27

Information obligations and penalties

(Article 26 of Directive 2013/36/EU)

1. Credit institutions shall, within ten (10) working days from becoming aware of any acquisitions or disposals of holdings in their capital that cause holdings to exceed or fall below one of the thresholds referred to in Article 23(1) and Article 26, inform the Bank of Greece of those acquisitions or disposals.

2. Credit institutions shall, within ten (10) working days from becoming aware of any change in the identity or particulars of the persons referred to in Article 15(1)(a) and have been taken into account in the granting of authorisation or the approval of subsequent changes in these particulars, likewise inform the Bank of Greece thereof.
3. Credit institutions shall inform the Bank of Greece, at least annually, not later than the 15th of July every year, of the names of shareholders or partners possessing holdings of over 1% and the sizes of such holdings as shown, particularly, by the information received at the annual general meetings of shareholders or members or as a result of compliance with the regulations relating to companies admitted to trading on a regulated market.
4. Where the influence exercised by the persons referred to in Article 23 is likely to operate to the detriment of the prudent and sound management of the institution, the Bank of Greece shall take appropriate measures to put an end to that situation. Such measures may consist in injunctions, penalties, subject to Articles 57-64, against members of the Board of Directors and managers, or the suspension of the exercise of the voting rights attached to the shares held by the shareholders or members of the credit institution in question.
5. Similar measures shall apply to natural or legal persons who fail to comply with the obligation to provide prior information to the Bank of Greece as set out in Article 23(1) and subject to Articles 57-64.
6. If a holding is acquired despite opposition by the Bank of Greece, regardless of any other penalty to be adopted under the legislation in force, the votes cast by virtue of this holding shall be null and void *ipso jure*.
7. In case of failure to comply with the obligation to notify the Bank of Greece of any change in the identity of the natural persons controlling legal persons that have a holding, according to the provisions of Article 23(3), or failure to comply with the Bank of Greece's requirement to implement the provisions of Article 15(1)(b) and (c), the votes cast by virtue of the legal person's holding in the capital of the credit institution shall be null and void

ipso jure and the Bank of Greece may issue a decision imposing the penalties referred to in Article 58(1)(e).

8. For supervisory purposes, the Bank of Greece may request credit institutions to notify the identity particulars and level of holdings of the largest shareholders that, on an aggregate basis, hold a majority of the voting rights of a credit institution.

Article 28

Criteria for qualifying holdings

(Article 27 of Directive 2013/36/EU)

1. In determining whether the criteria for a qualifying holding as referred to in Articles 23, 26 and 27 of this Law are fulfilled, the voting rights referred to and the conditions regarding aggregation thereof set out in Articles 9, 10, 12 and 13(4) and (5) of Law 3556/2007 shall be taken into account.

2. In determining whether the criteria for a qualifying holding as referred to in Article 27 of this Law are fulfilled, the Bank of Greece shall not take into account voting rights or shares which institutions may hold as a result of providing the underwriting of financial instruments or placing of financial instruments on a firm commitment basis included under point (f) of Article 4(1) of Law 3606/2007, provided that those rights are not exercised or otherwise used to intervene in the management of the issuer and are disposed of within one year of acquisition.

3. The Bank of Greece may regulate specific matters and details of implementation of Articles 23-28 of this Law, in particular with respect to obligors and the data or information to be submitted, by analogy to the provisions of Article 15 or the assessment criteria.

Article 29

Initial capital of investment firms

(Articles 28 and 29(1), (2) and (4) of Directive 2013/36/EU)

1. The initial capital of investment firms shall comprise only one or more of the items referred to in points (a) to (e) of Article 26(1) of Regulation (EU) No 575/2013 and, without prejudice to para. 2 of this article, shall be at least €125,000.

2. All investment firms that engage in dealing for their own account, underwriting of financial instruments or placing of financial instruments on a firm commitment or in the operation of a Multilateral Trading Facility shall have initial capital of at least €730,000.

3. By exception to para. 2 the investment firms of para. 1 which executes investors' orders for financial instruments may hold such instruments for its own account if the following conditions are met:

(a) such positions arise only as a result of the firm's failure to match investors' orders precisely;

(b) the total market value of all such positions is subject to a ceiling of 15% of the firm's initial capital;

(c) the firm meets the requirements set out in Articles 92-95 and Articles 387-403 of Regulation (EU) No 575/2013;

(d) such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

4. The holding of non-trading-book positions in financial instruments in order to invest own funds shall not be considered as dealing for its own account.

Article 30

Initial capital of local firms

(Article 30 of Directive 2013/36/EU)

Local firms shall have initial capital of €50,000 insofar as they benefit from the freedom of establishment or to provide services specified in Articles 31 and 33 of Law 3606/2007.

Article 31

Coverage for firms not authorised to hold client money or securities

(Article 31 of Directive 2013/36/EU)

1. Coverage for the firms referred to in point (2)(c) of Article 4(1) of Regulation (EU) No 575/2013 shall take one of the following forms:

- (a) initial capital of €50,000;
- (b) professional indemnity insurance covering the whole territory of the Union or some other comparable guarantee against liability arising from professional negligence, representing at least €1 million applying to each claim and in aggregate €1.5 million per annum for all claims;
- (c) a combination of initial capital and professional indemnity insurance in a form resulting in a level of coverage respective to that referred to in points (a) or (b).

2. If a firm referred to in the preceding paragraph is also registered under Presidential Decree 190/2006 (Government Gazette A' 196) as an insurer or insurance intermediary, it complies with Article 4(3) of that Presidential Decree and shall have coverage in one of the following forms:

- (a) initial capital of €25,000;
- (b) professional indemnity insurance covering the whole territory of the Union or some other comparable guarantee against liability arising from professional negligence, representing at least €500,000 applying to each claim and in aggregate €750,000 per annum for all claims;
- (c) a combination of initial capital and professional indemnity insurance in a form resulting in a level of coverage equivalent to that referred to in points (a) or (b).

Article 32

Maintenance of own funds

(Article 32(4) of Directive 2013/36/EU)

1. The own funds of investment firms and firms covered by Article 30 shall not fall below the levels specified in Article 29 or 30, respectively.
2. The own funds of investment firms referred to in Article 31 that have coverage in the form of initial capital shall not fall at any time below the level of the required initial capital.

CHAPTER II

**PROVISIONS CONCERNING THE FREEDOM OF ESTABLISHMENT
AND THE FREEDOM TO PROVIDE SERVICES**

Article 33

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

(Articles 33, 35(1), (2), (3) and (4) and 36(3) of Directive 2013/36/EU)

1. Any credit institution authorised in Greece may carry out the activities referred to in Article 11(1) in other Member States by establishing a branch, provided that those activities are covered by its authorisation and subject to the procedure described in paras. 2-6.
2. Every credit institution wishing to establish a branch in another Member State shall notify the Bank of Greece. That notification shall include all the following information:
 - (a) the Member State within the territory of which the branch is planned to be established;
 - (b) a programme of operations setting out, *inter alia*, the type of business envisaged and the structural organisation of the branch, including its internal control and risk management systems;
 - (c) the address in the host Member State from which documents may be obtained; and
 - (d) the names of those to be responsible for the management of the branch.

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

4. The Bank of Greece shall also communicate the amount and composition of own funds and the sum of the own funds requirements under Article 92 of Regulation (EU) No 575/2013 of the credit institution.

5. If the Bank of Greece has reasons to doubt the adequacy of the administrative structure or the financial situation of the credit institution wishing to establish a branch in another Member State, it shall either limit the proposed activities of the branch or refuse to communicate to the competent authorities of the host Member State the information referred to in paras. 2 and 4, and notify the reasons to the credit institution concerned within three (3) months of receipt of all the relevant information referred to in paras. 2 and 4. Refusal to communicate or failure to respond within this time limit shall be equivalent to refusal. Article 64 shall apply in all other respects.

6. In the event of a change in any of the information communicated pursuant to points (b), (c) or (d) of para. 2, a credit institution shall give written notice of the change in question to the Bank of Greece at least one (1) month before making the change in order to enable it to act according to the provisions of paras. 3 and 5.

7. A decision of the Bank of Greece shall lay down the terms, conditions and overall procedure of establishment of new branches in Greece by credit institutions supervised by the Bank of Greece.

Article 34

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

(Articles 33, 36(1), (2) and (3) and 38 of Directive 2013/36/EU)

1. Every credit institution authorised in another Member State may carry out the activities referred to in Article 11(1) in Greece by establishing a branch,

provided that those activities are covered by the credit institution's authorisation in the home Member State and provided that the competent authorities of the home Member State communicate to the Bank of Greece all the information referred to in Article 33(2) and (4), as well as detailed information on the deposit guarantee scheme in place in the home Member State. For the purposes of this Article, more than one operating units in Greece shall be considered as a single branch.

2. The Bank of Greece shall, within two (2) months of receiving the information referred to in the preceding paragraph, prepare for the supervision of the branch in accordance with Articles 39 and 44-49 and, if necessary, indicate the conditions under which those activities shall be carried out in Greece for the reasons of public interest, in accordance with Article 39.

3. The branch may be established and may commence its activities in Greece as soon as it receives a relevant notification from the Bank of Greece, or in case of the latter's failure to reply, upon expiry of the two-month time limit referred to in the preceding paragraph.

4. In the event of a change in any of the information communicated pursuant to points (b), (c) or (d) of Article 33(2) or of the information on the deposit guarantee scheme referred to in para. 1, a credit institution shall give written notice of the change in question to the Bank of Greece at least one (1) month before making the change in order to enable the Bank of Greece to act pursuant to para. 2.

Article 35

Information about refusals

(Article 37 of Directive 2013/36/EU)

The Bank of Greece shall inform the Commission and EBA of the number and type of cases for which there has been a refusal pursuant to Article 33.

Article 36

**Provision of services, with or without establishment, in third countries by
credit institutions authorised in Greece – Provision of services in Greece
by credit institutions authorised in third countries
(Article 47(1) and (3) of Directive 2013/36/EU)**

1. The Bank of Greece shall decide to authorise credit institutions authorised in Greece to establish branches in third countries.
2. For the establishment and operation in Greece of branches of a credit institution authorised in a third country, authorisation shall be granted by the Bank of Greece based on the principle of reciprocity and without prejudice to the agreements concluded by the European Union under Article 47(3) of Directive 2013/36/EU, provided that the following conditions are fulfilled:
 - (a) before the commencement of operation of the first branch, there is an endowment capital required under Article 12(1)(b), which will serve as own funds for the activity of the branch in Greece. The items of the branch's own funds shall be set forth by a decision of the Bank of Greece,
 - (b) the credit institution shall submit the data and information required by the Bank of Greece, so that the latter may have a clear picture of its activity in the context of the exercise of its supervisory tasks.
3. For the establishment in Greece of more branches of a credit institution authorised in a third country, the provisions of Article 33(7) of this Law shall apply by way of analogy.
4. The Bank of Greece may withdraw the authorisation of branches of credit institutions authorised in third countries when the conditions of para. 2 of this Article, under which such authorisation was granted, are no longer fulfilled, or any of the reasons referred to in Article 19 is fulfilled, in particular if the credit institution's authorisation has been withdrawn by the competent authorities of the third country.
5. A credit institution authorised in Greece and wishing to carry out in a third country, without establishment, one or more of the activities for which it has been authorised by the Bank of Greece it shall notify the Bank of Greece of this intention.

6. The regime of provision of services in Greece by credit institutions having their head office in third countries may under no circumstances be more favourable than the corresponding of credit institutions having their head office and operating in another Member State and carrying out activities with or without establishment in Greece.

7. The carrying out of activities in Greece under this article shall be without prejudice to the provisions of Article 39.

8. The Bank of Greece:

(a) Shall supervise the liquidity of branches in Greece of credit institutions authorised in third countries.

(b) May lay down, for the purposes of this paragraph, rules of general application, provided that these measures do not lead to a more favourable treatment than that of credit institutions having their head office in Member States.

(c) May waive, as appropriate, all or any of the aforementioned rules provided that the credit institution commits to the Bank of Greece to cover on an ongoing basis, in an equivalent manner, the liquidity needs of its branches in Greece.

9. The Bank of Greece shall specify the information required for the performance of its tasks under this Law.

Article 37

Notification in relation to third-country branches

(Article 47(2) of Directive 2013/36/EU)

The Bank of Greece shall notify the Commission, EBA and the European Banking Committee of all authorisations for branches granted to credit institutions having their head office in a third country.

Article 38

Provision of services without establishment in Greece by credit institutions

authorised in another Member State – Provision of services without

**establishment in another Member State by credit institutions authorised in
Greece**

(Articles 33 and 39(1) and (2) of Directive 2013/36/EU)

1. Any credit institution authorised in Greece that wishes to provide services for the first time in another Member State without being established in it shall communicate to the Bank of Greece those of the activities referred to Article 11(1) of this Law that it intends to carry out.
2. The Bank of Greece shall notify to the competent authorities of the host Member State the communication referred to in the preceding paragraph within one (1) month of its receipt.
3. For the provision of services in Greece by a credit institution of another Member State for the first time, the competent authorities of the credit institution's home Member State shall notify in advance to the Bank of Greece the corresponding communication, according to the provisions of paras. 1 and 2 of this Article.
4. The carrying out of activities in Greece under this article shall be subject to the provisions of Article 39.

Article 39

Reasons of public interest– Advertising

(Article 46 of Directive 2013/36/EU)

1. Credit and financial institutions with head offices in other Member States or third countries that carry out activities listed in Article 11(1) either through a branch or through provision of services without establishment in Greece may carry out these activities in the same manner as in their home country provided that they do not violate provisions of the legislation on credit institutions, the capital market, AML/CTF and consumer protection that aim at protecting investors and consumers of banking products and services, or other provisions of public interest.
2. Credit and financial institutions referred to in para. 1 above may advertise their services subject to the rules governing the form and the content

of such advertising adopted in the view of correct and adequate information of the public.

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

Article 40

Establishment of representative offices of credit institutions in Greece

The Bank of Greece shall lay down in its decisions the activities, terms and conditions of authorisation of establishment and operation of representative offices of credit institutions in Greece, as well as any matter concerning withdrawal of their authorisation, by applying accordingly the provisions on establishment and operation of branches.

Article 41

Provision of services in Greece by financial institutions that have their head office in another Member State and are subsidiaries of credit institutions

(Article 34 of Directive 2013/36/EU)

1. Any financial institution authorised in another Member State which is a subsidiary of one or more credit institutions may carry out of the activities listed in Article 11(1) either by establishing a branch in Greece or by providing services, in accordance with the procedure of Articles 34 and 38(3) and subject to Articles 33, 38, 39 and 44-49, as long as its memorandum or articles of association allow the pursuit of such activities and, in addition, the following conditions are cumulatively fulfilled:

- (a) the parent undertaking or undertakings are authorised as credit institutions in the Member State where the financial institution has its head office;
- (b) the above activities are actually carried out by the financial institution in the Member State concerned;

(c) the parent undertaking or undertakings hold at least 90% of the voting rights stemming from the ownership of shares or parts in the financial institution;

(d) the parent undertaking or undertakings demonstrate the prudent management of the financial institution and, with the prior consent of the competent authorities of the home Member States, declare to the Bank of Greece that they are severally liable for the obligations undertaken by the financial institution;

(e) the financial institution is subject, in particular with respect to the activities referred to in this Article, to the supervisory regime on a consolidated basis to which its parent undertaking or each one of its parent undertakings is subject, in accordance with Articles 104 to 120 and 11 to 24 of Regulation (EU) No 575/2013, in particular with respect to own funds requirements set out in Article 92 of that Regulation for the control of large exposures provided for in Articles 387-403 of that Regulation and for the purposes of the limitation of holdings provided for in Articles 89 and 90 of that Regulation.

2.(a) The fulfilment of the conditions of paragraph 1 of this Article shall be verified by the competent authorities of the home Member State, which shall provide the financial institution with a relevant certificate to be attached to the communications submitted according to paragraph 1. The said competent authorities shall also inform the Bank of Greece, according to the procedure of Article 34 and Article 38, where any of the conditions of para. 1 cease to be fulfilled, as well as of the amount and composition of the financial institution's own funds and the total exposure, calculated according to Article 92(3) and (4) of Regulation (EU) 575/2013, of the credit institution that is its parent undertaking.

(b) If any of the above conditions is no longer fulfilled, the possibility and the terms under which the financial institution shall continue to carry out its activities shall be determined according to the legislation in force in Greece.

3. The provisions of above paragraphs of this Article shall apply accordingly to subsidiaries of a financial institution provided that these subsidiaries are also financial institutions.

Article 42

Provision of services in other Member States by financial institutions with their head office in Greece

(Articles 34(1) and (2) and 35(3) of Directive 2013/36/EU)

1. Financial institutions that have their head office in Greece and are supervised, according to the legislation in force, by the Bank of Greece, in particular with respect to the compliance of minimum own funds requirements, the acquisition of qualifying holdings in their capital, the adoption of robust governance system, by way of analogy to the provisions applicable to credit institutions under this Law, may carry out their activities in another Member State either by establishing a branch or by providing services, provided that:

(a) By way of analogical application of the relevant provisions, the particular conditions of Article 41(1) are fulfilled. In particular for the analogical application of the provision of Article 41(1)(d), prior consent by the Bank of Greece is required for the credit institutions that are the parent undertaking(s) of the financial institution to assume the responsibility for covering all its liabilities.

(b) Financial institutions notify to the Bank of Greece the information referred to in Article 33(2), if they are to carry out their activities by establishing a branch, or the kind of activities they plan to carry out for the first time in the Member State, if they are to carry them out without establishment.

2. The Bank of Greece shall check that the conditions set out in para. 1(a) are fulfilled and provide the financial institution with a certificate, which is accompanied with the following attachments: (a) the information referred to in para. 1(b) and (b) a notification of the amount and composition of the financial institution's own funds and the total risk exposure amount calculated according

to Article 92(3) and (4) of Regulation (EU) No. 575/2013 of the credit institution that is its parent undertaking. As regards the communication of the Bank of Greece's decision to the financial institution, the establishment procedure and any change in the information referred to in para. 1(b), the provisions of Articles 33(3), (5) and (6) and 38(2) shall apply accordingly.

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

4. For the supervision of financial institutions falling within the scope of para. 1, the provisions of Articles 53, 50(1) and 54 shall apply by way of analogy.

Article 43

Provision of services in Greece or abroad by financial institutions not within the scope of Articles 41 and 42 of this Law

1. Financial institutions with their head office in a third country or another Member State but not falling within the scope of Article 41 may provide in Greece the services referred to in Article 11(1)(b)-(f) and (i) by establishing a branch after being authorised by the Bank of Greece.

2. The Bank of Greece may:

(a) determine, on an ad hoc basis, the required data, terms and conditions of application of this Article, including the minimum amount of own funds for the establishment of the financial institution in Greece;

(b) lay down specific supervisory rules or conditions, on an ad hoc basis, for the carrying out of its activity in Greece, subject to the applicable supervisory framework of the home state;

(c) withdraw the authorisation and take measures or impose penalties by a decision respective to the measures and penalties applicable to financial institutions with their head office in Greece.

3. Every financial institution with its head office in Greece and supervised by the Bank of Greece shall notify to the Bank of Greece those of the activities listed in Article 11(1)(b)-(f) and (i) that it plans to carry out with or without establishment in a third country, as well as the information referred to in Article 33(2) in case of establishment of a branch. Financial institutions supervised by the Bank of Greece that do not fall within the scope of Article 42 shall also notify the Bank of Greece of the provision of services in another Member State. In the above cases, the Bank of Greece reserves the right to oppose the provision of services abroad within three (3) months of receiving all the relevant information under this paragraph.

4. Every authorisation by the Bank of Greece under this paragraph shall be granted on the basis of the principle of reciprocity and subject to the agreements entered into by the European Union under Article 47(3) of Directive 2013/36/EU.

5. The status of provision of services in Greece by financial institutions having their head office in third countries may under no circumstances be more favourable than that of financial institutions having their head office in another Member State and carrying out activities in Greece.

6. For the pursuit of activities in Greece, the provisions of Article 39 shall apply by way of analogy.

Article 44

Powers of the Bank of Greece as competent supervisory authority of the host country

(Article 40 of Directive 2013/36/EU)

1. The Bank of Greece may require, for statistical reasons, that all credit institutions that have their head office in a third country or another Member State and have established branches within Greek territory shall report to it periodically on their activities in Greece.

2. Such reports shall only be required for information or statistical purposes, for the application of Article 52(1), or for supervisory purposes in

accordance with Articles 39 and 44-49. They shall be subject to professional secrecy requirements at least equivalent to those referred to in Article 54(1).

3. The Bank of Greece may in particular require information from the credit institutions referred to in the para. 1 in order to assess whether a branch is significant in accordance with Article 52(1).

Article 45

Measures – Penalties on credit institutions with their head office in other Member States

(Article 41 of Directive 2013/36/EU)

1. Where the Bank of Greece on the basis of information received from the competent authorities of the home Member State under Article 51 ascertains that a credit institution having a branch or providing services in Greece fulfils one of the following conditions in relation to the activities carried out in Greece, it shall inform the competent authorities of the home Member State:

(a) the credit institution does not comply with the provisions of this Law or with Regulation (EU) No 575/2013;

(b) there is a material risk that the credit institution will not comply with the provisions of this Law or with Regulation (EU) No 575/2013.

2. The competent authorities of the home Member State shall, without delay, take all appropriate measures to ensure that the credit institution concerned remedies its non-compliance or takes measures to avert the risk of non-compliance. The competent authorities of the home Member State shall communicate those measures to the competent authorities of the host Member State without delay.

3. The provisions of paras. 1 and 2 above shall apply accordingly where the Bank of Greece acts in the capacity of competent authority of the home Member State of a credit institution having a branch in another Member State or a credit institution providing services in another Member State.

4. Where the Bank of Greece, as competent authority of the host Member State, considers that the competent authorities of the home Member State have not fulfilled their obligations or will not fulfil their obligations pursuant to para. 2, it may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. Where EBA acts in accordance with that Article, it shall take any decision under Article 19(3) of that Regulation within twenty-four (24) hours. EBA may also assist the competent authorities in reaching an agreement on its own initiative in accordance with the second subparagraph of Article 19(1) of that Regulation.

Article 46

Precautionary measures under Directive 2013/36/EU

(Article 43 of Directive 2013/36/EU)

1. Before following the procedure set out in Article 45, the Bank of Greece may, as competent authority of the host Member State, in emergency situations, pending measures by the competent authorities of the home Member State or reorganisation measures referred to in Article 3 of Directive 2001/24/EC, take any precautionary measures necessary to protect against financial instability that would seriously threaten the collective interests of depositors, investors and clients in the host Member State.
2. Any precautionary measures under para. 1 shall be proportionate to their purpose to protect against financial instability that would seriously threaten collective interests of depositors, investors and clients in the host Member State. Such precautionary measures may include a suspension of payment. Those measures shall not result in the preferential treatment of the creditors of the credit institution in Greece over the creditors in other Member States.
3. Any precautionary measure under para. 1 above shall cease to have effect when the administrative or judicial authorities of the home Member State take reorganisation measures under Article 3 of Directive 2001/24/EC.

4. The Bank of Greece shall terminate precautionary measures where it considers those measures to have become obsolete under Article 45, unless they cease to have effect in accordance with the preceding paragraph.

5. The Commission, the EBA and the competent authorities of the other Member States concerned shall be informed of precautionary measures taken under para. 1 of this Article without undue delay.

6. Where the Bank of Greece, as competent authority of the home Member State, objects to measures taken by the competent authorities of the host Member State, it may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. Where EBA acts in accordance with that article, it shall take any decision under Article 19(3) of that Regulation within twenty-four (24) hours. EBA may also assist the competent authorities in reaching an agreement on its own initiative in accordance with the second subparagraph of Article 19(1) of that Regulation.

Article 47

Powers of host Member States

(Article 44 of Directive 2013/36/EU)

If a credit institution, despite measures taken under Article 45 by the competent authorities of the home Member State, or because these measures were unsuitable or because no such measures were taken, continues to violate the provisions of this Law, the Bank of Greece may, after informing the competent authorities of the home Member State, take appropriate measures to prevent or to punish such breaches, or impose penalties by a decision under this Law. This shall include the possibility of preventing offending credit institutions from initiating further transactions in Greece.

Article 48

Measures following withdrawal of authorisation

(Article 45 of Directive 2013/36/EU)

In the event of withdrawal of authorisation of a credit institution with its head office in Greece, the Bank of Greece, as competent authority of the home Member State, shall inform the competent authorities of the host Member State without delay. Where the Bank of Greece receives such a notification as competent authority of the host Member State, it shall take the appropriate measures to prevent the credit institution concerned from initiating further transactions in Greece and to safeguard the interests of depositors, of investors or other persons to whom services are provided.

Article 49

Reasons and communication (Article 42 of Directive 2013/36/EU)

Any measure taken by the Bank of Greece pursuant to Article 45(1), or Articles 46 and 47 involving penalties or restrictions on the exercise of the freedom to provide services or the freedom of establishment shall be properly reasoned and communicated to the credit institution concerned.

CHAPTER III

PRUDENTIAL SUPERVISION

Article 50

Competence of the competent authorities of Greece as home and host Member State

(Article 49 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission or the competent authority of another Member State, in its capacity as competent authority of the home Member State of an institution or financial institution or undertaking referred to in Article 31 above, shall exercise prudential supervision thereon, including its activities abroad, pursuant to Article 33 and to Articles 38(1) and (2) and 42 of this Law, or Articles 33 and 34 of Directive 2013/36/EU, or Articles 31 and 33 of Law 3606/2007, or Articles 31 and 32 of Directive 2004/39/EC. The exercise of the power referred to in the preceding

sentence do not affect the application of the provisions of this Law or Directive 2013/36/EU or Law 3606/2007 or Directive 2004/39/EC on the powers of the host Member State.

2. Paragraph 1 shall not prevent supervision on a consolidated basis.
3. Measures taken by the Bank of Greece or the Hellenic Capital Market Commission in the exercise of its powers as competent authority of the host Member State shall not allow discriminatory or restrictive treatment due to the fact that an institution referred to para. 1 above is authorised in another Member State.

Article 51

Collaboration concerning supervision

(Article 50 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall collaborate closely with the competent authorities of the other Member States where undertakings referred to in Article 50(1) have their head office, which are subject to their supervision and have branches in Greece, as well as with the competent authorities of the Member States where credit or financial institutions having their head office in Greece have established branches. The Bank of Greece or the Hellenic Capital Market Commission shall exchange with these competent authorities all information concerning the management and ownership of such institutions that is likely to facilitate their supervision and the examination of the fulfilment of conditions for their authorisation, and all information likely to facilitate the supervision of institutions, in particular with regard to liquidity, solvency, deposit guarantee, the concentration of risks, other factors that may influence the systemic risk posed by the institution, administrative and accounting procedures and internal control mechanisms.
2. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall provide the competent authorities of host Member States without undue delay with any information or findings pertaining to liquidity supervision in accordance with Articles 411-428

of Regulation (EU) No 575/2013 and Articles 104-120 of this Law of the activities performed by the institution through its branches, to the extent that such information and findings are relevant to the protection of depositors or investors in the host Member State.

3. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall inform the competent authorities of all host Member States immediately where liquidity stress occurs or can reasonably be expected to occur. That information shall also include details about the planning and implementation of a recovery plan and its implementation and about any prudential supervision measures taken in that context.

4. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall communicate and explain upon request to the competent authorities of the host Member State how information and findings provided by the latter have been taken into account. Where the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, disagrees with the measures to be taken by the competent authorities of the host Member State, it may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

5. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall have the right to request from the competent authority of the home Member State, to provide the information referred to in the preceding paragraphs. Where, following communication of information and findings, it maintains that no appropriate measures have been taken by the competent authorities of the home Member State, it may, after informing the competent authorities of the home Member State and EBA, take appropriate measures to prevent further breaches in order to protect the interests of depositors, investors and others to whom services are provided or to protect the stability of the financial system.

6. The Bank of Greece or the Hellenic Capital Market Commission may refer to EBA situations where a request for collaboration, in particular to exchange information, has been rejected or has not been acted upon within a reasonable time.

Article 52

Significant branches

(Article 51 of Directive 2013/36/EU)

1. (a) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, may make a request to the consolidating supervisor, where Article 105(1) applies, or to the competent authorities of the home Member State for a branch of an institution in Greece to be considered as significant, excluding an investment firm subject to Article 95 of Regulation (EU) No 575/2013.

(b) That request shall provide reasons for considering the branch to be significant with particular regard to the following:

(aa) whether the market share of the branch in terms of deposits in Greece exceeds 2%;

(bb) the likely impact of a suspension or closure of the operations of the institution on systemic liquidity and the payment, clearing and settlement systems in Greece;

(cc) the size and the importance of the branch for the Greek banking or financial system in terms of number of clients.

(c) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall do everything within its power in cooperation with the competent authorities of the home Member State and, where Article 105(1) applies, with the consolidating supervisor, to reach a joint decision on the designation of a branch as being significant.

(d) If no joint decision is reached within two (2) months of receipt of a request under point (a), the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall take its own decision within a further period of two (2) months. In taking its decision, it shall take into account the view and any reservations of the consolidating supervisor or the competent authorities of the home Member State.

(e) The decisions referred to in paras. (c) and (d) above shall be set out in a document containing full reasons and shall be transmitted to the competent authorities concerned. These decisions shall be recognised as determinative and applied by the competent authorities in the Member States concerned.

(f) The designation of a branch as being significant shall not affect the rights and responsibilities of the competent authorities under this Law and Directive 2013/36/EU.

2. The provisions of para. 1 above shall apply accordingly where the Bank of Greece or the Hellenic Capital Market Commission acts as consolidating supervisor or competent authority of the home Member State of an institution with a branch in another Member State.

3. (a) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall communicate to the competent authorities of the host Member State where a significant branch of an institution is established the information referred to in Article 110(3)(c) and (d) and carry out the tasks referred to in Article 105(1)(c) in cooperation with the competent authorities of the host Member State.

(b) If the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, becomes aware of an emergency situation as referred to in Article 107(1), it shall alert without delay the ESRB and the authorities referred to in Article 54(6)(a)(aa) and (dd) and (d)(aa), including the respective authorities of the Member States concerned.

(c) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall communicate to the

competent authorities of the host Member States where significant branches of institutions are established the results of the risk assessments of institutions with such branches referred to in Article 89 and, where applicable, Article 106(2). It shall also communicate to the competent authorities of the host Member State the decisions under Articles 96 and 98 in so far as those assessments and decisions are relevant to those branches.

(d) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall consult the competent authorities of the host Member States where significant branches are established about the required actions according to Article 78(14) and (15), where this is considered necessary in relation to liquidity risks in the host Member State's currency.

4. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall have the corresponding rights and duties provided for under para. 3.

5. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010, when the competent authorities of the home Member State have not consulted it, or when, following such consultation the Bank of Greece or the Hellenic Capital Market Commission maintains that the required actions according to Article 78(14) are not adequate.

6. (a) Where Article 109 does not apply, the Bank of Greece or the Hellenic Capital Market Commission, acting as the competent authority supervising an institution with significant branches in other Member States, shall establish and chair a college of supervisors to facilitate cooperation under para. 3 of this article and under Article 51. The establishment and functioning of the college shall be based on written arrangements to be determined, after consulting the competent authorities concerned, by the Bank of Greece or the Hellenic Capital Market Commission. The Bank of Greece or the Hellenic

Capital Market Commission shall decide which competent authorities participate in a meeting or in an activity of the college.

(b) The above decision shall take account of the importance of the supervisory activity to be planned or coordinated for the other authorities involved and in particular the potential impact on the stability of the financial system in the Member States concerned referred to in Article 7 and the obligations referred to in para. 3 of this article.

(c) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall keep all members of the college fully informed, in advance, of the organisation of such meetings and the issues to be examined. It shall also keep all the members of the college fully informed, in a timely manner, of the actions or the measures decided in the context of these meetings.

7. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall participate in the business of the colleges referred to in the preceding paragraph.

Article 53

On-the-spot checking and inspection of branches

(Article 52 of Directive 2013/36/EU)

1. Where an institution authorised in another Member State carries out its activities in Greece through a branch under this Law, the competent authorities of the home Member State may, after having informed the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, carry out themselves or through the intermediary of persons they appoint for that purpose on-the-spot checks of the information referred to in Article 51 and inspections of such branches. This information may be communicated in accordance with Article 54 of this Law and Articles 63 and 67 of Law 3606/2007.

2. The above rights may be exercised by the Bank of Greece or the Hellenic Capital Market Commission as competent authority of the home Member State.

3. For the purposes of the inspection of branches in accordance to the previous paragraph it may also follow one of the other procedures set out in Article 111.

4. The provisions of this article shall be without prejudice to the right of the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, to carry out, for supervisory and stability of the Greek financial system purposes, on a case-by-case basis, on-the-spot checks and inspections of the activities carried out by the branch of an institution in Greece and require information about its activities. Before carrying out such checks and inspections, the Bank of Greece or the Hellenic Capital Market Commission shall consult the competent authorities of the home Member State. After such checks and inspections, the Bank of Greece or the Hellenic Capital Market Commission shall communicate to the competent authorities of the home Member State the information and findings that are important for the risk assessment of the institution or the stability of the Greek financial system.

5. Respectively, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall duly take into account that information and those findings in determining its supervisory examination programme referred to in Article 91, also having regard to the stability of the financial system in the host Member State.

6. The on-the-spot checks and inspections of branches shall be conducted in accordance with the law of the Member State where the check or inspection is carried out.

7. During on-the-spot checks and inspections conducted by the Bank of Greece or the Hellenic Capital Market Commission or the competent authorities of other Member States under this Law and the generally applicable law, the persons subject to such on-the-spot checks and inspections may not

invoke the secrecy of bank deposits or any other secrecy towards the competent authorities or persons authorised by them to conduct such checks and inspections.

Article 54

Professional secrecy

(Articles 53-62 of Directive 2013/36/EU)

1. The persons working for or having worked for the Bank of Greece and auditors or experts acting on behalf of the Bank of Greece shall be bound by the obligation of professional secrecy. Without prejudice to the provisions of this article, the cases covered by the Criminal Code and the Code of Criminal Procedure, as well as the provisions of Law 3691/2008, as currently in force, confidential information which such persons, auditors or experts receive in the course of their duties is not permitted to be disclosed to any person or public authority but only in summary or aggregate form, such that individual credit institutions cannot be identified. Nevertheless, where a credit institution is under special liquidation, confidential information which does not concern third parties involved in attempts to rescue that credit institution may be disclosed in civil law proceedings. Disclosure of confidential information is also allowed for the fulfillment of Greece's commitments under the Economic Support Programme for Greece.

2. The Bank of Greece may disclose the results of stress tests conducted according to Article 92 of this Law or Article 32 of Regulation (EU) No. 1093/2010 of the European Parliament and the Council, or communicate the results of stress tests to EBA in the context of EBA's Europe-wide publication of stress test results.

3. The Bank of Greece may exchange with the competent authorities of other Member States or transmit information to the ESRB, EBA, or the European Supervisory Authority (European Securities and Markets Authority) ("ESMA") established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council (OJ L 331) information pertaining to its tasks in

accordance with this Law, with Regulation (EU) No 575/2013, with the legislation transposing other Directives applicable to credit institutions, with Article 15 of Regulation (EU) No 1092/2010, with Articles 31, 35 and 36 of Regulation (EU) No 1093/2010 and with Articles 31 and 36 of Regulation (EU) No 1095/2010. That information shall be subject to professional secrecy under para. 1 which, according to the relevant provisions of Union law, applies also to the competent authorities, and shall not be further disclosed without the consent of the Bank of Greece, which shall be granted in accordance with this article.

4. The Bank of Greece, after receiving confidential information under paras. 1 and 3 above, shall use it only in the course of its duties and only for any of the following purposes:

(a) to carry out the supervision of (re)insurance undertakings in accordance with the legislation in force;

(b) to check that the conditions governing access to the activity of credit institutions are met;

(c) to facilitate supervision, on a solo or consolidated basis, of the conduct of such activity, especially with regard to the monitoring of liquidity, solvency, concentration of credit risks, and administrative and accounting procedures and internal control mechanisms, as well as for imposing penalties or in the context of administrative or court proceedings relating to the exercise of its tasks, as well as in the context of its monetary policy responsibilities within the Eurosystem and its oversight of payment systems; and

(d) in court proceedings against its decisions or court proceedings initiated pursuant to special provisions provided for in Union law adopted in the field of credit institutions.

5. The Bank of Greece may conclude cooperation agreements, providing for exchanges of information with the competent authorities of third countries and with other supervisory authorities or bodies of third countries respective to those referred in Article 6(a) and (b) of this Law, only if the information disclosed is covered regarding professional secrecy requirements by guarantees

at least equivalent to those referred to in para. 1 above. Such exchange of information shall be for the purpose of performing the supervisory tasks of those authorities or bodies.

6. (a) The Bank of Greece may exchange information with:

(aa) the Minister of Finance in the exercise of his responsibilities under Article 4(2) of P.D. 437/19.9.1985 (Government Gazette A' 157) and the Hellenic Capital Market Commission in the exercise of its responsibilities under the applicable law;

(bb) the special inquiry committees of Parliament in the exercise of their responsibilities under the Parliament's Rules of Procedure;

(cc) bodies involved legally in the liquidation or bankruptcy of institutions;

(dd) persons responsible for carrying out statutory audits of the financial statements of institutions, insurance undertakings and financial institutions, if the information is necessary for the performance of their tasks,

(ee) the Hellenic Deposit and Investment Guarantee Fund, if the information is necessary for the execution of its mandate; and

(ff) the Hellenic Financial Stability Fund (HFSF), if the information is necessary for the execution of its mandate.

(b) The Bank of Greece may also exchange information with:

(aa) authorities entrusted with the public duty of supervising the persons and bodies referred to in (a)(cc) and (dd) above; and

(bb) in support of the stability and integrity of the financial system, the Minister of Development and Competitiveness in the exercise of supervision of sociétés anonymes, provided that such information is intended for the exercise of the supervisory tasks of these authorities. If the Minister of Development and Competitiveness, in the exercise of his duties, uses persons non-civil servants appointed to this end due to their special qualifications, exchange of information hereunder may, with the agreement of the Bank of Greece, be extended to these persons. Exchange of information shall be conducted under the same terms and after the Minister of Development and Competitiveness has

notified the Bank of Greece of the identities and exact mandate of the persons to which information is transmitted.

(c) The Bank of Greece may also disclose to authorities, bodies or persons of other Member States, similar to those referred to in (a) and (b) above, including authorities or bodies charged with responsibility for maintaining the stability of the financial system in Member States through the use of macroprudential rules, authorities charged with the supervision of (re)insurance undertakings and authorities charged with the supervision of contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) No 575/2013, information intended to be used in the performance of their supervisory tasks.

(d) The Bank of Greece may exchange information with:

(aa) ESCB central banks and other bodies with a similar function in their capacity as monetary authorities when the information is relevant for the exercise of their respective statutory tasks, including the conduct of monetary policy and related liquidity provision, oversight of payments, clearing and settlement systems and the safeguarding of stability of the financial system;

(bb) where appropriate, other public authorities responsible for overseeing payment systems;

(cc) the ESRB, the European Supervisory Authority (European Insurance and Occupational Pensions Authority) ("EIOPA") established by Regulation (EU) No 1094/2010 of the European Parliament and of the Council (OJ L 331) or ESMA, where that information is relevant for the exercise of their tasks under Regulations (EU) No 1092/2010, (EU) No 1094/2010 and (EU) No 1095/2010, respectively.

(e) The Bank of Greece may communicate the information referred to in this article to a clearing house or other similar body recognised under national law for the provision of clearing or settlement services for the national market of the Member State concerned if it considers that it is necessary to communicate the information in order to ensure the proper functioning of those bodies in relation to defaults or potential defaults by market participants.

(f) In all the cases referred to in this paragraph, the information received by authorities, bodies and persons shall be subject to the professional secrecy requirements of para. 1 of this article. The Bank of Greece shall communicate to EBA the identity of the authorities or bodies that may receive information under this paragraph.

7. Where the information originates from the competent authorities of other Member States, it shall only be disclosed by the Bank of Greece with the express agreement of the authorities which have disclosed it and solely for the purposes for which those authorities gave their agreement. Information obtained from the authorities of other Member States by means of on-the-spot checks or inspections shall not be disclosed save with the express consent of the competent authority of the Member State where the on-the-spot check or inspection was carried out.

8. In case of violation of the professional secrecy provisions of this article, the penalties provided for under Article 371 of the Criminal Code shall apply.

9. Professional secrecy under this article shall also extend to:

(a) the information exchanged among competent authorities under Article 49 of this Law; and

(b) the measures taken by the Bank of Greece under Article 96(1) of this Law.

10. The collection, processing, linking and filing of personal data and sensitive data by the Bank of Greece shall be carried out in accordance with the provisions of Law 2472/1997 (Government Gazette A' 50), as currently in force. The above activities shall be exempted from the communication and authorisation requirement provided that they are carried out in the context of the tasks and responsibilities of the Bank of Greece, as provided for under its Statute.

Article 55

Duty of persons responsible for the legal control of annual and consolidated accounts

(Article 63 of Directive 2013/36/EU)

1. (a) The statutory auditors and audit firms or consortiums of statutory auditors that carry out either the statutory audit of annual and consolidated accounts of institutions or any other statutory task shall have a duty to report without undue delay to the Bank of Greece any fact or decision concerning that institution of which they have become aware while carrying out that task, which is liable to:

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

(bb) affect the ongoing functioning of the institution or lead to refusal to certify the accounts or to the expression of reservations.

(b) A person referred to in the first paragraph shall also have a duty to report to the Bank of Greece or the Hellenic Capital Market Commission any fact or decision of which that person becomes aware in the course of carrying out a task as described in (a) above in an undertaking having close links, within the meaning of Article 4(1)(38) of Regulation No. 575/2013, resulting from a control relationship.

2. To enhance the effectiveness of the supervision conducted by the Bank of Greece hereunder and under the provisions in force, as adapted in the context of implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts:

(a) The statutory auditors and audit firms or consortiums of statutory auditors that carry out the statutory audit of annual and consolidated accounts of a credit institution shall, following an invitation by the Bank of Greece, addressed also to the credit institution concerned, participate in a meeting with representatives of the Bank of Greece, conducted on an annual basis. The subject of the meeting shall be the key findings of the audit that:

(aa) were judged as material by the statutory auditors/certified public accountants and reported to the competent management bodies or officers of the credit institution;

(bb) concern the efficiency and adequacy of the Internal Control System of the credit institution in relation to the preparation of the annual financial statements; and

(cc) concern facts that arose during the audit of firms consolidated in the credit institution's financial statements that have a material impact on its financial statements.

(b) In exceptional cases, at the discretion of the Bank of Greece, the meeting referred to in (a) above shall be held on an extraordinary and bilateral basis, with the participation of representatives of the Bank of Greece and the statutory auditors/certified public accountants, after informing the credit institution concerned.

3. The disclosure in good faith to the Bank of Greece or the Hellenic Capital Market Commission, by persons referred to in para. 1, of any fact or decision referred to in paras. 1 and 2 shall not constitute a breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision and shall not involve such persons in any liability. Such disclosure shall be made simultaneously to the Board of Directors of the institution unless there are compelling reasons not to do so.

Article 56

Supervisory powers and powers to impose penalties

(Article 64 of Directive 2013/36/EU)

The Bank of Greece or the Hellenic Capital Market Commission shall exercise their supervisory powers and their powers to impose penalties in accordance with this Law and the other legislation in force, in any of the following ways:

(a) directly; or

(b) in cooperation with other authorities; or

(c) under its responsibility by delegation to the authorities referred to in (b) above; or

(d) by application to the competent judicial authorities.

Article 57

Administrative penalties and other administrative measures

(Article 65 of Directive 2013/36/EU)

1. Without prejudice to the supervisory powers of the Bank of Greece or the Hellenic Capital Market Commission referred to in the legislation in force and the provisions of criminal law, the Bank of Greece or the Hellenic Capital Market Commission shall impose by a decision administrative penalties and other administrative measures to persons supervised thereof in respect of breaches of the provisions of Regulation (EU) No 575/2013, this Law and the regulatory acts issued by authority, and shall take all necessary measures to ensure that they are implemented.

2. For infringements of institutions, undertakings referred to in Article 31, financial holding companies and mixed financial holding companies, of Regulation (EU) No 575/2013 or this Law, the Bank of Greece or the Hellenic Capital Market Commission may impose penalties not only to the legal person, but also to the members of the Board of Directors and to other natural persons who are responsible for the breach, the action or the omission if it had happened during the performance of their duties.

3. The Bank of Greece or the Hellenic Capital Market Commission for the exercise of its functions shall gather information, conduct inspections and investigations. Without prejudice to other relevant provisions laid down in this Law and in Regulation (EU) No 575/2013, the competent authority may, among others, require:

(a) the following natural or legal persons to provide all information that is necessary in order to carry out its tasks, including information to be provided at recurring intervals and in specified formats for supervisory and related statistical purposes:

(aa) institutions and undertakings referred to in Article 31 that are authorised in Greece;

(bb) financial holding companies authorised in Greece;

(cc) mixed financial holding companies authorised in Greece;

(dd) mixed-activity holding companies authorised in Greece;

(ee) persons belonging to the entities referred to in points (aa) to (dd);

(ff) third parties to whom the entities referred to in points (aa) to (dd) have outsourced operational functions or activities;

(b) to conduct all necessary investigations of any person referred to in points (a)(aa) to (ff) established or located in Greece where necessary to carry out the tasks of the Bank of Greece or the Hellenic Capital Market Commission, including the right:

(aa) to require the submission of documents;

(bb) to examine the books and records of the persons referred to in points (a)(aa) to (ff) and take copies or extracts from such books and records;

(cc) to obtain written or oral explanations from any person referred to in points (a) (aa) to (ff) or their representatives or staff; and

(dd) to interview any other person who consents to be interviewed for the purpose of collecting information relating to the subject matter of an investigation;

(c) subject to other conditions set out in Union law, to conduct all necessary inspections at the business premises of the legal persons referred to in points (a)(aa) to (ff) and any other undertaking included in consolidated supervision where the Bank of Greece or the Hellenic Capital Market Commission is the consolidating supervisor, subject to prior notification of the competent authorities concerned. If an inspection requires authorisation by a judicial authority under the legislation in force, such authorisation shall be applied for.

Article 58

Administrative penalties and other administrative measures for breaches of authorisation requirements and requirements for acquisitions of qualifying holdings

(Article 66 of Directive 2013/36/EU)

1. The Bank of Greece shall impose by a decision the administrative penalties and administrative measures referred to in para. 2 in respect of:

(a) carrying out the business of taking deposits or other repayable funds from the public without being a credit institution in breach of Article 9;

(b) commencing activities as a credit institution without obtaining authorisation from the Bank of Greece;

(c) acquiring, directly or indirectly, a qualifying holding in a credit institution or further increasing, directly or indirectly, such a qualifying holding in a credit institution as a result of which the proportion of the voting rights or of the capital held would reach or exceed the thresholds referred to in Article 23(1) of this Law or so that the credit institution would become its subsidiary, without notifying in writing the Bank of Greece that they are seeking to acquire or increase a qualifying holding, during the assessment period, or against the opposition of the Bank of Greece, in breach of Article 23(1);

(d) disposing, directly or indirectly, of a qualifying holding in a credit institution or reducing a qualifying holding so that the proportion of the voting rights or of the capital held would fall below the thresholds referred to in Article 26 of this Law or so that the credit institution would cease to be a subsidiary, without notifying in writing the Bank of Greece;

(e) failure to comply with the obligation to notify the Bank of Greece of any change in the identities of the natural persons controlling legal persons, holders of a qualifying holding, according to Article 23(3) of this Law, or failure to comply with the Bank of Greece's requirement to implement the provisions of Article 15(1)(b) and (c) of this Law.

2. In the cases referred to in para. 1 of this Law, the administrative penalties and other administrative measures that can be applied include among others all or any of the following:

(a) a public statement which identifies the natural person, institution, financial holding company or mixed financial holding company responsible and the nature of the breach;

- (b) an order requiring the natural or legal person responsible to cease the conduct and to desist from a repetition of that conduct;
- (c) in the case of a legal person, administrative pecuniary penalties of up to 10% of the total annual net turnover, including the gross income consisting of interest receivable and similar income, income from shares and other variable or fixed-yield securities, and commissions or fees receivable in accordance with Article 316 of Regulation (EU) No 575/2013 of the undertaking in the preceding business year;
- (d) in the case of a natural person, administrative pecuniary penalties of up to €5 million;
- (e) administrative pecuniary penalties of up to twice the amount of the benefit derived from the breach where that benefit can be determined;
- (f) suspension of the voting rights of the shareholder or shareholders held responsible for the breaches referred to in para. 1 of this Article.

Where the undertaking referred to in point (c) of this paragraph is a subsidiary of a parent undertaking, the relevant gross income shall be the gross income resulting from the consolidated account of the ultimate parent undertaking in the preceding business year.

3. In case that the persons referred to in Article 27(4) fail to comply with the Bank of Greece's instructions to take remedial action according to that provision, the Bank of Greece may take all or any of the following actions:

- (a) remove, by a decision, these persons, for a definite or indefinite time period, from the Board of Directors and the senior management of the credit institution;
- (b) suspend, until the circumstances that led to the taking of measures are removed, voting rights attaching to the shares held by these persons or the legal persons they control;
- (c) prohibit any new transaction between the credit institution and these persons or any legal persons controlled by them.

In case of violation of the Bank of Greece's decision suspending voting rights under (b) above, the exercise of such voting rights shall have no effect

and the Bank of Greece may impose by a decision on the offenders, all or any of the following penalties:

(aa) a fine of up to 10% of the value of the shares held directly or indirectly by them;

(bb) the penalty referred to in (a) above, in the case of natural persons.

In case of violation of the prohibition imposed under (c) above, the Bank of Greece, in addition to the penalties it may impose on the credit institution, according to the legislation in force, may also impose on the persons entering into transactions with the credit institution in breach of its decisions a fine up to the value of the transaction or, if this value is not easy to calculate, an amount of up to €300 thousand.

4. The Bank of Greece may impose the penalty referred to in para. 3(a) above also on the persons referred to in Article 10(3) and Article 13(1) and (2) of this Law if they no longer have the required credibility and do not safeguard the sound and prudent management of the credit institution.

Article 59

Other cases of imposition of penalties by the Bank of Greece

(Article 67 of Directive 2013/36/EU)

1. This Article shall apply where a credit institution:

(a) has obtained an authorisation through false statements or any other irregular means;

(b) on becoming aware of any acquisitions or disposals of holdings in its capital that cause holdings to exceed or fall below one of the thresholds referred to in Article 23(1) or Article 26 of this Law, did not inform the Bank of Greece of those acquisitions or disposals in breach of the law;

(c) does not, at least annually, inform the Bank of Greece of the names of shareholders or partners possessing qualifying holdings and the sizes of such holdings, as required by law;

(d) fails to have in place governance arrangements required under Article 66 below;

- (e) does not report information or provides incomplete or inaccurate information on compliance with the obligation to meet own funds requirements set out in Article 92 of Regulation (EU) No 575/2013 to the Bank of Greece in breach of Article 99(1) of that Regulation;
- (f) does not report or provides incomplete or inaccurate information to the Bank of Greece in relation to the data referred to in Article 101 of Regulation (EU) No 575/2013;
- (g) does not report information or provides incomplete or inaccurate information about a large exposure to the Bank of Greece in breach of Article 394(1) of Regulation (EU) No 575/2013;
- (h) does not report information or provides incomplete or inaccurate information on liquidity to the Bank of Greece in breach of Article 415(1) and (2) of Regulation (EU) No 575/2013;
- (i) does not report information or provides incomplete or inaccurate information on the leverage ratio to the Bank of Greece in breach of Article 430(1) of Regulation (EU) No 575/2013;
- (j) repeatedly or persistently fails to hold liquid assets in breach of Article 412 of Regulation (EU) No 575/2013;
- (k) incurs an exposure in excess of the limits set out in Article 395 of Regulation (EU) No 575/2013;
- (l) is exposed to the credit risk of a securitisation position without satisfying the conditions set out in Article 405 of Regulation (EU) No 575/2013;
- (m) does not disclose information or provides incomplete or inaccurate information in breach of Article 431(1), (2) and (3) or Article 451(1) of Regulation (EU) No 575/2013;
- (n) makes payments to holders of instruments included in the own funds of the institution in breach of Article 131 of this Law or in cases where Articles 28, 51 or 63 of Regulation (EU) No 575/2013 prohibit such payments to holders of instruments included in own funds;
- (o) has appointed or has failed to remove without delay persons not complying with Article 83 of this Law.

2. Subject to the provisions of the Statute of the Bank of Greece and the regulatory acts issued by authority of this Law, the Bank of Greece, in the cases referred to in para. 1, as well as in any other case of violation of Regulation (EU) No 575/2013, this Law and the regulatory acts issued by authority of this Law, shall impose by a decision all or any of the following administrative penalties and other administrative measures:

(a) a public statement which identifies the natural person, institution, financial holding company or mixed financial holding company responsible and the nature of the breach;

(b) an order requiring the natural or legal person responsible to cease the illegal conduct and to desist from a repetition of that conduct;

(c) in the case of an institution, withdrawal of the authorisation of the institution in accordance with the legislation in force;

(d) a temporary ban against the persons referred to in Article 57(2) from exercising functions in institutions;

(e) in the case of a legal person, administrative pecuniary penalties of up to 10% of the total annual net turnover including the gross income consisting of interest receivable and similar income, income from shares and other variable or fixed-yield securities, and commissions or fees receivable in accordance with Article 316 of Regulation (EU) No 575/2013 of the undertaking in the preceding business year;

(f) in the case of a natural person, administrative pecuniary penalties of up to €5 million;

(g) administrative pecuniary penalties of up to twice the amount of the profits gained or losses avoided because of the breach, where those can be determined.

Where an undertaking referred to in point (e) of this paragraph is a subsidiary of a parent undertaking, the relevant gross income shall be the gross income resulting from the consolidated account of the ultimate parent undertaking in the preceding business year.

3. The governor or president, the members of the Board of Directors, the auditors, competent managers and employees of every credit institution shall be

punished with imprisonment or a pecuniary penalty or both penalties, unless another provision envisages a graver penalty, if they:

(a) do not enter or deliberately misrepresent a material transaction in the institution's books;

(b) do not report information to the Bank of Greece or provide false or inaccurate information.

If the above persons refuse or obstruct in any manner the examinations conducted by the Bank of Greece, they shall be punished with imprisonment of at least three (3) months.

4. (a) Whoever carries out the business of taking deposits or other repayable funds from the public or extending loans or other credit or providing payment services, to the public, or issuing electronic money in breach of Article 9 and whoever violates the provisions of Article 20 of this Law shall be punished with imprisonment or a pecuniary penalty or both penalties, unless another provision envisages a graver penalty. The legal representatives or those who exercise the management of the legal person shall also be held responsible for this offence and shall be liable to these penalties.

(b) In the cases referred to in (a) above and in Article 58(1)(b), the offices and premises of the offender may be sealed by officers of the Bank of Greece with the assistance of the law enforcement authorities according to the provisions of law, in addition to the imposition of the penalties provided for hereinabove or any other penalties under the law.

Article 60

Publication of administrative penalties

(Article 68 of Directive 2013/36/EU)

1. The Bank of Greece shall publish on its official website at least any administrative penalties against which the deadline for an appeal to the Supreme Administrative Court has gone by without a writ of annulment or a judgment to have been issued thereon and which are imposed for breaches of this Law or of Regulation (EU) No 575/2013 or the regulatory acts issued by

the Bank of Greece, including information on the type and nature of the breach and the identity of the natural or legal person on whom the penalty is imposed, after that person is informed of those penalties.

2. The Bank of Greece shall publish the penalties on an anonymous basis, in a manner in accordance with national law, in any of the following circumstances:

(a) where the penalty is imposed on a natural person and, following an assessment, publication of personal data is found to be disproportionate;

(b) where publication would jeopardise the stability of financial markets or an ongoing criminal investigation;

(c) where publication would cause, insofar as it can be determined, disproportionate damage to the institutions or natural persons involved.

Alternatively, where the circumstances referred to in (a) above are likely to cease within a reasonable period of time, publication under para. 1 may be postponed for such a period of time.

3. The information published under paras. 1 or 2 above shall remain on the Bank of Greece official website for at least five (5) years. Personal data shall be retained on its official website only for the necessary period, in accordance with the applicable data protection rules.

Article 61

Exchange of information on penalties and maintenance of a central database by EBA

(Article 69 of Directive 2013/36/EU)

1. Subject to the professional secrecy requirements referred to in Article 54(1) and Article 63 of Law 3606/2007, the Bank of Greece or the Hellenic Capital Market Commission shall inform EBA of all administrative penalties, including all permanent prohibitions, imposed under Articles 57-59 and 154 of this Law, including any appeal in relation thereto and the outcome thereof.

2. Where the Bank of Greece or the Hellenic Capital Market Commission assesses good repute for the purposes of Article 13(1), Article 17(3), Article

83(1) and Article 114 of this Law, it shall consult the EBA database of administrative penalties. In the event of a change of status or a successful appeal, EBA shall delete or update relevant entries in the database on request by the Bank of Greece or the Hellenic Capital Market Commission.

3. The Bank of Greece or the Hellenic Capital Market Commission shall check, in accordance with the legislation in force, the existence of a relevant conviction in the criminal record of the person concerned. For this purpose, information shall be exchanged in accordance with Decision 2009/316/JHA and Framework Decision 2009/315/JHA, as implemented.

Article 62

Effective application of penalties and exercise of powers to impose penalties by the Bank of Greece or the Hellenic Capital Market Commission

(Article 70 of Directive 2013/36/EU)

1. When determining the type of administrative penalties or other administrative measures and the level of administrative pecuniary penalties, the Bank of Greece or the Hellenic Capital Market Commission shall take into account all relevant circumstances, including, where appropriate:

- (a) the type, the gravity and the duration of the breach;
- (b) the degree of responsibility of the natural or legal person responsible for the breach;
- (c) the financial strength of the natural or legal person responsible for the breach, as indicated, for example, by the total turnover of a legal person or the annual income of a natural person;
- (d) the importance of profits gained or losses avoided by the natural or legal person responsible for the breach, insofar as they can be determined;
- (e) the losses for third parties caused by the breach, insofar as they can be determined;

- (f) any negative consequences of the breach on those transacting with the credit institution;
- (g) the level of cooperation of the natural or legal person responsible for the breach with the Bank of Greece or the Hellenic Capital Market Commission;
- (h) previous breaches by the natural or legal person responsible for the breach;
- (i) any potential systemic consequences of the breach;
- (j) the impact of the breach on the smooth operation of the institution; and
- (k) the need to prevent similar breaches.

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

3. The decisions of the Bank of Greece issued under Articles 137, 138, 140, 141, 142 and 145 of this Law shall be published on even date in the Government Gazette and on the Bank of Greece website.

4. The Governor, the Deputy Governors, the members of the bodies and the staff of the Bank of Greece shall have no civil responsibility vis-à-vis third parties for acts or omissions in the performance of their duties within their scope of authority under this Law, as well as the other tasks carried out by the Bank of Greece by delegation of public authority, unless the persons responsible acted by willful misconduct.

Article 63

Reporting of breaches

(Article 71 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission may establish effective and reliable mechanisms to encourage reporting of potential or actual breaches of the provisions of this Law and Regulation (EU) No 575/2013 to it.

2. The mechanisms referred to in para. 1 shall include at least:

(b) appropriate protection for employees of institutions who report breaches committed within the institution against retaliation, discrimination or other types of unfair treatment at a minimum;

(c) protection of personal data concerning both the person who reports the breaches and the natural person who is allegedly responsible for a breach, in accordance with Law 2472/1997;

(d) clear rules that ensure that confidentiality is guaranteed in all cases in relation to the person who reports the breaches, unless disclosure is required by the legislation in force in the context of further investigations or subsequent judicial proceedings.

3. Institutions shall have in place appropriate procedures for their employees to report breaches internally through a specific, independent and autonomous channel. Such a channel may also be provided through arrangements provided for by social partners. The same protection as referred to in points (b), (c) and (d) of para. 2 shall apply.

Article 64

Right of appeal

(Article 72 of Directive 2013/36/EU)

Decisions of the Bank of Greece issued pursuant to Regulation (EU) No 575/2013, this Law and its regulatory acts shall be subject to a right of appeal before the Supreme Administrative Court. The Bank of Greece, by a reasoned decision communicated to the applicant, shall grant or refuse authorisation within six (6) months of submission of an application for authorisation which contains all the information required under this Law, the regulatory acts of the Bank of Greece or such other information as required at the Bank of Greece's discretion. Failure to take a decision within six (6) months of submission of an application for authorisation shall be equivalent to refusal.

CHAPTER IV

REVIEW PROCESSES

Article 65

Internal capital

(Article 73 of Directive 2013/36/EU)

Institutions shall have in place sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of own funds that they consider adequate to cover the nature and level of the risks to which they are or might be exposed (internal capital). Those strategies and processes shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the institution concerned.

Article 66

Internal governance and recovery and resolution plans

(Article 74 of Directive 2013/36/EU)

1. Institutions shall have robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms, including sound administration and accounting procedures, and remuneration policies and practices that are consistent with and promote sound and effective risk management.
2. The arrangements, processes and mechanisms referred to in para. 1 shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business model and the institution's activities. The technical criteria established in Articles 68-87 shall be taken into account.
3. Institutions shall prepare recovery plans for the restoration of their financial situation following a significant deterioration. The Bank of Greece or the Hellenic Capital Market Commission, as appropriate, shall prepare resolution plans. In accordance with the principle of proportionality, the requirements for the draw up and update of the recovery and resolution plans

may be reduced if it is considered that the failure of a specific institution due, *inter alia*, to its size, to its business model, to its interconnectedness to other institutions, or to the financial system in general, will not have a negative effect on financial markets, on other institutions or on funding conditions. In the case of investment firms, such decision shall be made after consulting the macroprudential authority.

4. Institutions shall cooperate closely with Bank of Greece or the Hellenic Capital Market Commission, as appropriate, and shall provide them with all information necessary for the preparation and drafting of viable resolution plans setting out options for the orderly resolution of the institutions in the case of failure, in accordance with the principle of proportionality.

5. In accordance with Article 25 of Regulation (EU) No 1093/2010, the Bank of Greece or the Hellenic Capital Market Commission, as appropriate, shall cooperate with EBA in the development and coordination of effective and consistent recovery and resolution plans. In that regard, EBA shall be informed of, and shall be entitled to participate in, meetings relating to the development and coordination of recovery and resolution plans. Where any such meetings or activities take place, EBA shall be fully informed in advance of the organisation of such meetings, of the main issues to be discussed and of the activities to be considered, and shall be given a right to participate.

6. Specific matters and technical details of the implementation of the provisions of this article, including the contents of the recovery plan, shall be arranged by decision of the Bank of Greece or the Hellenic Capital Market Commission.

7. Notwithstanding the assessment of the recovery plan and the preparation of the resolution plan, the Bank of Greece may appoint a commissioner to a credit institution according to Article 137 or take resolution measures under Articles 140, 141 and 142.

8. The Bank of Greece may require a recovery plan of credit institutions and prepare a resolution plan on a consolidated basis.

Article 67

Oversight of remuneration policies

(Article 75 of Directive 2013/36/EU)

1. Institutions shall provide the Bank of Greece or the Hellenic Capital Market Commission information on staff remuneration in accordance with points (g), (h) and (i) of Article 450(1) of Regulation (EU) No 575/2013. The Bank of Greece or the Hellenic Capital Market Commission shall use this information to benchmark remuneration trends and practices and provide it to EBA.
2. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall collect information on the number of natural persons per institution that are remunerated €1 million or more per financial year, in pay brackets of €1 million, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. That information shall be forwarded to EBA.

Article 68

Treatment of risks

(Article 76 of Directive 2013/36/EU)

1. The Board of Directors of every institution shall approve and periodically review the strategies and policies for taking up, managing, monitoring and mitigating the risks the institution is or might be exposed to, including those posed by the macroeconomic environment in which it operates taking into consideration the status of the business cycle.
2. The Board of Directors of every institution shall devote sufficient time to consideration of risk issues. The Board of Directors shall be actively involved in and ensure that adequate resources are allocated to the management of all material risks addressed in this Law and in Regulation (EU) No 575/2013 as well as in the valuation of assets, the use of external credit ratings and

internal models relating to those risks. The institution shall establish reporting lines to the Board of Directors that cover all material risks and risk management policies and changes thereof.

3. Institutions that are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities shall establish a risk committee composed of non executive members of the Board of Directors. Members of the risk committee shall have appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy of the institution.

4. The risk committee shall advise the Board of Directors on the institution's overall current and future risk strategy and assist the board of directors in overseeing the implementation of that strategy by senior management. The board of directors shall retain overall responsibility for risks.

5. The risk committee shall review whether prices of liabilities and assets offered to clients take fully into account the institution's business model and risk strategy. Where prices do not properly reflect risks in accordance with the business model and risk strategy, the risk committee shall present a remedy plan to the Board of Directors.

6. An institution referred to in para. 1 which is not considered significant according to paragraph 3 may establish a committee assigned with the responsibilities of both the risk committee and the audit committee as referred to in Article 37 of Law 3693/2008 (Government Gazette A' 174) by decision of the Bank of Greece or the Hellenic Capital Market Commission. Members of the above mentioned committee shall have the knowledge, skills and expertise required for the risk committee and for the audit committee. In any case, the above committees shall be composed of non executive members of the Board of Directors.

7. The members of the above committees shall have adequate access to information on the risk situation of the institution and to the risk management function and, if necessary, to external expert advice.

The above committees shall determine the nature, the amount, the format, and the frequency of the information on risk which they are to receive. In order to assist in the establishment of sound remuneration policies and practices, the above committees shall, without prejudice to the tasks of the remuneration committee, examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the expected earnings.

8. In accordance with the proportionality principle laid down in Article 7(5) of Decision No. 2/452/1.11.2007 (Government Gazette B2137) of the Board of Directors of the Hellenic Capital Market Commission, with respect to investment firms, and Bank of Greece Governor's Act 2577/2006 (Government Gazette A59), with respect to credit institutions, institutions shall have a risk management function independent from the operational functions which shall have sufficient authority, stature, resources and access to the board of directors.

9. The risk management function shall:

- (a) ensure that all material risks are identified, measured and properly reported;
- (b) be actively involved in elaborating the institution's risk strategy and in all material risk management decisions and that it can deliver a complete view of the whole range of risks of the institution;
- (c) report through the risk committee to the Board of Directors, independent from senior management, and can raise concerns and warn the Board of Directors, where appropriate, where specific risk developments affect or may affect the institution.

10. The head of the risk management function shall be an independent member of senior management with distinct responsibility for the risk management function. Where the nature, scale and complexity of the activities of the institution do not justify a specially appointed person, another senior person within the institution may fulfil that function, in parallel with its other responsibilities provided there is no conflict of interest. The head of the risk management function shall not be removed without prior approval of the risk committee or the non-executive members of the Board of Directors, and shall

be able to have direct access to the risk committee or the non-executive members of the Board of Directors where necessary.

11. The application of the provisions of this Law shall be without prejudice to the application of Decision No. 2/452/1.11.2007 of the Board of Directors of the Hellenic Capital Market Commission to investment firms.

Article 69

Internal approaches for calculating own funds requirements

(Article 77 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall encourage institutions that are significant in terms of their size, internal organisation and the nature, scale and complexity of their activities to develop internal credit risk assessment capacity and to increase use of the internal ratings based approach for calculating own funds requirements for credit risk where their exposures are material in absolute terms and where they have at the same time a large number of material counterparties. This article shall be without prejudice to the fulfilment of the criteria laid down in Articles 102-106 of Regulation (EU) No 575/2013.

2. The Bank of Greece or the Hellenic Capital Market Commission shall, taking into account the nature, scale and complexity of institutions' activities, monitor that they do not solely or mechanistically rely on external credit ratings for assessing the creditworthiness of an entity or financial instrument.

3. The Bank of Greece or the Hellenic Capital Market Commission shall encourage institutions, taking into account their size, internal organisation and the nature, scale and complexity of their activities, to develop internal specific risk assessment capacity and to increase the use of internal models for calculating own funds requirements for specific risk of debt instruments in the trading book, together with internal models to calculate own funds requirements for default and migration risk where their exposures to specific risk are material in absolute terms and where they have a large number of material positions in debt instruments of different issuers.

4. This article shall be without prejudice to the fulfilment of the criteria laid down in Articles 362-377 of Regulation (EU) No 575/2013.

Article 70

Supervisory benchmarking of internal approaches for calculating own funds requirements

(Article 78 of Directive 2013/36/EU)

1. Institutions permitted to use internal approaches for the calculation of risk weighted exposure amounts or own fund requirements except for operational risk shall report the results of the calculations of their internal approaches for their exposures or positions that are included in the benchmark portfolios. Institutions shall submit the results of their calculations, together with an explanation of the methodologies used to produce them, to the Bank of Greece or the Hellenic Capital Market Commission at an appropriate frequency, and at least annually.

2. Institutions shall submit the results of the calculations referred to in para. 1 in accordance with the relevant implementing technical standards to the Bank of Greece or the Hellenic Capital Market Commission and to EBA. Where the Bank of Greece or the Hellenic Capital Market Commission chooses to develop specific portfolios, it shall do so in consultation with EBA and ensure that institutions report the results of the calculations separately from the results of the calculations for EBA portfolios.

3. The Bank of Greece or the Hellenic Capital Market Commission shall, on the basis of the information submitted by institutions in accordance with para. 1, monitor the range of risk-weighted exposure amounts or own funds requirements, as applicable, except for operational risk, for the exposures or transactions in the benchmark portfolio resulting from the internal approaches of those institutions. At least annually, the Bank of Greece or the Hellenic Capital Market Commission shall make an assessment of the quality of those approaches paying particular attention to:

(a) those approaches that exhibit significant differences in own fund requirements for the same exposure;

(b) approaches where there is particularly high or low diversity, and also where there is a significant and systematic underestimation of own funds requirements.

4. Where particular institutions diverge significantly from the majority of their peers or where there is little commonality in approach leading to a wide variance of results, the Bank of Greece or the Hellenic Capital Market Commission shall investigate the reasons therefor and, if it can be clearly identified that an institution's approach leads to an underestimation of own funds requirements which is not attributable to differences in the underlying risks of the exposures or positions, shall take corrective action.

5. The Bank of Greece or the Hellenic Capital Market Commission shall ensure that its decisions on the appropriateness of corrective actions as referred to in para. 4 above comply with the principle that such actions must maintain the objectives of an internal approach and therefore do not:

(a) lead to standardisation or preferred methods;

(b) create wrong incentives; or

(c) cause herd behaviour.

Article 71

Credit and counterparty risk

(Article 79 of Directive 2013/36/EU)

1. Institutions shall ensure that:

(a) credit-granting is based on sound and well-defined criteria and that the process for approving, amending, renewing, and re-financing credits is clearly established;

(b) they have internal methodologies that enable them to assess the credit risk of exposures to individual obligors, securities or securitisation positions and credit risk at the portfolio level. In particular, internal methodologies shall not rely solely or mechanistically on external credit ratings. Where own funds

requirements are based on a rating by an External Credit Assessment Institution (ECAI) or based on the fact that an exposure is unrated, this shall not exempt institutions from additionally considering other relevant information for assessing their allocation of internal capital;

(c) the ongoing administration and monitoring of the various credit risk-bearing portfolios and exposures of institutions, including for identifying and managing problem credits and for making adequate value adjustments and provisions, is operated through effective systems;

(d) diversification of credit portfolios is adequate given an institution's target markets and overall credit strategy.

2. When an application for a loan or other credit is submitted to a credit or financial institution, applicants shall provide full and accurate information for the credit or financial institution to assess their solvency and credit rating. Credit and financial institutions shall take into account, in the context of risk rating under this article, any partial or total refusal of an applicant to provide such information. This information shall not include sensitive personal data according to the legislation in force.

Article 72

Residual risk

(Article 80 of Directive 2013/36/EU)

Institutions shall ensure that the risk that recognised credit risk mitigation techniques used by institutions prove less effective than expected is addressed and controlled by means of written policies and procedures.

Article 73

Concentration risk

(Article 81 of Directive 2013/36/EU)

The concentration risk arising from:

(a) exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region; or

(b) the same activity or

(c) the same commodity, or

(d) the application of credit risk mitigation techniques, and including in particular risks associated with large indirect credit exposures such as a single collateral issuer,

shall be addressed and controlled by institutions by means of written policies and procedures.

Article 74

Securitisation risk

(Article 82 of Directive 2013/36/EU)

1. The risks arising from securitisation transactions in relation to which the credit institutions are investor, originator, within the meaning of Article 4(1)(13) of Regulation (EU) No. 575/2013, or sponsor, including reputational risks, such as arise in relation to complex structures or products, shall be evaluated and addressed by institutions through appropriate policies and procedures, to ensure that the economic substance of the transaction is fully reflected in the risk assessment and management decisions.
2. Liquidity plans to address the implications of both scheduled and early amortisation exist at institutions which are originators, within the meaning of Article 4(1)(13) of Regulation (EU) No. 575/2013, of revolving securitisation transactions involving early amortisation provisions.

Article 75

Market risk

(Article 83 of Directive 2013/36/EU)

1. Institutions shall implement policies and processes for the identification, measurement and management of all material sources and effects of market risks.
2. Where the short position falls due before the long position, institutions shall also take measures against the risk of a shortage of liquidity.
3. The internal capital shall be adequate for material market risks that are not subject to an own funds requirement.
4. Institutions which have, in calculating own funds requirements for position risk in accordance with Articles 326-350 of Regulation (EU) No 575/2013, netted off their positions in one or more of the equities constituting a stock-index against one or more positions in the stock-index future or other stock-index product shall have adequate internal capital to cover the basis risk of loss caused by the future's or other product's value not moving fully in line with that of its constituent equities. Institutions shall also have such adequate internal capital where they hold opposite positions in stock-index futures which are not identical in respect of either their maturity or their composition or both.
5. Where using the treatment in Article 345 of Regulation (EU) No 575/2013, institutions shall ensure that they hold sufficient internal capital against the risk of loss which exists between the time of the initial commitment and the following working day.

Article 76

Interest risk arising from non-trading book activities

(Article 84 of Directive 2013/36/EU)

Institutions shall implement systems to identify, evaluate and manage the risk arising from potential changes in interest rates that affect an institution's non-trading activities.

Article 77

Operational risk

(Article 85 of Directive 2013/36/EU)

1. Institutions shall implement policies and processes to evaluate and manage the exposure to operational risk, including model risk, and to cover low-frequency high-severity events. Institutions shall articulate what constitutes operational risk for the purposes of those policies and procedures.
2. Institutions shall have in place contingency and business continuity plans to ensure their ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Article 78

Liquidity risk

(Article 86 of Directive 2013/36/EU)

1. Institutions shall have robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day, so as to ensure that institutions maintain adequate levels of liquidity buffers. Those strategies, policies, processes and systems shall be tailored to business lines, currencies, branches and legal entities and shall include adequate allocation mechanisms of liquidity costs, benefits and risks.
2. The strategies, policies, processes and systems referred to in para. 1 above shall be proportionate to the complexity, risk profile, scope of operation of the institutions and risk tolerance set by the Board of Directors and reflect the institution's importance in each Member State in which it carries out business. Institutions shall communicate to the Bank of Greece or the Hellenic Capital Market Commission risk tolerance to all relevant business lines.
3. Institutions, taking into account the nature, scale and complexity of their activities, shall have liquidity risk profiles that are consistent with and, not in excess of, those required for a well-functioning and robust system.
4. The Bank of Greece or the Hellenic Capital Market Commission shall monitor developments in relation to liquidity risk profiles, for example product design and volumes, risk management, funding policies and funding concentrations.

5. The Bank of Greece or the Hellenic Capital Market Commission shall take effective action where developments referred to in the preceding paragraph may lead to individual institution or systemic instability.
6. The Bank of Greece or the Hellenic Capital Market Commission shall inform EBA about any actions carried out pursuant to the preceding paragraph.
7. Institutions shall develop methodologies for the identification, measurement, management and monitoring of funding positions. Those methodologies shall include the current and projected material cash-flows in and arising from assets, liabilities, off-balance-sheet items, including contingent liabilities and the possible impact of reputational risk.
8. Institutions shall distinguish between pledged and unencumbered assets that are available at all times, in particular during emergency situations. Institutions take also into account the legal entity in which assets reside, the country where assets are legally recorded either in a register or in an account and their eligibility and shall monitor how assets can be secured by a pledge in a timely manner.
9. Institutions shall also have regard to existing legal, regulatory and operational limitations to potential transfers of liquidity and unencumbered assets amongst entities, both within and outside the European Economic Area.
10. Institutions shall consider different liquidity risk mitigation tools, including a system of limits and liquidity buffers in order to be able to withstand a range of different stress events and an adequately diversified funding structure and access to funding sources. Those arrangements shall be reviewed regularly.
11. Institutions shall consider alternative scenarios on liquidity positions and on risk mitigants and review the assumptions underlying decisions concerning the funding position at least annually. For those purposes, alternative scenarios shall address, in particular, off-balance-sheet items and other contingent liabilities, including those of Securitisation Special Purpose Entities (SSPE) or other special purpose entities, as referred to in Regulation (EU) No 575/2013,

in relation to which the institution acts as sponsor or provides material liquidity support.

12. Institutions shall consider the potential impact of (a) institution-specific, (b) market-wide and (c) combined alternative scenarios. Different time periods and varying degrees of stress conditions shall be considered.

13. Institutions shall adjust their strategies, internal policies and limits on liquidity risk and develop effective contingency plans, taking into account the outcome of the alternative scenarios referred to in para. 11 above.

14. Institutions shall have in place liquidity recovery plans setting out adequate strategies and proper implementation measures in order to address possible liquidity shortfalls, including in relation to branches established in other Member States. Those plans shall be tested by the institutions at least annually, updated on the basis of the outcome of the alternative scenarios set out in para. 11 above, reported to and approved by senior management, so that internal policies and processes can be adjusted accordingly. Institutions shall take the necessary operational steps in advance to ensure that liquidity recovery plans can be implemented immediately.

15. For credit institutions, such operational steps shall include holding collateral immediately available for Bank of Greece funding. This includes holding collateral where necessary in the currency of another Member State, or the currency of a third country to which the credit institution has exposures, and where operationally necessary within the territory of a host Member State or of a third country to whose currency it is exposed.

Article 79

Risk of excessive leverage

(Article 87 of Directive 2013/36/EU)

1. Institutions shall have policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. Indicators for the risk of excessive leverage shall include the leverage ratio

determined in accordance with Article 429 of Regulation (EU) No 575/2013 and mismatches between assets and obligations.

2. Institutions shall address the risk of excessive leverage in a precautionary manner by taking due account of potential increases in the risk of excessive leverage caused by reductions of the institution's own funds through expected or realised losses, depending on the applicable accounting rules. To that end, institutions shall be able to withstand a range of different stress events with respect to the risk of excessive leverage.

Article 80

Governance arrangements

(Article 88 of Directive 2013/36/EU)

1. The Board of Directors shall define, oversee and be accountable for the implementation of the governance arrangements that ensure effective and prudent management of an institution, including the segregation of duties in the organisation and the prevention of conflicts of interest.

2. Those arrangements shall comply with the following principles:

(a) the Board of Directors must have the overall responsibility for the institution and approve and oversee the implementation of the institution's strategic objectives, risk strategy and internal governance;

(b) the Board of Directors must ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards;

(c) the Board of Directors must oversee the process of disclosure and communications;

(d) the Board of Directors must be responsible for providing effective oversight of senior management, within the meaning of Article 3(1)(9);

(e) the chair of the Board of Directors of an institution must not exercise simultaneously the functions of a chief executive officer within the same institution, unless authorised by the Bank of Greece or the Hellenic Capital Market Commission.

3. The Board of Directors shall monitor and periodically assess the effectiveness of the institution's governance arrangements and take appropriate steps to address any deficiencies.

4. Institutions which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities establish a nomination committee composed of members of the Board of Directors who do not perform any executive function in the institution concerned.

5. The nomination committee shall:

(a) identify and recommend, for the approval of the Board of Directors or for approval of the general meeting, candidates to fill Board of Directors vacancies, evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment expected.

Furthermore, the nomination committee shall decide on a target for the representation of the underrepresented gender in the Board of Directors and prepare a policy on how to increase the number of the underrepresented gender in the Board of Directors in order to meet that target. The target, policy and its implementation shall be made public in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013;

(b) periodically, and at least annually, assess the structure, size, composition and performance of the Board of Directors and make recommendations to the Board of Directors with regard to any changes;

(c) periodically, and at least annually, assess the knowledge, skills and experience of individual members of the Board of Directors and of the Board of Directors collectively, and report to the Board of Directors accordingly;

(d) periodically review the policy of the Board of Directors for selection and appointment of senior management, within the meaning of Article 3(1)(9), and make recommendations to the Board of Directors.

6. In performing its duties, the nomination committee shall, to the extent possible and on an ongoing basis, take account of the need to ensure that the Board of Directors' decision-making is not dominated by any one individual or

small group of individuals in a manner that is detrimental to the interests of the institution as a whole.

7. The nomination committee shall be able to use any forms of resources that it considers to be appropriate, including external advice, and shall receive appropriate funding to that effect.

8. Paras. 4 to 7 of this Article shall not apply to institutions organised according to the dual management system.

Article 81

Country-by-country reporting

(Article 89 of Directive 2013/36/EU)

1. From 1 January 2015, each institution shall disclose on the 30th of June of each calendar year, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

(a) name(s), nature of activities and geographical location;

(b) turnover;

(c) number of employees on a full time equivalent basis;

(d) profit or loss before tax;

(e) tax on profit or loss;

(f) public subsidies received.

2. Notwithstanding para. 1 above, institutions disclose the information referred to in para. 1(a), (b) and (c) for the first time on 1 July 2014.

3. By 1 July 2014, all global systemically important institutions authorised within the Union, as identified internationally, shall submit to the Commission the information referred to in para. 1(d), (e) and (f) on a confidential basis.

4. The information referred to in para. 1 above shall be audited in accordance with Directive 2006/43/EC (OJ L 157), which has been transposed to Greek law by Law 3693/2008, and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the institution concerned.

Article 82

Public disclosure of return on assets

(Article 90 of Directive 2013/36/EU)

Institutions shall disclose in their annual report among the key indicators their return on assets, calculated as their net profit divided by their total balance sheet assets.

Article 83

Board of Directors

(Article 91 of Directive 2013/36/EU)

1. Members of the Board of Directors shall at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board of Directors shall reflect an adequately broad range of knowledge and experiences per topic. Members of the Board of Directors shall, in particular, fulfil the requirements set out in paras. 2 to 8 below.
2. All members of the Board of Directors shall commit sufficient time to perform their functions in the institution.
3. The number of directorships which may be held by a member of the Board of Directors at the same time shall take into account individual circumstances and the nature, scale and complexity of the institution's activities. With the exception of the members of the Board of Directors representing the Greek State, the members of the Board of Directors of an institution that is significant in terms of its size, internal organisation and the nature, the scope and the complexity of its activities shall, from 1 July 2014, not hold more than one of the following combinations of directorships at the same time:
 - (a) one executive directorship with two non-executive directorships;
 - (b) four non-executive directorships.

4. For the purposes of para. 3, the following shall count as a single directorship:

(a) executive or non-executive directorships held within the same group;

(b) executive or non-executive directorships held within:

(aa) institutions which are members of the same institutional protection scheme, within the meaning of Article 113 of Regulation (EU) No 575/2013, provided that the conditions set out in Article 113(7) of Regulation (EU) No 575/2013 are fulfilled; or

(bb) undertakings (including non-financial entities) in which the institution holds a qualifying holding.

5. Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of para. 3.

6. The Bank of Greece or the Hellenic Capital Market Commission may authorise members of the Board of Directors to hold one additional non-executive directorship. Competent authorities shall regularly inform EBA of such authorisations.

7. The Board of Directors shall possess adequate collective knowledge, skills and experience per topic to be able to understand the institution's activities, including the main risks that it faces or it is potentially going to face.

8. Each member of the Board of Directors shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor management decision-making.

9. Institutions shall devote adequate human and financial resources to the induction and training of members of the Board of Directors.

10. Institutions and their respective nomination committees shall engage a broad set of qualities and competences when recruiting members to the Board of Directors and for that purpose shall put in place a policy promoting diversity on the Board of Directors.

11. The Bank of Greece and the Hellenic Capital Market Commission shall collect the information disclosed in accordance with Article 435(2)(c) of

Regulation (EU) No 575/2013, use it to benchmark diversity practices and provide EBA with that information.

Article 84

Remuneration policies

(Article 92 of Directive 2013/36/EU)

1. The application of para. 2 of this Article and of Articles 85, 86 and 87 shall be ensured for institutions at group, parent company and subsidiary levels, including those established in offshore financial centres.

2. When establishing and applying the total remuneration policies, institutions shall comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

(a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the institution;

(b) the remuneration policy is in line with the business strategy, objectives, values and long-term interests of the institution, and incorporates measures to avoid conflicts of interest;

(c) the institution's non executive members of the Board of Directors adopt and periodically review the general principles of the remuneration policy and are responsible for overseeing its implementation;

(d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review, as conducted by the internal audit unit or the internal control unit for the investment firms regulated by Law 3606/2007, for compliance with policies and procedures for remuneration adopted by the non executive members of the Board of Directors;

(e) staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

(f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee referred to in Article 87 or, if such a committee has not been established, by the non executive members of the Board of Directors;

(g) the remuneration policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:

(aa) basic fixed remuneration, which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment; and

(bb) variable remuneration which should reflect a sustainable and risk-adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

3. Total remuneration includes salaries and discretionary pension benefits, for categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile.

4. A decision of the Hellenic Capital Market Commission, by way of derogation from this Article and Articles 86 except for indent (f) and 87 below, shall lay down criteria and establish rules on the remuneration policy of small and medium-sized investment firms. This decision shall take into account the specific features of these firms, their size, internal organisation and the nature, scope and complexity of their business.

5. For the purposes of para. 4, investment firms shall be classified as small or medium-sized in accordance with Recommendation 2003/361/EC of the European Commission of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

Article 85

Institutions that benefit from government intervention

(Article 93 of Directive 2013/36/EU)

In the case of institutions that benefit from exceptional government intervention, the following principles shall apply in addition to those set out in Article 84(2):

- (a) variable remuneration is strictly limited as a percentage of net revenue where it is inconsistent with the maintenance of a sound capital base and timely exit from government support;
- (b) the Bank of Greece or the Hellenic Capital Market Commission requires institutions to restructure remuneration in a manner aligned with sound risk management and long-term growth, including, where appropriate, establishing limits to the remuneration of the members of the Board of Directors of the institution;
- (c) no variable remuneration is paid to members of the Board of Directors of the institution unless duly justified.

Article 86

Variable elements of remuneration

(Article 94 of Directive 2013/36/EU)

For variable elements of remuneration, the following principles shall apply in addition to, and under the same conditions as, those set out in Article 84(2), subject to special provisions laid down in the legislation in force:

- (a) where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the institution and when assessing individual performance, financial and non-financial criteria are taken into account;
- (b) the assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the credit institution and its business risks;

(c) the total variable remuneration does not limit the ability of the institution to strengthen its capital base;

(d) guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans; therefore, guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the institution has a sound and strong capital base and is limited to the first year of employment;

(e) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

(f) institutions shall set the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles shall apply:

(aa) the variable component shall not exceed 100% of the fixed component of the total remuneration for each individual;

(bb) the general meeting of shareholders of the institution may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual. Any approval of a higher ratio in accordance with the first sentence of this point shall be carried out in accordance with the following procedure:

(i) the general meeting of shareholders of the institution shall act upon a detailed recommendation by the Board of Directors of the institution giving the reasons for, and the scope of, an approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;

(ii) the general meeting of shareholders of the institution shall act by a majority of at least 66% provided that at least 50% of the shares or equivalent

ownership rights are represented or, failing that, shall act by a majority of 75% of the ownership rights represented;

(iii) the institution shall notify all shareholders or partners of the institution, providing a reasonable notice period in advance, that an approval under the first subparagraph of this point will be sought;

(iv) the institution shall, without delay, inform the Bank of Greece or the Hellenic Capital Market Commission of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and shall be able to demonstrate to the Bank of Greece or the Hellenic Capital Market Commission that the proposed higher ratio does not conflict with the institution's obligations under this Law and under Regulation (EU) No 575/2013, having regard in particular to the institution's own funds obligations;

(v) the institution shall, without delay, inform the Bank of Greece or the Hellenic Capital Market Commission of the decisions taken by its shareholders, including any approved higher maximum ratio pursuant to the first subparagraph of this point, and the Bank of Greece or the Hellenic Capital Market Commission shall use the information received to benchmark the practices of institutions in that regard. The Bank of Greece and the Hellenic Capital Market Commission shall provide EBA with that information and EBA shall publish it on an aggregate home Member State basis in a common reporting format;

(vi) staff who are directly concerned by the higher maximum levels of variable remuneration referred to in this point shall not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders of the institution;

(g) payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;

(h) remuneration packages relating to compensation or buyout from contracts in previous employment must align with the long-term interests of the institution including retention, deferral, performance and clawback arrangements;

(i) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;

(j) the allocation of the variable remuneration components within the institution shall also take into account all types of current and future risks;

(k) (aa) a substantial portion, and in any event at least 50%, of any variable remuneration shall consist of a balance of the following:

(i) shares or equivalent ownership interests, subject to the legal structure of the institution concerned, or share-linked instruments or equivalent non-cash instruments, in the case of a non-listed institution;

(ii) where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the institution as a going concern and are appropriate to be used for the purposes of variable remuneration;

(bb) the instruments referred to in this point (aa) shall be subject to an appropriate retention policy designed to align incentives with the longer-term interests of the institution. The Bank of Greece or the Hellenic Capital Market Commission may place restrictions on the types and designs of those instruments or prohibit certain instruments as appropriate. This point (aa) shall be applied to both the portion of the variable remuneration component deferred in accordance with point (l) and the portion of the variable remuneration component not deferred;

(l) (aa) a substantial portion, and in any event at least 40%, of the variable remuneration component is deferred over a period which is not less than three (3) to five (5) years and is correctly aligned with the nature of the business, its risks and the activities of the member of staff in question;

(bb) remuneration payable under deferral arrangements shall vest no faster than on a pro-rata basis. In the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be

deferred. The length of the deferral period shall be established in accordance with the business cycle, the nature of the business, its risks and the activities of the member of staff in question;

(m) (aa) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the institution as a whole, and justified on the basis of the performance of the institution, the business unit and the individual concerned;

(bb) without prejudice to the general principles of national contract and labour law, including the provisions of individual or collective labour agreements, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the institution occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

(cc) up to 100% of the total variable remuneration shall be subject to malus or clawback arrangements. Institutions shall set specific criteria for the application of malus and clawback. Such criteria shall in particular cover situations where the staff member:

(i) participated in or was responsible for conduct which resulted in significant losses to the institution;

(ii) failed to meet appropriate standards of fitness and propriety;

(n) the pension policy is in line with the business strategy, objectives, values and long-term interests of the institution. If the employee leaves the institution before retirement, discretionary pension benefits shall be held by the institution for a period of five (5) years in the form of instruments referred to in point (k). Where an employee reaches retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (k) subject to a five-year retention period;

(o) staff members do not use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

(p) variable remuneration is not paid through vehicles or methods that facilitate the non-compliance with this Law or Regulation (EU) No 575/2013.

Article 87

Remuneration committee

(Article 95 of Directive 2013/36/EU)

1. Institutions that are significant in terms of their size, internal organisation and the nature, the scope and the complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in such a way as to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity.
2. The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the institution concerned and which are to be taken by the Board of Directors. The chair and the members of the remuneration committee shall be non executive members of the Board of Directors in the institution concerned. When preparing such decisions, the remuneration committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the institution and the public interest.

Article 88

Maintenance of a website on governance and remuneration

(Article 96 of Directive 2013/36/EU)

Institutions that maintain a website shall explain there in a specific section, how they comply with the requirements of Articles 80 to 87.

Article 89

Supervisory review and evaluation

(Article 97 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission, having regard to the technical criteria listed in Article 90, shall review the arrangements, strategies, processes and mechanisms implemented by institutions to comply with this Law and Regulation (EU) No 575/2013 and evaluate:

(a) risks to which the institutions are or might be exposed;

(b) risks that an institution poses to the financial system taking into account the identification and measurement of systemic risk under Article 23 of Regulation (EU) No 1093/2010, or recommendations of the ESRB, where appropriate; and

(c) risks revealed by stress testing taking into account the nature, scale and complexity of an institution's activities.

2. The scope of the review and evaluation referred to in the preceding paragraph shall cover all requirements of this Law and of Regulation (EU) No 575/2013.

3. On the basis of the review and evaluation referred to in para. 1 above, the Bank of Greece or the Hellenic Capital Market Commission shall determine whether the arrangements, strategies, processes and mechanisms implemented by institutions and the own funds and liquidity held by them ensure a sound management and coverage of their risks.

4. The Bank of Greece or the Hellenic Capital Market Commission shall establish the frequency and intensity of the review and evaluation referred to in para. 1 above having regard to the size, systemic importance, nature, scale and complexity of the activities of the institution concerned and taking into account the principle of proportionality. The review and evaluation shall be updated at least on an annual basis for institutions covered by the supervisory examination programme referred to in Article 91(2).

5. Where an institution may pose systemic risk in accordance with Article 23 of Regulation (EU) No 1093/2010, the Bank of Greece or the Hellenic Capital Market Commission shall inform EBA without delay about the results of the review and evaluation.

Article 90

Technical criteria for the supervisory review and evaluation

(Article 98 of Directive 2013/36/EU)

1. In addition to credit, market and operational risks, the review and evaluation performed by the Bank of Greece or the Hellenic Capital Market Commission pursuant to Article 89 shall include at least:

(a) the results of the stress test carried out in accordance with Article 177 of Regulation (EU) No 575/2013 by institutions applying an internal ratings based approach;

(b) the exposure to and management of concentration risk by institutions, including their compliance with the requirements set out in Articles 387-403 of Regulation (EU) No 575/2013 and Article 73 of this Law;

(c) the robustness, suitability and manner of application of the policies and procedures implemented by institutions for the management of the residual risk associated with the use of recognised credit risk mitigation techniques;

(d) the extent to which the own funds held by an institution in respect of assets which it has securitised are adequate having regard to the economic substance of the transaction, including the degree of risk transfer achieved;

(e) the exposure to, measurement and management of liquidity risk by institutions, including the development of alternative scenario analyses, the management of risk mitigants (in particular the level, composition and quality of liquidity buffers) and effective contingency plans;

(f) the impact of diversification effects and how such effects are factored into the risk measurement system;

(g) the results of stress tests carried out by institutions using an internal model to calculate market risk own funds requirements under Articles 362-377 of Regulation (EU) No 575/2013;

(h) the geographical location of institutions' exposures;

(i) the business model of the institution;

(j) the assessment of systemic risk, in accordance with the criteria set out in Article 89.

2. For the purposes of point (e) of para. 1 above, the Bank of Greece or the Hellenic Capital Market Commission shall regularly carry out a comprehensive assessment of the overall liquidity risk management by institutions and promote the development of sound internal methodologies. While conducting those reviews, the Bank of Greece or the Hellenic Capital Market Commission shall have regard to the role played by institutions in the financial markets. The Bank of Greece or the Hellenic Capital Market Commission shall duly consider the potential impact of their decisions on the stability of the financial system in all other Member States concerned.

3. The Bank of Greece or the Hellenic Capital Market Commission shall monitor whether an institution has provided implicit support to a securitisation. If an institution is found to have provided implicit support on more than one occasion, the Bank of Greece or the Hellenic Capital Market Commission shall take appropriate measures reflective of the increased expectation that it will provide future support to its securitisation thus failing to achieve a significant transfer of risk.

4. For the purposes of the supervisory review and evaluation to be made in accordance with Article 89(3), the Bank of Greece or the Hellenic Capital Market Commission shall consider whether the valuation adjustments taken for positions or portfolios in the trading book, as set out in Article 105 of Regulation (EU) No 575/2013, enable the institution to sell or hedge out its positions within a short period without incurring material losses under normal market conditions.

5. The supervisory review and evaluation performed by the Bank of Greece or the Hellenic Capital Market Commission shall include the exposure of institutions to the interest rate risk arising from non-trading activities. Measures shall be required at least in the case of institutions whose economic value declines by more than 20% of their own funds as a result of a sudden and unexpected change in interest rates of 200 basis points or such change as defined in EBA guidelines.

6. The supervisory review and evaluation performed by the Bank of Greece or the Hellenic Capital Market Commission shall include the exposure of institutions to the risk of excessive leverage as reflected by indicators of excessive leverage, including the leverage ratio determined in accordance with Article 429 of Regulation (EU) No 575/2013. In determining the adequacy of the leverage ratio of institutions and of the strategies, processes and mechanisms implemented by institutions to manage the risk of excessive leverage, the Bank of Greece or the Hellenic Capital Market Commission shall take into account the business model of those institutions.

7. The supervisory review and evaluation conducted by the Bank of Greece or the Hellenic Capital Market Commission shall include governance arrangements of institutions, their corporate culture and values, and the ability of members of the Board of Directors to perform their duties. In conducting that supervisory review and evaluation, the Bank of Greece or the Hellenic Capital Market Commission shall, at least, has access to agendas and supporting documents for meetings of the Board of Directors and its committees, and the results of the internal or external evaluation of performance of the Board of Directors.

Article 91

Supervisory examination programme

(Article 99 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall, at least annually, adopt a supervisory examination programme for the institutions it supervises. Such programme shall take into account the supervisory review and evaluation process under Article 89. It shall contain the following:

(a) an indication of how the Bank of Greece or the Hellenic Capital Market Commission intend to carry out its tasks and allocate its resources;

(b) an identification of which institutions are intended to be subject to enhanced supervision and the measures taken for such supervision as set out in para. 3 below;

(c) a plan for inspections at the premises of the institutions, including their branches and subsidiaries established in other Member States in accordance with Articles 53, 112 and 115;

(d) in line with the requirements of Article 47, inspections at the premises of subsidiaries of credit institutions subject to supervision on a consolidated basis under this Law, to ensure the effectiveness of such supervision.

2. Supervisory examination programmes shall include the following institutions:

(a) institutions for which the results of the stress tests referred to in points (a) and (g) of Article 90(1) and Article 92, or the outcome of the supervisory review and evaluation process under Article 89, indicate significant risks to their ongoing financial soundness or indicate breaches of this Law and of Regulation (EU) No 575/2013;

(b) institutions that pose systemic risk to the financial system;

(c) any other institution for which the inspection at the premises is deemed to be necessary by the Bank of Greece or the Hellenic Capital Market Commission.

3. Where appropriate under Article 89, the following measures shall, in particular, be taken if necessary:

(a) an increase in the number or frequency of on-site inspections of the institution;

(b) a permanent presence of the Bank of Greece or the Hellenic Capital Market Commission at the institution;

(c) additional or more frequent reporting by the institution;

(d) additional or more frequent review of the operational, strategic or business plans of the institution;

(e) thematic examinations monitoring specific risks that are likely to materialise.

4. Adoption of a supervisory examination programme by the competent authority of the home Member State shall not prevent the competent authorities of the host Member State from carrying out, on a case-by-case basis, on-the-spot checks and inspections of the activities carried out by branches of institutions on their territory in accordance with Article 53(4).

Article 92

Supervisory stress testing

(Article 100 of Directive 2013/36/EU)

The Bank of Greece or the Hellenic Capital Market Commission shall carry out as appropriate, but at least annually, supervisory stress tests on institutions it supervises, to facilitate the supervisory review and evaluation process under Article 89.

Article 93

Ongoing review of the permission to use internal approaches

(Article 101 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall review on a regular basis, and at least every three (3) years, institutions' compliance with the requirements regarding internal approaches that require permission by the competent authority before using such approaches for the calculation of own funds requirements in accordance with Articles 92-386 of Regulation (EU) No 575/2013. It shall have particular regard to changes in an institution's business and to the implementation of those approaches to new products. Where material deficiencies are identified in risk capture by an institution's internal approach, the Bank of Greece or the Hellenic Capital Market Commission shall ensure they are rectified or take appropriate steps to mitigate their consequences, including by imposing higher multiplication factors, or imposing capital add-ons, or taking other appropriate and effective measures.

2. The Bank of Greece or the Hellenic Capital Market Commission shall in particular review and assess whether the institution uses well-developed and up-to-date techniques and practices for those approaches.

3. If for an internal market risk model numerous overshootings referred to in Article 366 of Regulation (EU) No 575/2013 indicate that the model is not or is no longer sufficiently accurate, the Bank of Greece or the Hellenic Capital Market Commission shall revoke the permission for using the internal model or impose appropriate measures to ensure that the model is improved promptly.

4. If an institution has received permission to apply an approach that requires permission by the Bank of Greece or the Hellenic Capital Market Commission before using such an approach for the calculation of own funds requirements in accordance with Articles 92-386 of Regulation (EU) No 575/2013 but does not meet the requirements for applying that approach anymore, the Bank of Greece or the Hellenic Capital Market Commission shall require the institution to either demonstrate to the satisfaction of the competent authority that the effect of non-compliance is immaterial where applicable in accordance with Regulation (EU) No 575/2013 or present a plan for the timely restoration of compliance with the requirements and set a deadline for its implementation. The Bank of Greece or the Hellenic Capital Market Commission shall require improvements to that plan if it is unlikely to result in full compliance or if the deadline is inappropriate. If the institution is unlikely to be able to restore compliance within an appropriate deadline and, where applicable, has not satisfactorily demonstrated that the effect of non-compliance is immaterial, the permission to use the approach shall be revoked or limited to compliant areas or those where compliance can be achieved within an appropriate deadline.

5. The Bank of Greece or the Hellenic Capital Market Commission shall take into account EBA's analysis and benchmarks for the review of the permissions it grants to institutions to use internal approaches.

Article 94

Prudential supervisory measures
(Article 102 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall require an institution to take the necessary measures at an early stage to address relevant problems in the following circumstances:

(a) the institution does not meet the requirements of this Law or of Regulation (EU) No 575/2013;

(b) the Bank of Greece or the Hellenic Capital Market Commission has sufficient evidence that the institution is likely to breach the requirements of this Law or of Regulation (EU) No 575/2013 within the following twelve (12) months.

2. For the purposes of para. 1, the powers of the Bank of Greece or the Hellenic Capital Market Commission shall include those referred to in Article 96.

Article 95

Application of prudential supervisory measures to institutions with similar risk profiles

(Article 103 of Directive 2013/36/EU)

1. Where the Bank of Greece or the Hellenic Capital Market Commission determines under Article 89 that institutions with similar risk profiles, such as similar business models or geographical location of exposures, are or might be exposed to similar risks or pose similar risks to the financial system, it may apply the supervisory review and evaluation process referred to in Article 89 to those institutions in a similar or identical manner. For those purposes, the Bank of Greece or the Hellenic Capital Market Commission shall have the necessary legal powers to impose requirements under this Law and under Regulation (EU) No 575/2013 on those institutions in a similar or identical manner, including in particular the exercise of supervisory powers under Articles 96, 98 and 99. The types of institution referred to in the first sentence may in

particular be determined in accordance with the criteria referred to in Article 90(1)(j).

2. The Bank of Greece or the Hellenic Capital Market Commission shall notify EBA where it applies para. 1 above.

Article 96

Supervisory powers

(Article 104 of Directive 2013/36/EU)

1. For the purposes of Article 89, Article 90(4), Article 93(4) and Articles 94 and 95 of this Law and the application of Regulation (EU) No 575/2013, the Bank of Greece or the Hellenic Capital Market Commission shall have at least the power to require institutions to:

(a) hold own funds in excess of the requirements set out in Articles 121-132 of this Law and in Regulation (EU) No 575/2013 relating to elements of risks and risks not covered by Article 1 of that Regulation;

(b) reinforce the arrangements, processes, mechanisms and strategies implemented in accordance with Articles 65 and 66;

(c) present a plan to restore compliance with supervisory requirements pursuant to this Law and to Regulation (EU) No 575/2013 and set a deadline for its implementation, including improvements to that plan regarding scope and deadline;

(d) apply a specific provisioning policy or treatment of assets in terms of own funds requirements;

(e) restrict or limit the business, operations or network of institutions or to request the divestment of activities that pose excessive risks to the soundness of an institution;

(f) reduce the risk inherent in the activities, products and systems of institutions;

(g) limit variable remuneration as a percentage of net revenues where it is inconsistent with the maintenance of a sound capital base;

(h) use net profits to strengthen own funds;

- (i) restrict or prohibit distributions or interest payments by an institution to shareholders, holders of Additional Tier 1 instruments where the prohibition does not constitute an event of default of the institution;
- (j) submit additional or more frequent reports, including reporting on capital and liquidity positions;
- (k) comply with specific liquidity requirements, including restrictions on maturity mismatches between assets and liabilities;
- (l) disclose additional information;
- (m) obtain prior approval by the Bank of Greece for the carrying out of transactions that, in its opinion, may undermine the solvency of the credit institution. This option shall be exercised for a limited time period, not to exceed three (3) months; and
- (n) increase the capital of the credit institution in accordance with Article 136.

2. The additional own funds requirements referred to in para. 1(a) shall be imposed by the Bank of Greece or the Hellenic Capital Market Commission at least where:

- (a) an institution does not meet the requirement set out in Articles 65 and 66 of this Law or in Article 393 of Regulation (EU) No 575/2013;
- (b) risks or elements of risks are not covered by the own funds requirements set out in Articles 121-132 of this Law or in Regulation (EU) No 575/2013;
- (c) the sole application of other administrative measures is unlikely to improve the arrangements, processes, mechanisms and strategies sufficiently within an appropriate timeframe;
- (d) the review referred to in Article 90(4) or Article 93(4) reveals that the non-compliance with the requirements for the application of the respective approach will likely lead to inadequate own funds requirements;
- (e) the risks are likely to be underestimated despite compliance with the applicable requirements of this Law and of Regulation (EU) No 575/2013; or
- (f) an institution reports to the Bank of Greece or the Hellenic Capital Market Commission in accordance with Article 377(5) of Regulation (EU) No

575/2013 that the stress test results referred to in that article materially exceed its own funds requirement for the correlation trading portfolio.

3. For the purposes of determining the appropriate level of own funds on the basis of the review and evaluation carried out in accordance with Articles 89-93, the Bank of Greece or the Hellenic Capital Market Commission shall assess whether any imposition of an additional own funds requirement in excess of the own funds requirement is necessary to capture risks to which an institution is or might be exposed, taking into account the following:

(a) the quantitative and qualitative aspects of an institution's assessment process referred to in Article 65;

(b) an institution's internal arrangements, processes and mechanisms referred to in Article 66;

(c) the outcome of the supervisory review and evaluation carried out in accordance with Article 89 or 93;

(d) the assessment of systemic risk.

Article 97

Designation of competent authority for the implementation of Articles 412 and 413 of Regulation (EU) No 575/2013

Subject to the provisions of Articles 412 and 413 of Regulation (EU) No 575/2013, the Bank of Greece or the Hellenic Capital Market Commission may lay down general rules for covering liquidity and stable funding requirements.

Article 98

Specific liquidity requirements (Article 105 of Directive 2013/36/EU)

1. For the purposes of determination of the appropriate level of liquidity requirements on the basis of the review and evaluation carried out in accordance with Articles 89-93, the Bank of Greece or the Hellenic Capital Market Commission shall assess whether any imposition of a specific liquidity

requirement is necessary to capture liquidity risks to which an institution is or might be exposed, taking into account the following:

- (a) the particular business model of the institution;
- (b) the institution's arrangements, processes and mechanisms referred to in Articles 66-88 and in particular in Article 78;
- (c) the outcome of the review and evaluation carried out in accordance with Article 89;
- (d) the systemic liquidity risk that threatens the integrity of the financial markets.

2. In particular, without prejudice to Article 59, the Bank of Greece or the Hellenic Capital Market Commission should consider the need to apply administrative penalties or other administrative measures, including prudential charges, the level of which broadly relates to the disparity between the actual liquidity position of an institution and any liquidity and stable funding requirements established at national or Union level.

Article 99

Specific publication requirements

(Article 106 of Directive 2013/36/EU)

1. Institutions shall publish information referred to in Articles 431-455 of Regulation (EU) No 575/2013 at least once per year.
2. The Bank of Greece or the Hellenic Capital Market Commission may issue a decision:
 - (a) requiring institutions to publish all or any of the above information more than once per year;
 - (b) setting deadlines for publication;
 - (c) requiring specific media and locations for publications other than the ones for the annual and consolidated financial statements.
3. Parent undertakings of institutions subject to supervision by the Bank of Greece or the Hellenic Capital Market Commission shall publish annually, either in full or by way of references to equivalent information, a description of

their legal structure and governance and organisational structure of the group of institutions in accordance with Article 14(4), Article 66(1) and Article 102(2).

Article 100

Consistency of supervisory reviews, evaluations and supervisory measures (Article 107 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall inform EBA of:
 - (a) the functioning of its review and evaluation process referred to in Article 89;
 - (b) the methodology used to base decisions referred to in Articles 90, 92, 93, 94, 96 and 98 of this Law on the process referred to in point (a).
2. The Bank of Greece or the Hellenic Capital Market Commission shall respond to EBA's requests for additional information, on a proportional basis in accordance with Article 35 of Regulation (EU) No 1093/2010.

Article 101

Internal capital adequacy assessment process (Article 108 of Directive 2013/36/EU)

1. Every institution which is neither a subsidiary in Greece nor a parent undertaking, and every institution not included in the consolidation pursuant to Article 19 of Regulation (EU) No 575/2013, shall meet the obligations set out in Article 65 of this Law on an individual basis. The Bank of Greece may waive the requirements set out in Article 73 of this Law in regard to a credit institution in accordance with Article 10 of Regulation (EU) No 575/2013. Where the Bank of Greece waives the application of own funds requirements on a consolidated basis provided for in Article 15 of Regulation (EU) No 575/2013, the requirements of Article 65 of this Law shall apply on an individual basis.

2. Parent institutions shall, to the extent and in the manner prescribed in Articles 18-24 of Regulation (EU) No 575/2013, meet the obligations set out in Article 65 of this Law on a consolidated basis.

3. Institutions controlled by a parent financial holding company or a parent mixed financial holding company in a Member State shall, to the extent and in the manner prescribed in Articles 18-24 of Regulation (EU) No 575/2013, meet the obligations set out in Article 65 of this Law on the basis of the consolidated situation of that financial holding company or mixed financial holding company.

Where more than one institution is controlled by a parent financial holding company or a parent mixed financial holding company in a Member State, the first subparagraph shall apply only to the institution to which supervision on a consolidated basis applies in accordance with Article 104.

4. Subsidiary institutions shall apply the requirements set out in Article 65 on a sub-consolidated basis if those institutions, or the parent undertaking where it is a financial holding company or mixed financial holding company, have an institution or a financial institution or an asset management company as defined in Article 2(5) of Law 3455/2006 as a subsidiary in a third country, or hold a participation in such an undertaking.

Article 102

Institutions' arrangements, processes and mechanisms

(Article 109 of Directive 2013/36/EU)

1. Institutions shall meet the obligations set out in Articles 66-88 of this Law on an individual basis, unless the Bank of Greece or the Hellenic Capital Market Commission makes use of the derogation provided for in Article 7 of Regulation (EU) No 575/2013.

2. The parent undertakings and subsidiaries subject to this Law shall meet the obligations set out in Articles 66-88 on a consolidated or sub-consolidated basis, to ensure that their arrangements, processes and mechanisms required by Articles 66-88 are consistent and well-integrated and that any data and

information relevant to the purpose of supervision can be produced. In particular, parent undertakings and subsidiaries subject to this Law shall implement such arrangements, processes and mechanisms in their subsidiaries not subject to this Law. Those arrangements, processes and mechanisms shall also be consistent and well-integrated and those subsidiaries shall also be able to produce any data and information relevant to the purpose of supervision.

3. Obligations resulting from Articles 66-88 concerning subsidiary undertakings, not themselves subject to this Law, shall not apply if the EU parent institution or institutions controlled by an EU parent financial holding company or EU parent mixed financial holding company, can demonstrate to the Bank of Greece or the Hellenic Capital Market Commission that the application of these articles is unlawful under the laws of the third country where the subsidiary is established.

Article 103

Review and evaluation and supervisory measures

(Article 110 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall apply the review and evaluation process referred to in Articles 89-93 and the supervisory measures referred to in Articles 94-100 of this Law in accordance with the level of application of the requirements set out in Articles 6 to 24 of Regulation (EU) No 575/2013.

2. Where the Hellenic Capital Market Commission waives the application of own funds requirements on a consolidated basis as provided for in Article 15 of Regulation (EU) No 575/2013, the requirements of Article 89 of this Law shall apply to the supervision of investment firms on an individual basis.

CHAPTER V

SUPERVISION ON A CONSOLIDATED BASIS

Article 104

Determination of the consolidating supervisor

(Article 111 of Directive 2013/36/EU)

1. Where a parent undertaking is a parent institution in Greece or an EU parent institution, supervision on a consolidated basis shall be exercised by the Bank of Greece or the Hellenic Capital Market Commission if it is the authority which granted its authorisation. Where a parent undertaking is a parent institution in another Member State or an EU parent institution, supervision on a consolidated basis of the subsidiaries in Greece shall be exercised by the competent authority that granted authorisation to the parent company.

2. Where the parent of an institution authorised in Greece is a parent financial holding company or parent mixed financial holding company in a Member State or an EU parent financial holding company or EU parent mixed financial holding company, supervision on a consolidated basis shall be exercised by the Bank of Greece or the Hellenic Capital Market Commission.

3. (a) Where institutions authorised in two or more Member States, including Greece, have as their parent the same parent financial holding company, the same parent mixed financial holding company in a Member State, the same EU parent financial holding company or the same EU parent mixed financial holding company, supervision on a consolidated basis of the subsidiary in Greece shall be exercised by the competent authority of the institution authorised in the Member State in which the financial holding company or mixed financial holding company was set up. Where the said parent undertaking was set up in Greece, supervision on a consolidated basis shall be exercised by the Bank of Greece or the Hellenic Capital Market Commission.

(b) Where the parent undertakings of institutions authorised in two or more Member States, including Greece, comprise more than one financial holding company or mixed financial holding company with head offices in different Member States and there is a credit institution in each of those States, supervision on a consolidated basis shall be exercised by the competent authority of the credit institution with the largest balance sheet total. Where the

credit institution with the largest balance sheet total is situated in Greece, supervision on a consolidated basis shall be exercised by the Bank of Greece.

4. Where more than one institution authorised in the Union has as its parent the same financial holding company or mixed financial holding company and none of those institutions has been authorised in the Member State in which the financial holding company or mixed financial holding company was set up, supervision on a consolidated basis shall be exercised by the competent authority that authorised the institution with the largest balance sheet total, which shall be considered, for the purposes of this Law, as the institution controlled by an EU parent financial holding company or EU parent mixed financial holding company. Where this institution has its registered office in Greece, supervision on a consolidated basis shall be exercised by the Bank of Greece or the Hellenic Capital Market Commission.

5. The Bank of Greece or the Hellenic Capital Market Commission shall lay down the necessary arrangements for the exercise of supervision on a consolidated basis and shall control the compliance of undertakings subject to such supervision with their obligations under this Law.

6. In particular cases, the Bank of Greece or the Hellenic Capital Market Commission may, by common agreement with the other competent authorities involved, waive the criteria referred to in paras. 3 and 4 if their application would be inappropriate, taking into account the institutions and the relative importance of their activities in different countries, and appoint to another competent authority or take the responsibility itself to exercise supervision on a consolidated basis. In such cases, before taking its decision, the Bank of Greece or the Hellenic Capital Market Commission shall give the EU parent institution, EU parent financial holding company, EU parent mixed financial holding company, or institution with the largest balance sheet total, as appropriate, an opportunity to state its opinion on that decision.

7. The Bank of Greece or the Hellenic Capital Market Commission as a consolidating supervisor shall notify the Commission and EBA of any agreement falling within para. 7.

Article 105

Coordination of supervisory activities by the consolidating supervisor

(Article 112 of Directive 2013/36/EU)

1. In addition to the obligations imposed by this Law and by Regulation (EU) No 575/2013, the consolidating supervisor shall carry out the following tasks:

(a) coordination of the gathering and dissemination to the involved competent authorities of the other Member State of relevant or essential information in going concern and emergency situations;

(b) planning and coordination of supervisory activities in going concern situations, including in relation to the activities referred to in Articles 104-120, in cooperation with the competent authorities involved;

(c) planning and coordination of supervisory activities in cooperation with the competent authorities involved, and if necessary with ESCB central banks, in preparation for and during emergency situations, including adverse developments in institutions or in financial markets using, where possible, existing channels of communication for facilitating crisis management.

2. Where the consolidating supervisor fails to carry out the tasks referred to in para. 1 or where the competent authorities do not cooperate with the consolidating supervisor to the extent required in carrying out the tasks in para. 1, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority in the former case or as consolidating supervisor in the latter case, may refer the matter to EBA and request its assistance under Article 19 of Regulation (EU) No 1093/2010.

3. The planning and coordination of supervisory activities referred to in para. 1(c) of this article includes exceptional measures referred to in Article 110(3)(d) and Article 110(8)(b), the preparation of joint assessments, the implementation of contingency plans and communication to the public.

Article 106

Joint decisions on institution-specific prudential requirements

(Article 113 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission, whether as consolidating supervisor or as competent authority responsible for the supervision of subsidiaries of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company in a Member State, shall do everything within its power to reach a joint decision with the competent authorities concerned, regarding the following:

(a) on the application of Articles 65 and 89 to determine the adequacy of the consolidated level of own funds held by the group of institutions with respect to its financial situation and risk profile and the required level of own funds for the application of Article 96(1)(a) to each entity within the group of institutions and on a consolidated basis;

(b) on measures to address any significant matters and material findings relating to liquidity supervision, including relating to the adequacy of the organisation and the treatment of risks as required pursuant to Article 78 and relating to the need for institution-specific liquidity requirements in accordance with Article 98.

2. (a) The joint decisions referred to in para. 1 shall be reached:

(aa) for the purpose of para. 1(a), within four (4) months after submission by the consolidating supervisor of a report containing the risk assessment of the group of institutions in accordance with Articles 65 and 89 and Article 96(1)(a) to the other relevant competent authorities;

(bb) for the purposes of para. 1(b), within one month after submission by the consolidating supervisor of a report containing the assessment of the liquidity risk profile of the group of institutions in accordance with Articles 78 and 98.

(b) The joint decisions shall also duly consider the risk assessment of subsidiaries performed by relevant competent authorities in accordance with Articles 65 and 89.

(c) The joint decisions shall be set out in a document containing full reasons which shall be provided to the EU parent institution by the Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor. In the event of disagreement, the Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor shall, at the request of any of the other competent authorities concerned, consult EBA. The Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor may consult EBA on its own initiative.

3. (a) In the absence of such a joint decision between the competent authorities within the time periods referred to in para. 2 above, a decision on the application of Articles 65, 78 and 89, Article 96(1)(a) and Article 98 shall be taken on a consolidated basis by the consolidating supervisor after duly considering the risk assessment of subsidiaries performed by relevant competent authorities. If, at the end of the time periods referred to in para. 2, any of the competent authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the consolidating supervisor shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of that Regulation, and shall take its decision in conformity with the decision of EBA. The time periods referred to in para. 2 shall be deemed the conciliation periods within the meaning of Regulation (EU) No 1093/2010. EBA shall take its decision within one (1) month. The matter shall not be referred to EBA after the end of the four-month period or one-month period, as applicable, or after a joint decision has been reached.

(b) The decision on the application of Articles 65, 78 and 89, Article 96(1)(a) and Article 98 shall be taken by the respective competent authorities responsible for supervision of subsidiaries of an EU parent credit institution or a EU parent financial holding company or EU parent mixed financial holding company on an individual or sub-consolidated basis after duly considering the views and reservations expressed by the consolidating supervisor. If, at the end of any of the time periods referred to in para. 2, any of the competent

authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the Bank of Greece or the Hellenic Capital Market Commission shall defer its decision and await any decision that EBA shall take in accordance with Article 19(3) of that Regulation, and shall take its decision in conformity with the decision of EBA. The time periods referred to in para. 2 shall be deemed the conciliation periods within the meaning of that Regulation. EBA shall take its decision within one (1) month. The matter shall not be referred to EBA after the end of the four-month or one-month period, as applicable, or after a joint decision has been reached.

(c) The decisions shall be set out in a document containing full reasons and shall take into account the risk assessment, views and reservations of the other competent authorities expressed during the time periods referred to in para. 2. The document shall be provided by the Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor to all competent authorities concerned and to the EU parent institution.

(d) Where EBA has been consulted, the Bank of Greece or the Hellenic Capital Market Commission shall consider its advice, and explain any significant deviation therefrom.

4. (a) The joint decisions referred to in para. 1 and the decisions taken by the competent authorities in the absence of a joint decision referred to in para. 3 shall be recognised as determinative and applied by the Bank of Greece or the Hellenic Capital Market Commission.

(b) The joint decisions referred to in the para. 1 and any decision taken in the absence of a joint decision in accordance with para. 3 shall be updated on an annual basis or, in exceptional circumstances, where a competent authority responsible for the supervision of subsidiaries of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company makes a written and fully reasoned request to the Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor to update the decision on the application of Article 96(1)(a) and Article 98. In the latter case, the update may be addressed on a bilateral basis between the Bank of

Greece or the Hellenic Capital Market Commission as consolidating supervisor and the competent authority making the request.

Article 107

Information requirements in emergency situations

(Article 114 of Directive 2013/36/EU)

1. Where an emergency situation, including a situation as described in Article 18 of Regulation (EU) No 1093/2010 or a situation of adverse developments in financial markets, arises, which potentially jeopardises the market liquidity and the stability of the financial system in any of the Member State where entities of a group have been authorised or where significant branches referred to in Article 52 of this Law are established, the Bank of Greece or the Hellenic Capital Market Commission shall, subject to Article 54 of this Law and Articles 63 and 67 of Law 3606/2007, alert as soon as is practicable EBA, the ESRB and the authorities referred to in Article 54(6)(a)(aa), (bb), (dd) and (d)(aa), including the relevant authorities of the Member States concerned, and shall communicate all information essential for the pursuance of their tasks. If the Bank of Greece or the Hellenic Capital Market Commission becomes aware of a situation described in the first sentence, it shall alert as soon as practicable the competent authorities referred to in Article 105. Where possible, the Bank of Greece or the Hellenic Capital Market Commission shall use existing channels of communication.

2. The Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor shall, where it needs information which has already been given to another competent authority, contact that authority where possible in order to prevent duplication of reporting to the various authorities involved in supervision.

Article 108

Coordination and cooperation arrangements

(Article 115 of Directive 2013/36/EU)

1. In order to facilitate and establish effective supervision, the Bank of Greece or the Hellenic Capital Market Commission and the other competent authorities shall have written coordination and cooperation arrangements in place. Under those arrangements additional tasks may be entrusted to the consolidating supervisor and procedures for the decision-making process and for cooperation with other competent authorities may be specified.

2. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority responsible for authorising the subsidiary of a parent undertaking which is an institution may, by bilateral agreement, in accordance with Article 28 of Regulation (EU) No 1093/2010, delegate its responsibility for supervision to the competent authorities of another Member State which authorised and supervise the parent undertaking so that they assume responsibility for supervising the subsidiary in accordance with Directive 2013/36/EU. EBA shall be kept informed by the Bank of Greece or the Hellenic Capital Market Commission of the existence and content of such agreements.

Article 109

Colleges of supervisors

(Article 116 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission, as consolidating supervisor, shall establish colleges of supervisors to facilitate the exercise of the tasks referred to in Articles 105 and 106 and Article 107(1) and subject to the confidentiality requirements of para. 3 of this article and to Union law, ensure appropriate coordination and cooperation with relevant third-country supervisory authorities where appropriate.

2. Colleges of supervisors shall provide a framework of cooperation for the consolidating supervisor, EBA and the other competent authorities concerned to carry out the following tasks:

(a) exchanging information between each other and with EBA in accordance with Article 21 of Regulation (EU) No 1093/2010;

- (b) agreeing on voluntary entrustment of tasks and voluntary delegation of responsibilities where appropriate;
- (c) determining supervisory examination programmes referred to in Article 91 based on a risk assessment of the group in accordance with Article 89;
- (d) increasing the efficiency of supervision by removing unnecessary duplication of supervisory requirements, including in relation to the information requests referred to in Article 107 and Article 110(7);
- (e) consistently applying the prudential requirements under this Law and under Regulation (EU) No 575/2013 across all entities within a group of institutions without prejudice to the options and discretions available in Union law;
- (f) applying Article 105(1)(c) taking into account the work of other forums that may be established in that area.

3. The Bank of Greece or the Hellenic Capital Market Commission, the other competent authorities participating in the colleges of supervisors and EBA shall cooperate closely. The confidentiality requirements under Article 54 of this Law, and Articles 63 and 67 of Law 3606/2007 shall not prevent the Bank of Greece, the Hellenic Capital Market Commission, EBA and the competent authorities from exchanging confidential information within colleges of supervisors. The establishment and functioning of colleges of supervisors shall not affect the rights and responsibilities of the competent authorities under Directive 2013/36/EU and under Regulation (EU) No 575/2013.

4. The establishment and functioning of the colleges shall be based on written arrangements referred to in Article 108, determined after consulting the competent authorities concerned by the consolidating supervisor.

5. The competent authorities responsible for the supervision of subsidiaries of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company and the competent authorities of a host Member State where significant branches as referred to in Article 52 are established, ESCB central banks as appropriate, and third countries' supervisory authorities where appropriate and subject to confidentiality

requirements that are equivalent, in the opinion of all competent authorities, to the requirements under Chapter 1, Section II of Directive 2013/36/EU and, where applicable, Articles 54 and 58 of Directive 2004/39/EC, may participate in colleges of supervisors.

6. The Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor shall:

(a) chair the meetings of the college and decide which competent authorities participate in a meeting or in an activity of the college;

(b) keep all members of the college fully informed, in advance, of the organisation of such meetings, the main issues to be discussed and the activities to be considered; and

(c) keep all the members of the college fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out.

7. The decision of the Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor shall take account of the relevance of the supervisory activity to be planned or coordinated for the other competent authorities, in particular the potential impact on the stability of the financial system in the Member States concerned as referred to in Article 7 and the obligations referred to in Article 52(3).

8. The Bank of Greece or the Hellenic Capital Market Commission as consolidating supervisor, subject to the confidentiality requirements under Article 54 of this Law and, where applicable, Articles 63 and 67 of Law 3606/2007, shall inform EBA of the activities of the college of supervisors, including in emergency situations, and communicate to EBA all information that is of particular relevance for the purposes of supervisory convergence.

9. In the event of a disagreement between competent authorities on the functioning of supervisory colleges, the Bank of Greece or the Hellenic Capital Market Commission may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

Article 110

Cooperation obligations

(Article 117 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall cooperate closely with the other competent authorities participating in colleges of supervisors, providing them with any information which is essential or relevant for the exercise of the other authorities' supervisory tasks under Directive 2013/36/EU and Regulation (EU) No 575/2013. In that regard, it shall communicate on request all relevant information and shall communicate on its own initiative all essential information.

2. Information referred to in the first paragraph shall be regarded as essential if it could materially influence the assessment of the financial soundness of an institution or financial institution in another Member State.

3. The essential information referred to in para. 2 above shall include, in particular, the following items:

(a) identification of the group's legal structure and the governance structure including organisational structure, covering all regulated entities, non-regulated entities, non-regulated subsidiaries and significant branches belonging to the group, the parent undertakings, in accordance with Article 14(4), Article 66(1) and Article 102(2), and of the competent authorities of the regulated entities in the group;

(b) procedures for the collection of information from the institutions in a group, and the checking of that information;

(c) adverse developments in institutions or in other entities of a group, which could seriously affect the institutions;

(d) significant penalties and exceptional measures taken by the Bank of Greece or the Hellenic Capital Market Commission in accordance with this Law, including the imposition of a specific own fund requirement under Article 96 and the imposition of any limitation on the use of the Advanced Measurement Approach for the calculation of the own funds requirements under Article 312(2) of Regulation (EU) No 575/2013.

4. In particular, the Bank of Greece or the Hellenic Capital Market Commission, as consolidating supervisor of EU parent institutions and institutions controlled by EU parent financial holding companies or EU parent mixed financial holding companies, shall provide the competent authorities in other Member States who supervise subsidiaries of those parent undertakings with all relevant information. In determining the extent of relevant information, the importance of those subsidiaries within the financial system in those Member States shall be taken into account.

5. The Bank of Greece or the Hellenic Capital Market Commission shall provide EBA with all the necessary information for carrying out its tasks under Directive 2013/36/EU, Regulation (EU) No 575/2013 and Regulation (EU) No 1093/2010, in accordance with Article 35 of Regulation (EU) 1093/2010.

6. The Bank of Greece or the Hellenic Capital Market Commission may refer to EBA any of the following situations:

- (a) where a competent authority has not communicated essential information;
- (b) where a request for cooperation, in particular to exchange relevant information, has been rejected or has not been acted upon within a reasonable time.

7. The Bank of Greece or the Hellenic Capital Market Commission, when responsible for the supervision of institutions controlled by an EU parent institution, shall where possible contact the consolidating supervisor when it needs information regarding the implementation of approaches and methodologies set out in this Law and in Regulation (EU) No 575/2013 that may already be available to the consolidating supervisor.

8. The Bank of Greece or the Hellenic Capital Market Commission shall, before taking a decision, consult the other competent authorities with regard to the following items, where such a decision is of importance for other competent authorities' supervisory tasks:

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

(b) significant penalties or exceptional measures taken by competent authorities under Directive 2013/36/EU, including the imposition of a specific own funds requirement under Article 104 of this Directive and the imposition of any limitation on the use of the Advanced Measurement Approaches for the calculation of the own funds requirements under Article 312(2) of Regulation (EU) No 575/2013. For the purposes of point (b), the consolidating supervisor shall always be consulted.

9. However, the Bank of Greece or the Hellenic Capital Market Commission may decide not to consult other competent authorities in cases of urgency or where such consultation could jeopardise the effectiveness of its decision. In such cases, the competent authority shall, without delay, inform the other competent authorities after taking its decision.

Article 111

Checking information concerning entities in other Member States

(Article 118 of Directive 2013/36/EU)

1. Where, in applying this Law and Regulation (EU) No 575/2013, the competent authorities of another Member State wish in specific cases to check the information concerning an institution, a financial holding company, a mixed financial holding company, a financial institution, an ancillary services undertaking, a mixed-activity holding company, a subsidiary as referred to in Article 118 or a subsidiary as referred to in Article 112(3) of this Law, situated in Greece, they shall ask the Bank of Greece or the Hellenic Capital Market Commission to have that check carried out. Upon receiving such a request, the Bank of Greece or the Hellenic Capital Market Commission shall, within the framework of its competence, act upon it either by carrying out the check itself, by allowing the authorities who made the request to carry it out themselves, or by allowing an auditor or expert authorised by them to carry it out on their behalf. The Bank of Greece or the Hellenic Capital Market Commission shall allow the competent authority which made the request, if it so wishes, to participate in the check.

2. The above procedure may be followed by the Bank of Greece or the Hellenic Capital Market Commission, likewise, when it wishes to verify information concerning the abovementioned undertakings situated in other Member States.

Article 112

Inclusion of holding companies in consolidated supervision

(Article 119 of Directive 2013/36/EU)

1. Financial holding companies and mixed financial holding companies shall be included in the consolidated supervision of institutions, provided that they are their subsidiaries or institutions have a holding in them, in accordance with the provisions of this Law.
2. Where a subsidiary that is an institution authorised in Greece is not included in supervision on a consolidated basis under one of the cases provided for in Article 19 of Regulation (EU) No 575/2013, the Bank of Greece or the Hellenic Capital Market Commission may ask the parent undertaking for information which may facilitate their supervision of that subsidiary.
3. The Bank of Greece or the Hellenic Capital Market Commission, when responsible for exercising supervision on a consolidated basis in Greece, may ask the subsidiaries of an institution, a financial holding company or mixed financial holding company, which are not included within the scope of supervision on a consolidated basis for the information referred to in Article 115. In such a case, the procedures for transmitting and checking the information set out in that article shall apply.

Article 113

Supervision of mixed financial holding companies

(Article 120 of Directive 2013/36/EU)

1. Where a mixed financial holding company is subject to equivalent provisions under Directives 2013/36/EU and 2002/87/EC, in particular in terms of risk-based supervision, the Bank of Greece or the Hellenic Capital Market

Commission as a consolidating supervisor may, after consulting the other competent authorities responsible for the supervision of subsidiaries, apply only the relevant provision of Law 3455/2006 to that mixed financial holding company.

2. Where a mixed financial holding company is subject to equivalent provisions under Directives 2013/36/EU and 2009/138/EC, in particular in terms of risk-based supervision, the Bank of Greece or the Hellenic Capital Market Commission, as consolidating supervisor, may, in agreement with the group supervisor in the insurance sector, apply to that mixed financial holding company only the provisions of this Law relating to the most significant financial sector as defined in Article 3(2) of Law 3455/2006.

3. The Bank of Greece or the Hellenic Capital Market Commission, as consolidating supervisor, shall inform EBA and EIOPA of the decisions taken under paras. 1 and 2.

Article 114

Qualification of directors

(Article 121 of Directive 2013/36/EU)

The members of the Board of Directors of a financial holding company or mixed financial holding company shall be of good repute and possess sufficient knowledge, skills and experience as referred to in Article 83(1) to perform those duties, taking into account the specific role of a financial holding company or mixed financial holding company.

Article 115

Requests for information and inspections

(Article 122 of Directive 2013/36/EU)

1. Where the parent undertaking of one or more institutions is a mixed-activity holding company, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority responsible for the authorisation and supervision of those institutions under Article 4, shall, by approaching the

mixed-activity holding company and its subsidiaries either directly or via subsidiaries that are institutions, require them to supply any information which would be relevant for the purpose of supervising those subsidiaries.

2. The Bank of Greece or the Hellenic Capital Market Commission may carry out, or have carried out by external inspectors, on-the-spot inspections to check information received from mixed-activity holding companies and their subsidiaries. If the mixed-activity holding company or one of its subsidiaries is an insurance undertaking, the procedure set out in Article 118 may also be used. If a mixed-activity holding company or one of its subsidiaries is situated in a Member State other than that in which a subsidiary that is an institution is situated, on-the-spot check of information shall be carried out in accordance with the procedure set out in Article 111.

Article 116

Supervision

(Article 123 of Directive 2013/36/EU)

1. Without prejudice to Articles 387-403 of Regulation (EU) No 575/2013, where the parent undertaking of one or more institutions is a mixed-activity holding company, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority responsible for the supervision of those institutions, shall exercise general supervision over transactions between the institution and the mixed-activity holding company and its subsidiaries.

2. Institutions shall have in place adequate risk management processes and internal control mechanisms, including sound reporting and accounting procedures in order to identify, measure, monitor and control transactions with their parent mixed-activity holding company and its subsidiaries appropriately. The Bank of Greece or the Hellenic Capital Market Commission shall require the reporting by the institution of any significant transaction with those entities other than the one referred to in Article 394 of Regulation (EU) No 575/2013. Those procedures and significant transactions shall be subject to overview by the Bank of Greece or the Hellenic Capital Market Commission.

Article 117

Exchange of information

(Article 124 of Directive 2013/36/EU)

1. The legal limitations to the communication of confidential information shall not prevent the exchange, as between undertakings included within the scope of supervision on a consolidated basis, mixed-activity holding companies and their subsidiaries, or subsidiaries as referred to in Article 112(3), of any information which would be relevant for the purposes of supervision in accordance with Articles 103-120.
2. Where a parent undertaking and any of its subsidiaries that are institutions are situated in different Member States, including Greece, the Bank of Greece or the Hellenic Capital Market Commission shall exchange with the competent authorities of the other Member States involved all relevant information which may allow or aid the exercise of supervision on a consolidated basis.
3. Where the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the Member State in which a parent undertaking is situated, does not itself exercise supervision on a consolidated basis pursuant to Article 104, it may be invited by the competent authorities responsible for exercising such supervision to ask the parent undertaking for any information which would be relevant for the purposes of supervision on a consolidated basis and to transmit it to those authorities. Likewise, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority responsible for exercising supervision on a consolidated basis, may request relevant information on a parent undertaking situated in another Member State.
4. The Bank of Greece and the Hellenic Capital Market Commission may exchange between them and with the other competent authorities the information referred to in para. 2 above, on the understanding that, in the case of financial holding companies, mixed financial holding companies, financial institutions or ancillary services undertakings, the collection or possession of

information shall not imply that the competent authorities are required to play a supervisory role in relation to those institutions or undertakings on stand alone basis.

5. Similarly, the Bank of Greece and the Hellenic Capital Market Commission may exchange the information referred to in Article 105 between them and with the other competent authorities on the understanding that the collection or possession of information does not imply that the competent authorities play a supervisory role in relation to the mixed-activity holding company and those of its subsidiaries which are not credit institutions, or to subsidiaries as referred to in Article 112(3).

Article 118

Cooperation

(Article 125 of Directive 2013/36/EU)

1. Where an institution, financial holding company, mixed financial holding company or a mixed-activity holding company controls one or more subsidiaries which are insurance companies or companies referred to in Article 31 above or other undertakings providing investment services which are subject to authorisation, the Bank of Greece and the Hellenic Capital Market Commission shall cooperate closely. Without prejudice to their respective responsibilities, those authorities shall provide one another with any information likely to simplify their task and to allow supervision of the activity and overall financial situation of the undertakings they supervise.

2. Information received, within the framework of supervision on a consolidated basis, and in particular any exchange of information between competent authorities which is provided for in this Law, shall be subject to professional secrecy requirements at least equivalent to those referred to in Article 54(1) of this Law for credit institutions or under Article 63 of Law 3606/2007 for investment firms.

3. The Bank of Greece or the Hellenic Capital Market Commission, as the consolidating supervisor, shall establish lists of the financial holding companies or mixed financial holding companies referred to in Article 11 of Regulation (EU) No 575/2013. Those lists shall be communicated to the competent authorities of the other Member States, to EBA and to the Commission.

Article 119

Penalties

(Article 126 of Directive 2013/36/EU)

1. In accordance with Articles 56-64 and 154, administrative penalties or other administrative measures may be imposed on financial holding companies, mixed financial holding companies, and mixed-activity holding companies, or their effective managers, that breach the provisions of this Law or the delegated under this Law regulatory provisions.

2. The Bank of Greece or the Hellenic Capital Market Commission shall cooperate with the competent authorities of the other Member States to ensure that the penalties or measures imposed under this Law and Regulation (EU) No 575/2013 deliver the desirable results.

Article 120

Assessment of equivalence of third countries' consolidated supervision

(Article 127 of Directive 2013/36/EU)

1. Where an institution authorised in Greece, the parent undertaking of which is an institution or a financial holding company or mixed financial holding company, the head office of which is in a third country, is not subject to consolidated supervision under Article 104 above, the Bank of Greece or the Hellenic Capital Market Commission shall assess whether the institution is subject to consolidated supervision by a third-country supervisory authority which is equivalent to that governed by the principles set out in Directive 2013/36/EU and the requirements of Articles 11-24 of Regulation (EU) No 575/2013.

2. The above mentioned assessment shall be carried out by the Bank of Greece or the Hellenic Capital Market Commission at the request of the parent undertaking or of any of the regulated entities authorised in the Union or on its own initiative. That Bank of Greece or the Hellenic Capital Market Commission shall consult the other competent authorities involved.
3. The Bank of Greece or the Hellenic Capital Market Commission, in carrying out the assessment referred to in the preceding paragraph, shall take into account any guidance from the Commission, EBA and the European Banking Committee. For that purpose, it shall consult EBA before adopting a decision.
4. In the absence of such equivalent supervision, the Bank of Greece or the Hellenic Capital Market Commission shall apply the provisions of this Law and Regulation (EU) No 575/2013 to the institution *mutatis mutandis* or shall apply other appropriate supervisory techniques which after prior consultation with the other competent authorities involved, considers that achieve the objectives of supervision of institutions on a consolidated basis. Those supervisory techniques shall, after consulting the other competent authorities involved, be agreed upon by the Bank of Greece or the Hellenic Capital Market Commission as competent authority responsible for consolidated supervision.
5. The Bank of Greece or the Hellenic Capital Market Commission may in particular require the establishment of a financial holding company or mixed financial holding company which has its head office in the Union, and apply the provisions on consolidated supervision to the consolidated position of that financial holding company or the consolidated position of the institutions of that mixed financial holding company.
6. The supervisory techniques shall be designed to achieve the objectives of consolidated supervision as set out in Articles 104-120 and shall be notified to the other competent authorities involved, to EBA and to the Commission.

CHAPTER VI

CAPITAL BUFFERS

Article 121

Definitions

(Article 128 of Directive 2013/36/EU)

1. For the purpose of Articles 121-132, the following definitions shall apply:

(1) 'capital conservation buffer' means the own funds that an institution is required to maintain in accordance with Article 122;

(2) 'institution-specific countercyclical capital buffer' means the own funds that an institution is required to maintain in accordance with Article 123;

(3) 'G-SII buffer' means the own funds that are required to be maintained in accordance with Article 124(4);

(4) 'O-SII buffer' means the own funds that are required to be maintained in accordance with Article 124(5);

(5) 'systemic risk buffer' means the own funds that an institution is or may be required to maintain in accordance with Article 125;

(6) 'combined buffer requirement' means the total Common Equity Tier 1 capital required to meet the requirement for the capital conservation buffer extended by the following, as applicable:

(a) an institution-specific countercyclical capital buffer;

(b) a G-SII buffer;

(c) an O-SII buffer;

(d) a systemic risk buffer;

(7) 'countercyclical buffer rate' means the rate that institutions must apply in order to calculate their institution-specific countercyclical capital buffer, and that is set in accordance with Articles 127 and 128 or by a relevant third-country authority, as the case may be;

(8) 'domestically authorised institution' means an institution that has been authorised in Greece for which the designated authority is responsible for setting the countercyclical buffer rate;

(9) 'buffer guide' means a benchmark buffer rate calculated in line with any recommendations of the ESRB in accordance with Article 135(1) of Directive 2013/36/EU.

2. Articles 121-132 shall not apply to investment firms that are not authorised to provide the investment services listed in Article 4(1)(c) and (f) of Law 3606/2007.

Article 122

Requirement to maintain a capital conservation buffer

(Article 129 of Directive 2013/36/EU)

1. Institutions shall maintain, in addition to the Common Equity Tier 1 capital maintained to meet the own funds requirement imposed by Article 92 of Regulation (EU) No 575/2013, a capital conservation buffer of Common Equity Tier 1 capital equal to 2.5% of their total risk exposure amount calculated in accordance with Article 92(3) of that Regulation on an individual and consolidated basis, as applicable in accordance with Articles 6-24 of that Regulation.

2. By way of derogation from para. 1 above, the Hellenic Capital Market Commission may exempt small and medium-sized investment firms from the requirements set out in that paragraph if such an exemption does not threaten the stability of the financial system of that Member State. The decision on the application of such an exemption shall be fully reasoned, shall include an explanation as to why the exemption does not threaten the stability of the financial system of the Member State and shall contain the exact definition of the small and medium-sized investment firms which are exempt. The Commission, the ESRB, EBA and the competent authorities of the Member States concerned shall be notified of any such exemption.

3. For the purpose of para. 2 above, investment firms shall be categorised as small or medium-sized in accordance with Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

4. Institutions shall not use Common Equity Tier 1 capital that is maintained to meet the requirement under para. 1 of this article to meet any requirements imposed under Article 96.

5. Where an institution fails to meet fully the requirement under para. 1 of this Article, it shall be subject to the restrictions on distributions set out in Article 131(3) and (4).

Article 123

Requirement to maintain an institution-specific countercyclical capital buffer

(Article 130 of Directive 2013/36/EU)

1. Institutions shall maintain an institution-specific countercyclical capital buffer equivalent to their total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 multiplied by the weighted average of the countercyclical buffer rates calculated in accordance with Article 130 of this Law on an individual and consolidated basis, as applicable in accordance with Articles 6-24 of that Regulation.

2. By way of derogation from para. 1 above, the Hellenic Capital Market Commission may exempt small and medium-sized investment firms from the requirements set out in that paragraph if such an exemption does not threaten the stability of the financial system of that Member State.

The decision on the application of such an exemption shall be fully reasoned, shall include an explanation as to why the exemption does not threaten the stability of the financial system of the Member State and shall contain the exact definition of small and medium-sized investment firms which are exempt.

The Commission, the ESRB, EBA and the competent authorities of the Member States concerned shall be notified of any such exemption.

3. For the purpose of para. 2 above, investment firms shall be categorised as small and medium-sized in accordance with Recommendation 2003/361/EC.

4. Institutions shall meet the requirement imposed by para. 1 above with Common Equity Tier 1 capital, which shall be additional to any Common Equity Tier 1 capital maintained to meet (a) the own funds requirement imposed by Article 92 of Regulation (EU) No 575/2013; (b) the requirement to maintain a capital conservation buffer under Article 122 of this Law; and (c) any requirement imposed under Article 96 of this Law.

5. Where an institution fails to meet fully the requirement under para. 1 of this article, it shall be subject to the restrictions on distributions set out in Article 131(3) and (4).

Article 124

Global and other systemically important institutions

(Article 131 of Directive 2013/36/EU)

1. The Bank of Greece or the Hellenic Capital Market Commission shall identify, on a consolidated basis, global systemically important institutions (G-SIIs), and, on an individual, sub-consolidated or consolidated basis, as applicable, other systemically important institutions (O-SIIs), which have been authorised in Greece. G-SIIs shall be an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution. G-SIIs shall not be an institution that is a subsidiary of an EU parent institution, of an EU parent financial holding company or of an EU parent mixed financial holding company. O-SIIs can either be an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution.

2. The identification methodology for G-SIIs shall be based on the following criteria:

- (a) size of the group;
- (b) interconnectedness of the group with the financial system;
- (c) substitutability of the services or of the financial infrastructure provided by the group;
- (d) complexity of the group;

(e) cross-border activity of the group.

Each criterion shall receive an equal weighting and shall consist of quantifiable indicators. The methodology shall produce an overall score for each entity as referred to in para. 1 assessed, which allows G-SIIs to be identified and allocated into a sub-category as described in para. 9.

3. O-SIIs shall be identified in accordance with para. 1 above. Systemic importance shall be assessed on the basis of at least any of the following criteria:

- (a) size;
- (b) importance for the economy of the Union or of Greece;
- (c) significance of cross-border activities;
- (d) interconnectedness of the institution or group with the financial system.

4. Each G-SII shall, on a consolidated basis, maintain a G-SII buffer which shall correspond to the sub-category to which the G-SII is allocated. That buffer shall consist of Common Equity Tier 1 capital, in addition to:

- (a) the own funds requirement under Article 92 of Regulation (EU) No 575/2013;
- (b) the capital conservation buffer requirement under Article 122;
- (c) any own funds requirement under Article 96; and
- (d) any institution-specific counter-cyclical capital buffer requirement under Article 123.

5. The Bank of Greece or the Hellenic Capital Market Commission may require each O-SII, on a consolidated or sub-consolidated or individual basis, as applicable, to maintain an O-SII buffer of up to 2% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, taking into account the criteria for the identification of the O-SII. The last subparagraph of the preceding paragraph shall apply accordingly.

6. When requiring an O-SII buffer to be maintained, the Bank of Greece or the Hellenic Capital Market Commission shall comply with the following:

(a) the O-SII buffer must not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming an obstacle to the functioning of the internal market;

(b) the O-SII buffer must be reviewed at least annually.

7. Before setting or resetting an O-SII buffer, the Bank of Greece or the Hellenic Capital Market Commission shall notify the Commission, the ESRB, EBA, and the competent and designated authorities of the Member States concerned one (1) month before the publication of the decision referred to in para. 5 above. That notification shall describe in detail:

(a) the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk;

(b) an assessment of the likely positive or negative impact of the O-SII buffer on the internal market, based on information which is available to it;

(c) the desirable O-SII buffer rate.

8. Without prejudice to Article 125 and para. 5 of this article, where an O-SII is a subsidiary of either a G-SII or an O-SII which is an EU parent institution and subject to an O-SII buffer on a consolidated basis, the buffer that applies at individual or sub-consolidated level for the O-SII shall not exceed the higher of:

(a) 1% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013; and

(b) the G-SII or O-SII buffer rate applicable to the group at consolidated level.

9. There shall be at least five subcategories of G-SIIs. The lowest boundary and the boundaries between each subcategory shall be determined by the scores under the identification methodology. The cut-off scores between adjacent subcategories shall be defined clearly and shall adhere to the principle that there is a constant linear increase of systemic significance, between each sub-category resulting in a linear increase in the requirement of additional Common Equity Tier 1 capital, with the exception of the highest sub-category. For the purposes of this paragraph, systemic significance is the expected impact exerted by the G-SII's distress on the global financial market. The lowest sub-category shall

be assigned a G-SII buffer of 1% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 and the buffer assigned to each sub-category shall increase in gradients of 0.5% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 up to and including the fourth sub-category. The highest sub-category of the G-SII buffer shall be subject to a buffer of 3.5% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.

10. Without prejudice to paras. 1 and 9 above, the Bank of Greece or the Hellenic Capital Market Commission may:

- (a) re-allocate a G-SII from a lower sub-category to a higher sub-category;
- (b) allocate an entity as referred to in para. 1 that has an overall score that is lower than the cut-off score of the lowest sub-category to that sub-category or to a higher sub-category, thereby designating it as a G-SII.

11. Where the Bank of Greece or the Hellenic Capital Market Commission takes a decision in accordance with para. 10(b), it shall notify EBA accordingly, providing reasons.

12. The Bank of Greece or the Hellenic Capital Market Commission shall notify the names of the G-SIIs and O-SIIs and the respective sub-category to which each G-SII is allocated, to the Commission, the ESRB and EBA, and shall disclose their names to the public. It shall also disclose to the public the sub-category to which each G-SII is allocated. Moreover, it shall review annually the identification of G-SIIs and O-SIIs and the G-SII allocation into the respective sub-categories and report the result to the systemically important institution concerned, to the Commission, the ESRB and EBA. It shall further disclose to the public the updated list of identified systemically important institutions and the sub-category into which each identified G-SII is allocated.

13. Systemically important institutions shall not use Common Equity Tier 1 capital that is maintained to meet the requirements under paras. 4 and 5 to meet any requirements imposed under Article 92 of Regulation (EU) No 575/2013 and Articles 94, 96, 122 and 123 of this Law.

14. Where a group, on a consolidated basis, is subject to the following, the higher buffer shall apply in each case:

- (a) a G-SII buffer and an O-SII buffer;
- (b) a G-SII buffer, an O-SII buffer and a systemic risk buffer in accordance with Article 125.

Where an institution, on an individual or sub-consolidated basis, is subject to an O-SII buffer and a systemic risk buffer in accordance with Article 125, the higher of the two shall apply.

15. Notwithstanding the preceding paragraph, where the systemic risk buffer applies to all exposures located in Greece for addressing the domestic macroprudential risk, but does not apply to exposures outside Greece, that systemic risk buffer shall be cumulative with the O-SII or G-SII buffer that is applied in accordance with this article.

16. Where para. 14 applies and an institution is part of a group or a subgroup to which a G-SII or an O-SII belongs, that institution is, on an individual basis and on a sub-consolidated basis, subject to a combined buffer requirement that is not lower than the sum of the capital conservation buffer, the countercyclical capital buffer, and the higher of the O-SII buffer and systemic risk buffer applicable to it on an individual and sub-consolidated basis.

17. Where para. 15 applies and an institution is part of a group or a subgroup to which a G-SII or an O-SII belongs, that institution is, on an individual basis and on a sub-consolidated basis, subject to a combined buffer requirement that is not lower than the sum of the capital conservation buffer, the countercyclical capital buffer, and the sum of the O-SII buffer and systemic risk buffer applicable to it on an individual and sub-consolidated basis.

Article 125

Requirement to maintain a systemic risk buffer

(Article 133 of Directive 2013/36/EU)

1. A systemic risk buffer of Common Equity Tier 1 capital may be introduced for the financial sector or one or more subsets of that sector, in order

to prevent and mitigate long term non-cyclical systemic or macroprudential risks not covered by Regulation (EU) No 575/2013.

2. For the purpose of para. 1 above, the designated authority shall be in charge of setting the systemic risk buffer and of identifying the sets of institutions to which it applies.

3. For the purpose of para. 1 above, institutions may be required to maintain, in addition to the Common Equity Tier 1 capital maintained to meet the own funds requirement imposed by Article 92 of Regulation (EU) No 575/2013, a systemic risk buffer of Common Equity Tier 1 capital of at least 1% based on the exposures to which the systemic risk buffer applies in accordance with para. 8 of this article, on an individual, consolidated, or sub-consolidated basis, as applicable in accordance with Articles 6-24 of that Regulation. The designated authority may require institutions to maintain the systemic risk buffer on an individual and on a consolidated level.

4. Institutions shall not use Common Equity Tier 1 capital that is maintained to meet the requirement under para. 3 to meet any requirements imposed under Article 92 of Regulation (EU) No 575/2013 and Articles 94, 96, 122 and 123 of this Law. Where a group which has been identified as a systemically important institution which is subject to a G-SII buffer or an O-SII buffer on a consolidated basis in accordance with Article 124 is also subject to a systemic risk buffer on a consolidated basis in accordance with this article, the higher of the buffers shall apply. Where an institution, on an individual or sub-consolidated basis, is subject to an O-SII buffer in accordance with Article 124 and a systemic risk buffer in accordance with this article, the higher of the two shall apply.

5. Notwithstanding the preceding paragraph, where the systemic risk buffer applies to all exposures located in Greece for addressing the domestic macroprudential risk, but does not apply to exposures outside Greece, that systemic risk buffer shall be cumulative with the O-SII or G-SII buffer that is applied in accordance with Article 124.

6. Where para. 4 applies and an institution is part of a group or a sub-group to which a G-SII or an O-SII belongs, that institution is, on an individual basis and a sub-consolidated basis, subject to a combined buffer requirement that is not lower than the sum of the capital conservation buffer, the countercyclical capital buffer, and the higher of the O-SII buffer and systemic risk buffer applicable to it on an individual and sub-consolidated basis.

7. Where para. 5 applies and an institution is part of a group or a sub-group to which a G-SII or an O-SII belongs, that institution is, on an individual basis and a sub-consolidated basis, subject to a combined buffer requirement that is not lower than the sum of the capital conservation buffer, the countercyclical capital buffer and the sum of the O-SII buffer and systemic risk buffer applicable to it on an individual and sub-consolidated basis.

8. The systemic risk buffer may apply to exposures located in Greece, to exposures in third countries and to exposures located in other Member States, subject to para. 17 of this article, without prejudice to the procedure of Article 133(15) of Directive 2013/36/EU.

9. The systemic risk buffer shall apply to all institutions, or one or more subsets of those institutions, for which the Bank of Greece or the Hellenic Capital Market Commission is competent in accordance with this Law and shall be set in gradual or accelerated steps of adjustment of 0.5 percentage point. Different requirements may be introduced for different subsets of the financial sector.

10. When requiring a systemic risk buffer to be maintained, the designated authority shall comply with the following:

(a) the systemic risk buffer must not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming an obstacle to the functioning of the internal market;

(b) the systemic risk buffer must be reviewed at least every second year.

11. Before setting or resetting a systemic risk buffer rate of up to 3%, the designated authority shall notify the Commission, the ESRB, EBA and the competent and designated authorities of the Member States concerned one (1)

month before the publication of the decision referred to in para. 15 below. If the buffer applies to exposures located in third countries, the designated authority shall also notify the supervisory authorities of those third countries. That notification shall describe in detail:

- (a) the systemic or macroprudential risk in Greece;
- (b) the reasons why the dimension of the systemic or macroprudential risks threatens the stability of the financial system at national level justifying the systemic risk buffer rate;
- (c) the justification for why the systemic risk buffer is considered likely to be effective and proportionate to mitigate the risk;
- (d) an assessment of the likely positive or negative impact of the systemic risk buffer on the internal market, based on information which is available to it;
- (e) the justification for why none of the existing measures in this Law or in Regulation (EU) No 575/2013, excluding Articles 458 and 459 of that Regulation, alone or in combination, will be sufficient to address the identified macroprudential or systemic risk taking into account the relative effectiveness of those measures;
- (f) the systemic risk buffer rate that it wishes to require.

12. Before setting or resetting a systemic risk buffer rate of above 3%, the designated authority shall notify the Commission, the ESRB, EBA and the competent and designated authorities of the Member States concerned. If the buffer applies to exposures located in third countries, the designated authority shall also notify the supervisory authorities of those third countries. That notification shall describe in detail:

- (a) the systemic or macroprudential risk in Greece;
- (b) the reasons why the dimension of the systemic or macroprudential risks threatens the stability of the financial system at national level justifying the systemic risk buffer rate;
- (c) the justification for why the systemic risk buffer is considered likely to be effective and proportionate to mitigate the risk;

- (d) an assessment of the likely positive or negative impact of the systemic risk buffer on the internal market, based on information which is available to it;
- (e) the justification for why none of the existing measures in this Law or in Regulation (EU) No 575/2013, excluding Articles 458 and 459 of that Regulation, alone or in combination, will be sufficient to address the identified macroprudential or systemic risk taking into account the relative effectiveness of those measures;
- (f) the systemic risk buffer rate that it wishes to require.

13. The designated authority may from 1 January 2015 set or reset a systemic risk buffer rate that applies to exposures located in Greece and may also apply to exposures in third countries of up to 5% and follow the procedures set out in para. 11 above. When setting or resetting a systemic risk buffer rate above 5%, the procedures set out in paragraph 12 shall be complied with.

14. Where the systemic risk buffer rate is to be set between 3% and 5% in accordance with para. 13 above, the designated authority shall notify the Commission thereof and shall await the opinion of the Commission before adopting the measures in question. Where the opinion of the Commission is negative, the designated authority shall comply with that opinion or give reasons for not so doing. Where one subset of the financial sector is a subsidiary whose parent is established in another Member State, the designated authority shall notify the authorities of that Member State, the Commission and the ESRB. Where the authorities disagree and in the case of a negative recommendation of both the Commission and the ESRB, the designated authority may refer the matter to EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. The decision to set the buffer for those exposures shall be suspended until EBA has taken a decision.

15. The designated authority shall announce the setting of the systemic risk buffer by publication on its website. The announcement shall include at least the following information:

- (a) the systemic risk buffer rate;

- (b) the institutions to which the systemic risk buffer applies;
- (c) a justification for the systemic risk buffer;
- (d) the date from which the institutions must apply the systemic risk buffer; and
- (e) the names of the countries where exposures located in those countries are recognised in the systemic risk buffer.

If the publication referred to in point (c) could jeopardise the stability of the financial system, the information under point (c) shall not be included in the announcement.

16. Where an institution fails to meet fully the requirement under para. 1 of this article, it shall be subject to the restrictions on distributions set out in Article 131(3) and (4). Where the application of those restrictions on distributions leads to an unsatisfactory improvement of the Common Equity Tier 1 capital of the institution in the light of the relevant systemic risk, the Bank of Greece or the Hellenic Capital Market Commission may take additional measures in accordance with Article 56.

17. Following notification as referred to in para. 11, the buffer may be applied to all exposures. Where the designated authority decides to set the buffer up to 3% on the basis of exposures in other Member States, the buffer shall be set equally on all exposures located within the Union.

Article 126

Recognition of a systemic risk buffer rate

(Article 134 of Directive 2013/36/EU)

1. The designated authority may recognise the systemic risk buffer rate set in accordance with Article 125 by other Member States and may apply that buffer rate to institutions authorised in Greece for the exposures located in the Member State that sets that buffer rate.

2. If the designated authority recognises the systemic risk buffer rate for institutions authorised in Greece, it shall notify the Commission, the ESRB, EBA and the Member State that sets that systemic risk buffer rate.

3. When deciding whether to recognise a systemic risk buffer rate, the designated authority shall take into consideration the information presented by the Member State that sets that buffer rate in accordance with Article 125(11), (12) or (13).

4. A designated authority that sets a systemic risk buffer rate in accordance with Article 125 may ask the ESRB to issue a recommendation as referred to in Article 16 of Regulation (EU) No 1092/2010 to one or more Member States which may recognise the systemic risk buffer rate.

Article 127

Setting countercyclical buffer rates

(Article 136 of Directive 2013/36/EU)

1. The Bank of Greece shall be the designated authority responsible for setting the countercyclical buffer rate for Greece. The powers of the Bank of Greece as designated authority shall be exercised by the Executive Committee referred to in Article 55A of its Statute or a body authorised thereby, making its decisions in agreement with the Hellenic Capital Market Commission in the context of bilateral consultation as specified in a memorandum of understanding.

2. The designated authority shall calculate for every quarter a buffer guide as a reference to guide its exercise of judgment in setting the countercyclical buffer rate in accordance with para. 3 below. The buffer guide shall reflect, in a meaningful way, the credit cycle and the risks due to excess credit growth in Greece and shall duly take into account specificities of the national economy. It shall be based on the deviation of the ratio of credit-to-GDP from its long-term trend, taking into account, *inter alia*:

(a) an indicator of growth of levels of credit reflective of the changes in the ratio of credit granted to GDP;

(b) any current guidance maintained by the ESRB.

3. The designated authority shall assess and set the appropriate countercyclical buffer rate for Greece on a quarterly basis, and in so doing shall take into account:

- (a) the buffer rate calculated in accordance with para. 2 above;
- (b) any current guidance by the ESRB and any recommendations issued by it;
- (c) other variables that the designated authority considers relevant for addressing cyclical systemic risk.

4. The countercyclical buffer rate, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of institutions that have credit exposures in Greece, shall be between 0% and 2.5%, calibrated in steps of 0.25 percentage point or multiples of 0.25 percentage point. For the purposes of Article 130(2) of this Law, the designated authority may set a countercyclical buffer rate in excess of 2.5% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 where justified on the basis of the considerations set out in para. 3 above.

5. Where the designated authority sets the countercyclical buffer rate above zero for the first time, or where, thereafter, the designated authority increases the prevailing countercyclical buffer rate setting, it shall also decide the date from which the institutions must apply that increased buffer for the purposes of calculating their institution-specific countercyclical capital buffer. That date shall be no later than twelve (12) months after the date when the increased buffer setting is announced in accordance with para. 7 below. If the date is less than twelve (12) months after the increased buffer setting is announced, that shorter deadline for application shall be justified on the basis of exceptional circumstances.

6. If the designated authority reduces the existing countercyclical buffer rate, it shall also decide an indicative period during which no increase in the buffer is expected. However, that indicative period shall not bind the designated authority.

7. The designated authority shall announce the quarterly setting of the countercyclical buffer rate by publication on its website. The announcement shall include at least the following information:

- (a) the applicable countercyclical buffer rate;
- (b) the relevant credit-to-GDP-ratio and its deviation from the long-term trend;
- (c) the buffer guide calculated in accordance with para. 2 above;
- (d) a justification for that buffer rate;
- (e) where the buffer rate is increased, the date from which the institutions must apply that increased buffer rate for the purposes of calculating their institution-specific countercyclical capital buffer;
- (f) where the date referred to in point (e) is less than twelve (12) months after the date of the announcement under this paragraph, a reference to the exceptional circumstances that justify that shorter deadline for application;
- (g) where the buffer rate is decreased, the indicative period during which no increase in the buffer rate is expected, together with a justification for that period.

8. The designated authority shall take all reasonable steps to coordinate the timing of that announcement with the other designated authorities and shall notify each quarterly setting of the countercyclical buffer rate and the information specified in points (a) to (g) of the preceding paragraph to the ESRB.

Article 128

Recognition of countercyclical buffer rates in excess of 2.5%

(Article 137 of Directive 2013/36/EU)

1. Where a designated authority of a Member State, in accordance with Article 136(4) of Directive 2013/36/EU, or a relevant third-country authority has set a countercyclical buffer rate in excess of 2.5% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, the designated authority may recognise that buffer rate for the

purposes of the calculation by institutions authorised in Greece of their institution-specific countercyclical capital buffers.

2. The recognition referred to in the preceding paragraph shall be announced by publication on the designated authority's website. The announcement shall include at least the following information:

- (a) the applicable countercyclical buffer rate;
- (b) the Member State or third countries to which it applies;
- (c) where the buffer rate is increased, the date from which the institutions authorised in Greece must apply that increased buffer rate for the purposes of calculating their institution-specific countercyclical capital buffer;
- (d) where the date referred to in point (c) is less than twelve (12) months after the date of the announcement under this paragraph, a reference to the exceptional circumstances that justify that shorter deadline for application.

Article 129

Third country countercyclical buffer rates

(Article 139 of Directive 2013/36/EU)

1. The provisions of this article shall apply irrespective of whether the ESRB has issued a recommendation to designated authorities as referred to in Article 138 of Directive 2013/36/EU.

2. Where a countercyclical buffer rate has not been set and published by the relevant third-country authority for a third country in which at least one institution established in Greece is exposed to credit risk, the designated authority may set the buffer rate applied by domestically authorised institutions for the calculation of their institution-specific countercyclical capital buffer.

3. Where a countercyclical buffer rate has been set and published by the relevant third-country authority for a third country, the designated authority may set a different buffer rate for that third country for the purposes of the calculation by domestically authorised institutions of their institution-specific countercyclical capital buffer if it reasonably considers that the buffer rate set by the relevant third-country authority is not sufficient to protect those

institutions appropriately from the risks of excessive credit growth in that country. When exercising the abovementioned power, the designated authority shall not set a countercyclical buffer rate below the level set by the relevant third-country authority unless that buffer rate exceeds 2.5% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of institutions that have credit exposures in that third country.

4. Where the designated authority sets a countercyclical buffer rate for a third country pursuant to paras. 2 or 3 above which increases the existing applicable countercyclical buffer rate, it shall decide the date from which domestically authorised institutions must apply that buffer rate for the purposes of calculating their institution-specific countercyclical capital buffer. That date shall be no later than twelve (12) months from the date when the buffer rate is announced in accordance with para. 5 below. If that date is less than twelve (12) months after the setting is announced, that shorter deadline for application shall be justified on the basis of exceptional circumstances.

5. The designated authority shall publish any setting of a countercyclical buffer rate for a third country pursuant to para. 2 or 3 above on its website, and shall include the following information:

- (a) the countercyclical buffer rate and the third country to which it applies;
- (b) a justification for that buffer rate;
- (c) where the buffer rate is set above zero for the first time or is increased, the date from which the institutions must apply that increased buffer rate for the purposes of calculating their institution-specific countercyclical capital buffer;
- (d) where the date referred to in point (c) is less than twelve (12) months after the date of the publication of the setting under this paragraph, a reference to the exceptional circumstances that justify that shorter deadline for application.

Article 130

Calculation of institution-specific countercyclical capital buffer rates

(Article 140 of Directive 2013/36/EU)

1. The institution-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the relevant credit exposures of the institution are located or are applied for the purposes of this article by virtue of Article 129(2) or (3). In order to calculate the weighted average, institutions shall apply to each applicable countercyclical buffer rate its total own funds requirements for credit risk, determined in accordance with Articles 107-311 and 325-377 of Regulation (EU) No 575/2013, that relate to the relevant credit exposures in the territory in question, divided by its total own funds requirements for credit risk that relate to all of its relevant credit exposures.

2. If, in accordance with Article 136(4) of Directive 2013/36/EU, a designated authority sets a countercyclical buffer rate in excess of 2.5% of total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, the following buffer rates shall apply to relevant credit exposures located in the Member State of that designated authority ('Member State A') for the purposes of the calculation required under para. 1 above including, where relevant, for the purposes of the calculation of the element of consolidated capital that relates to the institution in question:

(a) institutions authorised in Member State A shall apply that buffer rate in excess of 2.5% of total risk exposure amount;

(b) institutions that are authorised in another Member State shall apply a countercyclical buffer rate of 2.5% of total risk exposure amount if the designated authority in the Member State in which they have been authorised has not recognised the buffer rate in excess of 2.5% in accordance with Article 128(1) above and Article 137(1) of Directive 2013/36/EU;

(c) institutions that are authorised in another Member State shall apply the countercyclical buffer rate set by the designated authority of Member State A if the designated authority in the Member State in which they have been authorised has recognised the buffer rate in accordance with Article 128 above and Article 137 of Directive 2013/36/EU.

3. If the countercyclical buffer rate set by the relevant third-country authority for a third country exceeds 2.5% of total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, the following buffer rates shall apply to relevant credit exposures located in that third country for the purposes of the calculation required under para. 1 including, where relevant, for the purposes of the calculation of the element of consolidated capital that relates to the institution in question:

(a) a countercyclical buffer rate of 2.5% of total risk exposure amount if the designated authority in the Member State in which they have been authorised has not recognised the buffer rate in excess of 2.5% in accordance with Article 128(1);

(b) the countercyclical buffer rate set by the relevant third-country authority if the designated authority in the Member State in which they have been authorised has recognised the buffer rate in accordance with Article 128.

4. Relevant credit exposures shall include all those exposure classes, other than those referred to in points (a) to (f) of Article 112 of Regulation (EU) No 575/2013, that are subject to:

(a) the own funds requirements for credit risk under Articles 107-311 of that Regulation;

(b) where the exposure is held in the trading book, own funds requirements for specific risk under Articles 326-350 of that Regulation or incremental default and migration risk under Articles 362-377 of that Regulation;

(c) where the exposure is a securitisation, the own funds requirements under Articles 242-270 of that Regulation.

5. Institutions shall identify the geographical location of a relevant credit exposure in accordance with the relevant regulatory technical standards.

6. For the purposes of the calculation required under para. 1 above:

(a) a countercyclical buffer rate for a Member State shall apply from the date specified in the information published in accordance with Article 136(7)(e) or Article 137(2)(c) of Directive 2013/36/EU if the effect of that decision is to increase the buffer rate;

(b) subject to point (c), a countercyclical buffer rate for a third country shall apply twelve (12) months after the date on which a change in the buffer rate was announced by the relevant third-country authority, irrespective of whether that authority requires institutions incorporated in that third country to apply the change within a shorter period, if the effect of that decision is to increase the buffer rate;

(c) where the designated authority sets the countercyclical buffer rate for a third country pursuant to Article 129(2) or (3), or recognises the countercyclical buffer rate for a third country pursuant to Article 128, that buffer rate shall apply from the date specified in the information published in accordance with Article 129(5)(c) or Article 128(2)(c), if the effect of that decision is to increase the buffer rate;

(d) a countercyclical buffer rate shall apply immediately if the effect of that decision is to reduce the buffer rate.

For the purposes of point (b), a change in the countercyclical buffer rate for a third country shall be considered to be announced on the date that it is published by the relevant third-country authority in accordance with the applicable national rules.

Article 131

Restrictions on distributions

(Article 141 of Directive 2013/36/EU)

1. For the purposes of paras. 2 and 3 below, distribution of profits in connection with Common Equity Tier 1 capital shall include:

(a) a payment of cash dividends;

(b) a distribution of fully or partly paid bonus shares or other capital instruments referred to in Article 26(1)(a) of Regulation (EU) No 575/2013;

(c) a redemption or purchase by an institution of its own shares or other capital instruments referred to in Article 26(1)(a) of that Regulation;

(d) a repayment of amounts paid up in connection with capital instruments referred to in Article 26(1)(a) of that Regulation;

(e) a distribution of items referred to in points (b) to (e) of Article 26(1) of that Regulation.

2. Any institution that meets the combined buffer requirement shall not make a distribution in connection with Common Equity Tier 1 capital to an extent that would decrease its Common Equity Tier 1 capital to a level where the combined buffer requirement is no longer met.

3. Institutions that fail to meet the combined buffer requirement shall calculate the Maximum Distributable Amount ('MDA') in accordance with para. 5 and notify the Bank of Greece or the Hellenic Capital Market Commission of that MDA. In this case, such institution shall not undertake any of the following actions before it has calculated the MDA:

- (a) make a distribution in connection with Common Equity Tier 1 capital;
- (b) create an obligation to pay variable remuneration or discretionary pension benefits or pay variable remuneration if the obligation to pay was created at a time when the institution failed to meet the combined buffer requirements;
- (c) make payments on Additional Tier 1 instruments.

4. While an institution fails to meet or exceed its combined buffer requirement, it shall not distribute through any action referred to in the preceding paragraph more than the MDA calculated in accordance with the next paragraph.

5. Institutions shall calculate the MDA by multiplying the sum calculated in accordance with para. 6 by the factor determined in accordance with para. 7 below. The MDA shall be reduced by any of the actions referred to in para. 3.

6. The sum to be multiplied in accordance with the preceding paragraph shall consist of:

- (a) interim profits not included in Common Equity Tier 1 capital pursuant to Article 26(2) of Regulation (EU) No 575/2013 that have been generated after the last decision on the distribution of profits or any of the actions referred to in para.3 of this article;

plus

(b) year-end profits not included in Common Equity Tier 1 capital pursuant to Article 26(2) of Regulation (EU) No 575/2013 that have been generated since the most recent decision on the distribution of profits or any of the actions referred to in para. 3 of this article;

minus

(c) amounts which would be payable by tax if the items specified in points (a) and (b) of this paragraph were to be retained.

7. The factor shall be determined as follows:

(a) where the Common Equity Tier 1 capital maintained by the institution which is not used to meet the own funds requirement under Article 92(1)(c) of Regulation (EU) No 575/2013, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of that Regulation, is within the first (that is, the lowest) quartile of the combined buffer requirement, the factor shall be 0;

(b) where the Common Equity Tier 1 capital maintained by the institution which is not used to meet the own funds requirement under Article 92(1)(c) of Regulation (EU) No 575/2013, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of that Regulation, is within the second quartile of the combined buffer requirement, the factor shall be 0.2;

(c) where the Common Equity Tier 1 capital maintained by the institution which is not used to meet the own funds requirement under Article 92(1)(c) of Regulation (EU) No 575/2013, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of that Regulation, is within the third quartile of the combined buffer requirement, the factor shall be 0.4;

(d) where the Common Equity Tier 1 capital maintained by the institution which is not used to meet the own funds requirement under Article 92(1)(c) of Regulation (EU) No 575/2013, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of that

Regulation, is within the fourth (that is, the highest) quartile of the combined buffer requirement, the factor shall be 0.6.

The lower and upper bounds of each quartile of the combined buffer requirement shall be calculated as follows:

Lower bound of quartile = Combined buffer requirement : 4 x (Q_n – 1)

Upper bound of quartile = Combined buffer requirement : 4 x Q_n

"Q_n" indicates the ordinal number of the quartile concerned.

8. The restrictions imposed by this article shall only apply to payments that result in a reduction of Common Equity Tier 1 capital or in a reduction of profits, and where a suspension of payment or failure to pay does not constitute an event of default or a condition for the commencement of proceedings under the insolvency regime applicable to the institution.

9. Where an institution fails to meet the combined buffer requirement and intends to distribute any of its distributable profits or undertake an action referred to in para. 3 above, it shall notify the Bank of Greece or the Hellenic Capital Market Commission and provide the following information:

(a) the amount of capital maintained by the institution, subdivided as follows:

(aa) Common Equity Tier 1 capital,

(bb) Additional Tier 1 capital,

(cc) Tier 2 capital;

(b) the amount of its interim and year-end profits;

(c) the MDA calculated in accordance with para. 5 above;

(d) the amount of distributable profits it intends to allocate between the following:

(aa) dividend payments,

(bb) share buybacks,

(cc) payments on Additional Tier 1 instruments,

(dd) the payment of variable remuneration or discretionary pension benefits, whether by creation of a new obligation to pay, or payment pursuant to an obligation to pay created at a time when the institution failed to meet its combined buffer requirements.

10. Institutions shall maintain arrangements to ensure that the amount of distributable profits and the MDA are calculated accurately, and shall be able to demonstrate that accuracy to the Bank of Greece or the Hellenic Capital Market Commission on request.

Article 132

Capital conservation plan

(Article 142 of Directive 2013/36/EU)

1. Where an institution fails to meet its combined buffer requirement, it shall prepare a capital conservation plan and submit it to the Bank of Greece or the Hellenic Capital Market Commission no later than five (5) working days after it identified that it was failing to meet that requirement.

The Bank of Greece or the Hellenic Capital Market Commission may authorise a longer delay up to ten (10) days, taking into account the scale and complexity of the institution's activities.

2. The capital conservation plan shall include the following:

- (a) estimates of income and expenditure and a forecast balance sheet;
- (b) measures to increase the capital ratios of the institution;
- (c) a plan and timeframe for the increase of own funds with the objective of meeting fully the combined buffer requirement;
- (d) any other information that the Bank of Greece or the Hellenic Capital Market Commission considers to be necessary to carry out the assessment required by the next paragraph.

3. The Bank of Greece or the Hellenic Capital Market Commission shall assess the capital conservation plan, and shall approve the plan only if it considers that the plan, if implemented, would be reasonably likely to conserve or raise sufficient capital to enable the institution to meet its combined buffer requirements within a period which the Bank of Greece or the Hellenic Capital Market Commission considers appropriate.

4. If the Bank of Greece or the Hellenic Capital Market Commission does not approve the capital conservation plan in accordance with the preceding paragraph, it shall impose with a decision one or both of the following:

- (a) require the institution to increase own funds to specified levels within specified periods;
- (b) exercise its powers under Article 94 to impose more stringent restrictions on distributions than those required by Article 131.

Article 133

Appointment of competent authority for the implementation of Article 458 of Regulation (EU) No 575/2013

The designated authority referred to in Article 127 shall be responsible for the implementation of Article 458 of Regulation (EU) No 575/2013.

Article 134

General disclosure requirements

(Article 143 of Directive 2013/36/EU)

1. The Bank of Greece and the Hellenic Capital Market Commission shall publish the following information:

- (a) the texts of laws, decisions of general applicability and circulars on the implementation of this Law and Regulation (EU) 575/2013;
- (b) the manner of exercise of the options and discretions available in Union law;
- (c) the general criteria and methodologies they use in the review and evaluation referred to in Article 89;
- (d) without prejudice to the provisions set out in Article 54 of this Law and Articles 63 and 67 of Law 3606/2007, aggregate statistical data on key aspects of the implementation of the prudential framework in Greece, including the number and nature of supervisory measures taken in accordance with Article 94(1)(a) and of administrative penalties imposed in accordance with Article 57 of this Law.

2. The information published by the Bank of Greece and the Hellenic Capital Market Commission in accordance with para. 1 above shall be sufficient to enable a meaningful comparison of the prudential supervision approaches adopted by the competent authorities of the different Member States. The disclosures shall be published on competent authorities' websites, at least on an annual basis, following a common format prepared by EBA, and updated regularly.

Article 135

Specific disclosure requirements

(Article 144 of Directive 2013/36/EU)

1. For the purpose of Articles 404 to 410 of Regulation (EU) No 575/2013, the Bank of Greece and the Hellenic Capital Market Commission shall publish the following information:

(a) the general criteria and methodologies adopted to review compliance with Articles 405 to 409 of Regulation (EU) No 575/2013;

(b) without prejudice to the provisions of Article 54 above, a summary description of the outcome of the supervisory review and evaluation process and description of the measures and sanctions imposed in cases of non-compliance with Articles 405 to 409 of Regulation (EU) No 575/2013, on an annual basis.

2. The Bank of Greece or the Hellenic Capital Market Commission, exercising the discretion laid down in Article 7(3) of Regulation (EU) No 575/2013, shall publish the following information:

(a) the criteria it applies to determine that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities;

(b) the number of parent institutions which benefit from the exercise of the discretion laid down in Article 7(3) of Regulation (EU) No 575/2013 and the number of those which incorporate subsidiaries in a third country;

(c) on an aggregate basis for the parent institutions authorised in Greece, which benefit from the exercise of the discretion laid down in Article 7(3) of Regulation (EU) No 575/2013:

(aa) the total amount of own funds on the consolidated basis which are held in subsidiaries in a third country;

(bb) the own funds referred to in (aa) above as a percentage of total own funds on a consolidated basis;

(cc) the own funds referred to in (aa) above as a percentage of total own funds on a consolidated basis required under Article 92 of Regulation (EU) No 575/2013.

3. If the Bank of Greece or the Hellenic Capital Market Commission exercises the discretion laid down in Article 9(1) of Regulation (EU) No 575/2013, it shall publish all the following:

(a) the criteria it applies to determine that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities;

(b) the number of parent institutions which benefit from the exercise of the discretion laid down in Article 9(1) of Regulation (EU) No 575/2013 and the number of such parent institutions which incorporate subsidiaries in a third country;

(c) on an aggregate basis for the parent institutions authorised in Greece, which benefit from the exercise of the discretion laid down in Article 9(1) of Regulation (EU) No 575/2013:

(aa) the total amount of own funds on the consolidated basis which are held in subsidiaries in a third country;

(bb) the own funds referred to in (aa) above as a percentage of total own funds;

(cc) the own funds referred to in (aa) above as a percentage of total own funds required under Article 92 of Regulation (EU) No 575/2013.

CHAPTER VII

ENHANCED SUPERVISION – RESOLUTION MEASURES –

APPOINTMENT OF COMMISSIONER – SPECIAL LIQUIDATION OF CREDIT INSTITUTIONS

Article 136

Capital increase

1. For the purposes of Articles 52(2) and (3), 90(5) and 94, the Bank of Greece may issue a decision requiring a credit institution and its Board of Directors to increase its capital within a specified time limit subject to specific conditions laid down in such decision. The decision shall determine the minimum amount of additional capital needed to bring the credit institution's own funds in line with capital requirements under Article 92 of Regulation (EU) 575/2013. The said decision may also provide that the shares to be issued will be preference shares and specify the privileges attaching to such shares, as well as lay down the conditions and procedures that the credit institution and its shareholders must follow for the completion of the increase within the fixed time limit. If necessary for the capital increase to be successful, it may also be required to reduce the par value of its outstanding shares simultaneously with the capital increase.

2. Within three (3) working days from notification of the decision referred to in para. 1 above, the credit institution shall announce to the Bank of Greece the measures it has taken or plans to take in order to comply with such decision, as well as the relevant timeframe. If the Board of Directors of the credit institution fails to convoke the general meeting of shareholders, as required by the decision referred to in para. 1, or fails to decide to increase the capital despite having been authorised to do so, the Bank of Greece shall impose on each member of the Board of Directors who failed to act in order to convoke the general meeting of shareholders of the credit institution or to increase the capital, a fine of one hundred thousand to three hundred thousand euro (€100 – €300 thousand).

3. If the capital increase under para. 1 above is decided by the general meeting of shareholders, the quorum and majority requirements of Articles

29(1) and (2) and 31(1) of Law 2190/1920 shall apply. The quorum and majority requirements of Articles 29(3) and (4) and 31(2) of Law 2190/1920 shall apply to any exclusion or restriction of the preference right or to any capital reduction. Any stricter statutory provisions shall not apply. The time limit for the convocation of the general meeting and adjourned general meetings, as well as for the submission of documents to the supervisory authorities, shall be reduced to half of the time limits laid down in Law 2190/1920.

4. A decision of the general meeting of a credit institution made pursuant to a decision of the Bank of Greece under para. 1 may not be revoked.

5. The Board of Directors shall convoke the general meeting of shareholders of the credit institution, which shall convene within one (1) month from the said decision of the Board of Directors in order to authorise, subject to the quorum and majority requirements of Articles 29(3) and (4) and 31(2) of Law 2190/1920, the Board of Directors to increase the capital in accordance with Article 13(1) of Law 2190/1920 and exclude the preference right referred to in Article 13(7) of Law 2190/1920, in anticipation of a possible capital increase request under Article 140 below. Such authorisation shall be renewed every time before the expiry of its term. The report referred to in the second sentence of Article 13(10) of Law 2190/1920 shall be prepared and disclosed as required under Article 26(2) of Law 2190/1920 before the allotment of new shares pursuant to such authorisation. If the Board of Directors of the credit institution fails to convoke the general meeting of shareholders, as required by this paragraph, the Bank of Greece shall impose on each member of the Board of Directors who failed to act in order to convoke the general meeting of shareholders a fine of one hundred thousand to three hundred thousand euro (€100 – €300 thousand).

Article 137

Appointment of commissioner

1. The Bank of Greece may appoint a commissioner to a credit institution where:

- (a) any of the conditions of Article 19(g) and (h) of this Law are fulfilled;
- (b) a credit institution has seriously or repeatedly violated any provision of law or decision of the Bank of Greece, or its business progress gives rise to reasonable concerns about lack of prudent and sound management, in such a manner as to jeopardise the credit institution's solvency and depositors' interests, or constitute a risk to financial stability and undermine public confidence in the domestic financial system;
- (c) it appears that a credit institution does not have sufficient own funds, or is unable to meet its liabilities and other obligations as they mature or become due, and especially to safeguard the repayable funds entrusted to it by its depositors and other creditors; or
- (d) a credit institution requests the appointment of a commissioner.

2. The Bank of Greece shall appoint a commissioner to a credit institution where:

- (a) the credit institution has failed to take corrective action pursuant to Article 96(1) or has failed to implement a recovery or resolution plan despite being requested by the Bank of Greece under Article 66(3), (7) and (8);
- (b) the credit institution has failed to comply with the Bank of Greece's decision under Article 136(1) or (5); or
- (c) the credit institution has failed to comply with the decision referred to in Article 141(1) or the decision referred to in Article 142(1).

3. The commissioner shall assess the overall financial, managerial and organisational condition of the credit institution and use his best efforts to ensure its smooth operation, with the purpose to either achieve its recovery or prepare it for any of the resolution measures under Articles 140 to 142 or place it under special liquidation under Article 145.

4. The commissioner shall be chosen among persons of recognised standing, experienced in banking, and shall serve on a full-time basis. The

commissioner shall be subject to the confidentiality requirements of Article 54(1).

5. The decision of the Bank of Greece appointing a commissioner shall be promptly notified to the credit institution concerned and shall take effect as from receipt of the relevant notice. It shall also be notified to the Hellenic Deposit and Investment Guarantee Fund (HDIGF), the supervisory authorities of the other Member States and EBA. The decision appointing a commissioner shall not trigger the depositor and investor compensation scheme under Law 3746/2009 (Government Gazette A' 27) and Law 2533/1997 (Government Gazette A' 228).

6. As from the notification of the appointment of a commissioner to the credit institution, any act related to the credit institution's management shall be null and void unless collaborated with the commissioner. If the Bank of Greece, after a relevant proposal by the commissioner and/or on the basis of other data and information available to it, judges that the credit institution's operations cannot continue under the current management, it shall decide to assign its management to the commissioner. The decision referred to in the preceding sentence may be made simultaneously with the appointment of the commissioner.

7. The decision to appoint a commissioner may specify particular matters for which a decision or approval by the Bank of Greece is required and according to it the commissioner must take particular action or refrain from taking particular action in order to achieve the objective described in para. 3 above. No agreement or debt of the credit institution shall be annulled, terminated, accelerated, modified, or otherwise affected, and no prosecution against it shall be suspended solely by reason of the appointment of a commissioner.

8. The commissioner shall prepare and submit to the Bank of Greece the following reports:

(a) as soon as possible and in any event within thirty (30) days from the issuance of the decision appointing him, a report setting out an inventory of the

assets and liabilities of the credit institution; such report shall itemise the assets of the credit institution according to their different risk profiles and classify the non-performing loans;

(b) as soon as possible and in any event, unless otherwise agreed with the Bank of Greece, within sixty (60) days after his appointment, a report on:

(aa) the overall financial condition and future prospects of the credit institution, including a revised balance sheet and a preliminary assessment of the suitability of resolution measures under Article 139 and the possible impact on the position of shareholders and creditors from special liquidation; and

(bb) the proposed plan of action, which may include recommendations:

(i) to return the credit institution to compliance with the law by carrying out a plan of corrective actions, as well as a dividends' distribution policy;

(ii) on any other course of action designed to preserve financial stability and safeguard public confidence in the domestic financial system, including resolution measures under Article 139; and

(iii) on the preparation for special liquidation of the credit institution if there is no reasonable prospect for recovery or resolution of the credit institution.

The commissioner shall promptly provide any additional information or report requested by the Bank of Greece. The commissioner shall supervise the implementation of the action plan or implement it himself.

9. In case of implementation of this article, officers of the Bank of Greece, assisted by the law enforcement authorities according to the provisions of law, may secure the properties and offices of the credit institution. The management and staff of the credit institution shall make available to the commissioner all data or information pertaining to the credit institution upon request and shall assist the commissioner in the performance of his duties under the law and the decision of the Bank of Greece.

10. The commissioner, whether he simply participates in or fully assumes the management of the credit institution, may (a) arrange for the employment of independent legal or financial consultants and other staff to assist him; and

(b) take any legal action to protect the credit institution's interests, including by instituting any civil action seeking damages from the management or the staff of the credit institution that have caused it damage through their acts or omissions. All costs and expenses incurred in such civil action shall be borne by and charged to the credit institution.

11. If a commissioner has been appointed to a credit institution, the decision of the Board of Directors referred to in Article 136 shall be collaborated with the commissioner, in case of application of the first sentence of para. 5 of that Article, or shall be made by the commissioner himself, in case of application of the second sentence of para. 5 of that Article.

12. The commissioner shall be subject to control and supervision by the Bank of Greece, and shall only be liable for wilful misconduct or grave negligence. The fee and the overall costs incurred during the performance of the commissioner's duties shall be borne by the credit institution a commissioner has been appointed to, according to a relevant decision of the Bank of Greece. If the credit institution is unable to pay all or any of the above costs, the Bank of Greece may undertake such payment.

13. The commissioner shall be appointed by the Bank of Greece for a term not exceeding twelve (12) months. The term of appointment may be extended with a decision by the Bank of Greece for a period not exceeding six (6) months. Renewed terms may not exceed cumulatively eighteen (18) months. By decision of the Bank of Greece, the commissioner may be replaced or his mandate may be terminated. The appointment may be terminated before the expiry of the term under the first two sentences of this paragraph if the Bank of Greece determines that:

(a) the appointment is no longer necessary because the grounds for appointment of the commissioner under para. 1 have ceased to exist; or

(b) the credit institution cannot recover or be resolved.

In the latter case, the Bank of Greece shall decide to withdraw the authorisation of the credit institution under Article 19 and place it under special liquidation according to Article 145 below. If the commissioner's mandate is

terminated for a reason not relating to the credit institution's being placed under special liquidation, the commissioner shall continue to perform his duties until the appointment or election of a new Board of Directors.

14. When a court ruling questions directly or indirectly the lawfulness or validity of the election, formation, composition or operation of the Board of Directors of a credit institution, the Bank of Greece shall appoint a commissioner, who shall manage the credit institution according to the provisions of this Article for a period of three (3) to six (6) months, which may be extended.

15. A decision of the Bank of Greece may specify the conditions of implementation and regulate any specific matters under this Article.

Article 138

Extension of the time limit for the fulfilment of obligations

1. Following the appointment of a commissioner to a credit institution, when it faces severe liquidity constraints and it is likely that its own funds are insufficient, for the purpose of protecting its depositors and other creditors, the Bank of Greece may grant an extension of the time limit for the fulfilment of all or any of the credit institution's obligations by a time period of up to twenty (20) working days, which may be further extended once by a new decision of the Bank of Greece by another ten (10) working days.

2. The extension of the time limit for the fulfilment of obligations under para. 1 above shall not apply to obligations of the credit institution out of transactions in financial instruments on capital and/or money markets, as well as on the interbank market, including obligations to participants in any system, as defined in Article 1 of Law 2789/2000 (Government Gazette A' 21).

3. Throughout the above extension periods, the time limits and enforcement proceedings against the credit institution shall be suspended. The same shall apply to petitions for injunctions and for placing the credit institution under special liquidation.

4. The extension for the fulfilment of obligations that are or become past due shall end automatically upon expiry of the time limit specified in the decision of the Bank of Greece, and may be lifted by a new decision of the Bank of Greece prior to the expiry of the time limit specified in the earlier decision.

5. The extension for the fulfilment of obligations that are or become past due shall not trigger the depositor and investor/customer compensation scheme under Law 3746/2009 and Law 2533/1997.

Article 139

Conditions of activation of resolution measures

1. The Bank of Greece may, for the purpose of ensuring financial stability and strengthening public confidence in the domestic financial system, issue a decision imposing the resolution measures referred to in Articles 140-142 on any credit institution. Such resolution measures aim at safeguarding financial stability, minimising resolution costs and protecting depositors' and investors' interests as required by Law 3746/2009.

2. Relevant factors in respect of the abovementioned decision may include, beyond the ones referred to in Article 137(1)(a), (b) and (c) (appointment of commissioner), indicatively, the following:

(a) the need to stabilise a credit institution or to avert a threat of financial instability at a credit institution for the sake of systemic stability;

(b) the need to protect public confidence, in particular depositors' confidence, in the stability and smooth operation of the financial system;

(c) the need to prevent systemic risk or contagion, in the light of the conditions prevailing in the banking and the interbank markets.

3. The Bank of Greece shall adopt, as appropriate at its discretion, the proper resolution measures, assessing the following factors:

(a) the apparent inability of the credit institution to recover;

(b) the inability to take equivalent alternative measures in time to prevent the collapse of the credit institution;

(c) the expected impact on the financial system from the credit institution's inability to pay, taking into consideration especially:

(aa) the amounts of deposits with the credit institution and investors' claims thereon;

(bb) the nature and scope of obligations of the credit institution to other credit institutions, investment firms, UCITS and insurance undertakings; and

(cc) the credit institution's holdings in the share capital of firms referred to in (bb) above, as well as such firms' holdings in the capital of the credit institution;

(d) the need for the credit institution's shareholders, unsecured creditors and, subject to safeguarding financial stability, depositors not covered by Law 3746/2009 to suffer any losses from the resolution of the credit institution.

4. Without prejudice to any specific conditions, the imposition of resolution measures shall not be considered as an insolvency proceeding that could be relied upon by the credit institution's creditors. Any contractual clauses that are triggered in case of bankruptcy or insolvency or other credit event or any event equivalent to insolvency shall not be triggered by the imposition of resolution measures.

5. A decision of the Bank of Greece may specify the conditions of implementation and regulate any specific matters under Articles 139-144.

6. Where the Bank of Greece decides that the conditions for imposing a resolution measure on a credit institution are met, it shall notify its decision to the Hellenic Financial Stability Fund (HFSF). The Bank of Greece shall provide to the HFSF information on the condition of the credit institution, as well as any other information needed by the HFSF to prepare to use its funds in the resolution process or the recapitalisation of the credit institution. The Bank of Greece and the HFSF shall sign a memorandum of understanding specifying the information to be exchanged and other details of their cooperation in relation to credit institutions to which this article applies.

Article 140

Capital increase as a resolution measure

1. A commissioner appointed to a credit institution shall, by explicit order of the Bank of Greece, decide to increase the capital of the credit institution within a specific time period, subject to the terms and conditions laid down in the relevant decision. The second and third sentences of Article 136(1) shall apply to this capital increase.
2. Any pre-emption rights of the existing shareholders shall not apply during the implementation hereof.

Article 141

Order to transfer of balance sheet items

1. By decision of the Bank of Greece, balance sheet items of a credit institution may be transferred to another existing credit institution or other person (transferee). The balance sheet items to be transferred shall be determined in the decision referred to in the preceding sentence and may include rights, claims, obligations and/or contractual arrangements.
2. The credit institution shall transfer the balance sheet items specified in the transfer decision promptly and, in any event, before the start of the next working day. If the credit institution fails to transfer the balance sheet items specified in the transfer decision within the time limits set in the preceding sentence, a commissioner shall be appointed according to Article 137(2)(c), who shall transfer these balance sheet items according to the transfer decision without collaborating with the Board of Directors and before the start of the next working day.
3. The transferee shall, by a declaration in writing to the Bank of Greece, consent in advance to such transfer and to the consideration determined under para. 4 below. This declaration shall be an enforceable instrument in respect of claims of the transferor on the transferee to the consideration determined under para. 4 below. The Bank of Greece shall invite credit institutions or other persons that, in its opinion and in the light of the information available to it at the time, are suitable to acquire the transferred balance sheet items, to an

informal and confidential bidding procedure. Any credit institution or other person invited to bid and any members of the management, employees and consultants shall keep confidential the above procedure and any information obtained in the context of this procedure. The Bank of Greece shall impose on any person violating the confidentiality requirement of the preceding sentence a fine of no more than three hundred thousand euro (€300 thousand).

4. The bidding procedure, the determination of the consideration and the funding gap referred to in para. 13 below, and the transfer shall be based on a provisional valuation of the transferred balance sheet items. This valuation shall be conducted by the Bank of Greece based on conservative estimates of the fair value of these balance sheet items. Upon the issuance of the decision referred to in para. 1 above, the Bank of Greece shall assign one or two statutory auditors to prepare valuation report(s).

Within six (6) months from the issuance of the decision referred to in para. 1 above, the Bank of Greece, having regard to the valuation report(s), the current market conditions and the need to ensure the smooth operation of the financial system, shall conclusively determine the funding gap referred to in para. 13 below.

The conclusive determination of the funding gap by the Bank of Greece may be further adjusted in accordance with para. 15 below. If the submitted bids are judged unfavourable, the Bank of Greece shall decide either to transfer the balance sheet items to an interim credit institution established for this purpose under Article 142 or to an existing interim credit institution, or place the credit institution under special liquidation under Article 145.

In case of emergency, the bidding procedure, the determination of the consideration and the transfer shall be based on a provisional valuation of the transferred balance sheet items by the Bank of Greece, which shall immediately afterwards assign one or two statutory auditors to prepare valuation report(s). Within two (2) months from the issuance of the decision referred to in para. 1 above, the Bank of Greece shall conclusively determine the consideration,

having regard to the matters referred to in the second subparagraph of this paragraph.

The transfer decision shall also specify the time when the claim of the transferor to such consideration (if any) becomes due and payable and the payment conditions. The confidentiality requirement under para. 3 above and the provision on fines shall apply also to the statutory auditors. The balance sheet items to be transferred shall compulsorily include:

- (a) the credit institution's liabilities out of deposits, up to the limit referred to in Article 9 of Law 3746/2009; and
- (b) the credit institution's liabilities out of state and general government deposits. By decision of the Bank of Greece, further assets and liabilities of the transferor may be transferred if so required for the purposes of resolution. The balance sheet items to be transferred shall not include subordinated debts.

This paragraph shall also extend to cases where the funding gap had already been provisionally determined at the time of entry into force of Law 4093/2012 (Government Gazette A' 222).

5. Where appropriate, the transfer of certain balance sheet items shall be recorded free of any charges in the relevant public registers and records upon the request of the transferee. Article 479 of the Civil Code shall not apply. In order for the transfer to be valid and reliable upon vis-à-vis third parties that are the subjects of rights, obligations or contractual arrangements transferred to the transferee, no notification thereof or consent thereby shall be required. Pending legal proceedings that concern the balance sheet items transferred shall be taken over by the transferee without any interruption in the proceedings and without requiring a declaration of resumption of the proceedings.

6. Insofar as the transfer of any balance sheet items pursuant to a decision under para. 1 above is subject to foreign law, the transferee shall promptly take any action necessary for compliance therewith. Until such compliance is achieved, the transferor shall manage these balance sheet items on behalf of the transferee, subject to any specific instructions by the transferee.

7. Counterparties of the credit institution may plead any claim against the transferor for a netting against any claim transferred to the transferee in accordance with this article provided that the requirements for a netting were fulfilled prior to the transfer.

8. Claims based on security interests in property transferred under this article shall be raised against the transferee.

9. Where a transfer decision under para. 1 transfers a netting agreement, as defined in Law 3458/2006 (Government Gazette A94), or a financial collateral arrangement, as defined in Law 3301/2004 (Government Gazette A263), the transfer order shall transfer the whole of that agreement or arrangement.

10. Articles 4 and 5 of P.D. 178/2002 (Government Gazette A' 162) shall not apply in case of implementation of Articles 141 and 142, and employment contracts shall not be transferred.

11. Transfers of balance sheet items under this article shall not be subject to revocation under the Bankruptcy Code.

12. The issuance of the decision referred to in para. 1 above shall not trigger the depositor and investor/customer compensation procedure under Law 3746/2009.

13. The Bank of Greece, where the value of liabilities transferred to the transferee exceeds the value of transferred assets, shall determine the amount of the difference (funding gap), to be covered as follows: (a) the Deposit Section of HDIGF shall pay an amount equal to the value of covered deposits less the value of transferred assets; and (b) the Resolution Section of HDIGF shall pay the excess amount.

Two thirds of the funding gap shall be paid upon its provisional determination according to the first subparagraph of para. 4 and the balance shall be paid upon its conclusive determination according to the third sentence of para. 4 of this Article.

14. The credit institution subject to resolution measures shall place at the disposal of the transferee all its services and facilitate it in conducting effectively the business transferred to it under the transfer decision.

15. Within six (6) months from the issuance of the decision referred to in para. 1 above, the Bank of Greece may issue new decisions ordering the transfer of further balance sheet items or the transfer back of already transferred balance sheet items if this is in the interest of achieving the objective of Article 139(1).

The same decision shall accordingly adjust the funding gap of the resolved credit institution, having regard to the value of the balance sheet items at the time of issuance of the said decision (in the case of transfer of further balance sheet items) or to the value of the balance sheet items at the time of issuance of the decision referred to in para. 1 above (in the case of transfer back of already transferred balance sheet items).

16. In the case of transfer of deposits of a resolved credit institution under this article, the eight-day time limit for presenting cheques drawn on the transferred accounts which, according to Article 29 of Law 5960/1933 (Government Gazette A' 401), ended on or after the date of withdrawal of authorisation of the credit institution, shall start to run on the date that the transferee credit institution publishes in at least two daily political newspapers an announcement that it starts servicing the transferred accounts.

17. Article 9 of Law 3959/2011 (Government Gazette A' 93) shall not apply to business concentration resulting from the implementation of this article. The validity of juridical acts entered into under this article is dependent on the decision of the Hellenic Capital Market Commission issued according to the first sentence of Article 8(6) of that Law, within thirty (30) days from notification of such concentration. If this time limit lapses, the third sentence of Article 8(6) of Law 3959/2011 shall apply accordingly.

Article 142

Interim credit institution

1. By decision of the Minister of Finance, on a recommendation from the Bank of Greece, an interim credit institution may be established for reasons of public interest, to which all or some of the balance sheet items of the original

credit institution shall be transferred according to the procedure described in Article 141(5)-(12). Such decision shall specify the manner of payment of the share capital and the number and value of the new shares; appoint the first Board of Directors; lay down the new statutes; and arrange any necessary detail for the viable operation of the interim credit institution.

2. The decision referred to in para. 1 shall be recorded in the General Electronic Commercial Registry. Upon such registration, the interim credit institution shall acquire legal personality. This decision shall be communicated on the same day to the Bank of Greece, the HDIGF and the HFSF.

3. The interim credit institution shall be controlled by the HFSF according to the provisions of Law 3864/2010 (Government Gazette A' 119). If the HFSF ceases to exist, the interim credit institution shall be thereafter controlled by the Greek State.

The objective of the interim credit institution shall be to ensure the continuity of the core banking business and payment services of the original credit institution in order to maintain financial stability and ensure the protection of depositors and investors within the meaning of Law 3746/2009; to safeguard the value of the property transferred to it; and ensure its own smooth operation with a view to maximising its value before its shares can be sold within a reasonable time, as specified in Article 143 of this Law.

To achieve these objectives, the interim credit institution may be reorganised through any appropriate means, including, but not limited to, conversion, transfer order, merger, separation and division in line with competition law and without prejudice to EU state aid rules.

4. Upon the establishment of the interim credit institution, the authorisation of the original credit institution shall be withdrawn and it shall be placed under special liquidation in accordance with Article 145.

The interim credit institution shall be granted new authorisation by the Bank of Greece, and the provisions of Article 10(2) shall be waived. The obligations under Article 10(2) shall be performed by the interim credit

institution within an explicit time limit set for this purpose by the decision referred to in para. 1 of this Article.

The entire share capital shall be paid by the HFSF.

5. The interim credit institution shall be managed by the Board of Directors. The first Board of Directors shall comprise five (5) members. Within twenty (20) working days from the issuance of the decision referred to in para. 1, the Board of Directors shall convoke the general meeting of shareholders to elect a new Board of Directors in accordance with the provisions of Law 2190/1920. The second sentence of Article 4(2)(e) of Law 3864/2010 shall also apply to the members of the Board of Directors of the interim credit institution.

6. The balance sheet items to be transferred shall be specified in the decision referred to in para. 1 above, after the Bank of Greece has made the provisional valuation under Article 141(4). The first subparagraph of Article 141(4) shall apply accordingly.

The balance sheet items to be transferred shall include compulsorily:

- (a) the credit institution's liabilities arising from deposits, up to the limit referred to in Article 9 of Law 3746/2009; and
- (b) the credit institution's liabilities arising from state and general government deposits.

By decision of the Minister of Finance, on a recommendation from the Bank of Greece, the amount of transferred liabilities arising from deposits may be increased if so required for the achievement of the objectives of the interim credit institution. The balance sheet items to be transferred shall not include subordinated debts.

Within six (6) months from the issuance of the decision referred to in para. 1 above, the Bank of Greece may issue new decisions ordering the transfer of further balance sheet items or the transfer back of already transferred balance sheet items if this is in the interest of achieving the objectives of Article 139(1).

The same decision shall accordingly adjust the funding gap of the resolved credit institution, taking into account (in the case of transfer of further

balance sheet items) the value of the transferred balance sheet items at the time of issuance of the said decision or (in the case of transfer back of already transferred balance sheet items) the value of the balance sheet items at the time of issuance of the decision referred to in para. 1 above.

In all other respects, the provisions of Article 141(5) to (12) shall apply accordingly.

7. The Bank of Greece, where the value of the liabilities transferred to the interim credit institution exceeds the value of transferred assets, shall determine the amount of the difference (funding gap), to be covered as follows: (a) the Deposit Cover Scheme of the HDIGF shall pay an amount equal to the value of covered deposits less the value of transferred assets; and (b) the Resolution Scheme of the HDIGF shall pay the excess amount.

Two thirds of the funding gap shall be paid upon its provisional determination according to the first subparagraph of Article 141(4) and the balance shall be paid upon its conclusive determination according to the third subparagraph of Article 141(4).

The interim credit institution shall receive capital support from the HFSF in order to meet the capital requirements of Article 92 (EU) No 575/2013. Subsequently, the interim credit institution shall prepare a business plan setting out its strategy to ensure viable operation, safeguard and enhance its solvency and, generally, achieve its objectives, which (plan) shall be approved by the HFSF. This plan shall be equivalent to the business plan referred to in Article 10(1) and (2) of this Law.

8. The issuance of the decision referred to in para. 1 shall not trigger the depositor and investor/customer compensation procedure under Law 3746/2009 and shall not be considered as an insolvency procedure of the interim credit institution that could be relied upon by the creditors whose claims are transferred to the interim credit institution. Any contractual clauses triggered in case of bankruptcy or insolvency or other credit event or an equivalent to insolvency event shall not be triggered with respect to the interim credit institution, and the existence of the relevant conditions shall be determined in

the person of the interim credit institution, not the credit institution under special liquidation.

9. An interim credit institution established under this article may not operate for more than two (2) years. For reasons of financial stability, by decision of the Minister of Finance, on a recommendation from the Bank of Greece, this time period may be extended by two (2) more years.

Article 143

Sale of the shares of an interim credit institution

1. The sale of all the shares of the interim credit institution shall be carried out through an auction announced by the Board of Directors, following a valuation by an independent firm appointed by the Board of Directors.

2. The criteria for selecting the successful bidder shall be the bid price, the evaluation of the business plan, the suitability and financial solvency of prospective buyers and the preservation of jobs.

3. If the auction is unsuccessful, the Board of Directors may repeat it. In any event, the sale of the shares of the interim credit institution shall be completed within two (2) years after the issuance of the transfer decision and, in any event, within any period of extension of the operation of the interim credit institution under the decision referred to in the last sentence of Article 142(9). If the auction fails or such period lapses without any results, or by decision of the Minister of Finance on a recommendation from the Bank of Greece, which may be made at any time if the achievement of the objective of the interim credit institution has become impossible, the interim credit institution shall be dissolved automatically and liquidated according to Article 145. The liquidation proceeds corresponding to transferred balance sheet items of the transferor shall vest in the latter, after deducting any state aid received by the interim credit institution during its operation.

4. The Ministry of Finance, on a recommendation from the Bank of Greece, shall specify the criteria referred to in para. 2, the procedure and other conditions of the auction and award.

5. This article shall not apply to interim credit institutions controlled by the HFSF.

Article 144

Compensation

If any shareholder or creditor of a credit institution considers that, as a result of the implementation of any resolution measure under Articles 139-142, his financial condition has become worse than what would have been if the credit institution had immediately been placed under special liquidation before the implementation of such a measure, the said shareholder or creditor shall have the right to seek compensation from the State, in an amount that would restore him to the position he would have had if special liquidation had been carried out immediately. For the assessment of the financial condition of the institution before the implementation of resolution measures, in order to determine whether there has actually been such deterioration, the valuation report(s) referred to in Article 141(4) shall be taken into account and any state or central bank aid received by the credit institution shall be deducted.

Article 145

Special liquidation of credit institutions

1. Without prejudice to the provisions of Law 3458/2006 and Article 142 above:

(a) A credit institution may not be adjudicated bankrupt and no pre-bankruptcy resolution proceeding may be instituted against it.

(b) If a credit institution's authorisation is withdrawn according to Article 19 of this Law, the credit institution shall compulsorily go into special liquidation by decision of the Bank of Greece.

(c) During the liquidation process, a special liquidator (whether a natural or legal person) appointed by a decision of the Bank of Greece shall take over the credit institution's management. The same person may undertake the special liquidation of more than one credit institutions under special liquidation if

deemed necessary for facilitating the achievement of the objectives of special liquidation. In such case, special liquidations may be operationally unified, without prejudice to the independence of the legal persons under liquidation or the legal position of creditors. If the special liquidator, being a natural person, temporarily faces obstacles in performing his duties, he may be temporarily replaced by decision of the Bank of Greece.

(d) The special liquidator shall be subject to control and supervision by the Bank of Greece, which may replace him at any time.

Control and supervision shall aim at, indicatively: (a) effective management and liquidation of the assets and liabilities involved in the context of the strategy formulated by the special liquidator and approved by the Bank of Greece; (b) compliance with the law and the decisions of the Bank of Greece; and (c) monitoring of the special liquidation process through the submission of data and reports, as specified by a decision made under para. 2 below.

(e) As from the communication to the credit institution of the decision placing it under special liquidation, the credit institution may not accept deposits. The Bank of Greece may also restrict other operations of the credit institution under special liquidation.

(f) Pending completion of the liquidation procedure and with a view to protecting financial stability and strengthening public confidence in the domestic financial system, by decision of the Bank of Greece the liquidator may be forced to transfer balance sheet items of the credit institution under liquidation to another credit institution or to an interim credit institution under Article 142. In such case, the provisions of Article 141 shall apply accordingly.

(g) The special liquidator shall only be liable for wilful misconduct or gross negligence. He shall not be subject to personal arrest or incur any criminal, civil or other liability for debts incurred by the institution under liquidation prior to his appointment, irrespective of the time when such debts are confirmed. The special liquidator (if a natural person) or its legal representatives (if a legal person) shall not be subject to personal arrest or incur

any criminal, civil or other liability for debts incurred by the institution under liquidation prior to his appointment, irrespective of the time when such debts are confirmed. The preceding sentences shall also apply to the members of the Special Liquidation Committee referred to in Article 146.

(h) The remuneration of the liquidator and the liquidation costs shall be paid by the credit institution under special liquidation. If the credit institution is unable to pay all or part of the above costs, the Bank of Greece may undertake the relevant obligation.

(i) The provisions on the supervisory responsibilities of the Bank of Greece vis-à-vis the credit institution and the corresponding obligations of the latter shall not be prejudiced by its placement under special liquidation, and the supervisory role of the Bank of Greece and its supervisory responsibilities and powers to impose penalties shall be appropriately adapted to the objectives and needs of the special liquidation.

(j) The officers and staff of the credit institution shall assist the special liquidator, the special liquidation officers and the HDIGF, and shall follow the instructions and recommendations of the Bank of Greece to ensure the smooth liquidation of the credit institution and the safeguarding of public interest. In case of non-compliance, the Bank of Greece may impose on offenders, in addition to the penalties it can impose on the credit institution under the legislation in force, also a fine in favour of the Greek State of up to three hundred thousand euro (€300 thousand), to be doubled in case of relapse.

(k) As from the entry into force of Law 4021/2011, exceptionally, the balance sheet of the first year of a credit or financial institution under special liquidation supervised by the Bank of Greece may cover a period of more than twelve (12) months, which may not exceed twenty-four (24) months.

2. A decision of the Bank of Greece may specify the conditions of implementation of this article. Special liquidation shall be subject to the provisions of the Bankruptcy Code, on a supplementary basis and to the extent that they are not in conflict with the provisions of this article, as specified by the above decision of the Bank of Greece.

3. The financial instruments owned by the credit institution's customers, whether in physical or book-entry form, and held, directly or indirectly, by the credit institution and in respect of which the customers' claims are verified by entries in the books and records of the credit institution or by any other written evidence, as well as the contents of safe deposit boxes, shall be separated from the credit institution's assets and shall be restored to beneficiaries, unless:

(a) they have been pledged, in which case they shall be delivered to the pledgee; or

(b) the credit institution has an outstanding claim on the beneficiaries, in which case claims shall be netted.

4. If special liquidation of a credit institution involves senior claims on things or funds, Article 156 of the Bankruptcy Code shall apply, unless the relevant rights emanate from financial collateral arrangements, as defined in Article 2 of Law 3301/2004, in which case the collateral taker shall be satisfied through the collateral until full satisfaction, by exclusion of claims under Article 154 of the Bankruptcy Code, Article 13A(4) and Article 4(16) of Law 3746/2009.

5. If the number of creditors of a credit institution under special liquidation on whom service must be made exceeds one hundred (100), instead of serving on them instruments instituting court proceedings, the special liquidator shall at his expense announce the date, time and venue of the relevant hearing by posting this information on the websites of the credit institution under special liquidation and the Bank of Greece, and by having this information published once a week for three (3) consecutive weeks in two (2) daily newspapers with broad distribution, at least one of which is published in the location of the registered office of the credit institution under special liquidation. Every creditor shall have the right to receive from the special liquidator a copy of any instrument instituting court proceedings in electronic form and, upon request and at his expense, in paper form.

Article 146

Special Liquidation Committee

1. The Special Liquidation Committee established by Article 74(11) of Law 4172/2013 (Government Gazette A167) shall be composed of five members. The members of the Committee shall be appointed by decision of the Bank of Greece for a three-year term, which may be renewed once by another three years. The Committee members shall be reputable persons with at least ten-year experience in credit matters and NPL management, corporate and retail banking. The Committee members may be removed before the end of their term by decision of the Bank of Greece. The Bank of Greece shall provide secretarial support to the Committee.

2. The special liquidator shall request, by a reasoned and detailed application, the Committee's consent to the following transactions:

(a) Settlements, where the claim subject to settlement exceeds, according to the creditor, twenty thousand euro (€20 thousand), including principal, interest and costs. A settlement is defined as an arrangement providing for partial debt remission, including principal forgiveness.

(b) Loan forbearance, where the claim on the debtor exceeds two hundred and fifty thousand euro (€250 thousand), including principal, interest and costs. Forbearance is defined as an arrangement providing for extension of the loan repayment period or interest rate reduction. Forbearance may extend to terminated loan agreements.

(c) Sale of real estate, always by auction, as specified by the Bank of Greece under para. 5 below. Consent shall be granted prior to the auction and shall concern the first bid price. No consent of the Committee shall be required where the objective value of the real estate is less than one hundred and fifty thousand euro (€150 thousand) and the first bid price is equal to at least seven tenths (7/10) of the book value of the real estate.

(d) Sale of claims arising from loans, participations, shares, corporate stakes and bonds. No consent of the Committee shall be required where the book value of the asset to be sold is less than one hundred and fifty thousand euro (€150 thousand) and the first bid price is equal to at least seven tenths (7/10) of

the book value of the asset, or the asset is a security listed on a regulated market. Where the consent of the Committee is required, the sale shall be effected by auction, as specified by the Bank of Greece under para. 5 below. Consent shall be granted prior to the auction and shall concern also the first bid price.

3. The Committee shall meet and decide by a majority of all its members. A unanimous decision shall be required where (a) the claims referred to in para. 2(a) and (b) above exceed one million euro (€1 million); and (b) the book value of the asset to be sold under para. 2(c) and (d) above exceeds one million euro (€1 million).

4. The Committee members shall keep confidential its proceedings, and Article 54(8) above shall apply. Waivers of the confidentiality requirement under Article 54 shall apply accordingly.

5. The Bank of Greece may, by a decision, regulate matters relating to the *modus operandi* of the Special Liquidation Committee, the qualifications of its members, the payment of remuneration by the Bank of Greece, further conditions and formalities of transactions subject to the Committee's consent, and other specific issues and details of implementation of para. 2 above. The Bank of Greece may, at its discretion under Article 145(2), determine the conditions and formalities of transactions not subject to the Committee's consent.

CHAPTER VIII

OTHER PROVISIONS

Article 147

Supervisory costs

The Bank of Greece may determine that, in the performance of its supervisory tasks under this Law and its Statute, inspection costs shall be borne by the supervised credit and financial institutions. In such case, it shall determine the amount of costs, the criteria of variance by category of

supervised institution or inspected activity, the manner of collection of costs and any necessary detail for the implementation of this article.

Article 148

Amendments to the statutes of credit institutions

1. The procedure of approval of amendments to the statutes of credit institutions shall be governed by the applicable general provisions. Amendments concerning the activities of a credit institution, as well as any capital reduction or increase not fully paid in cash, whether or not effected by amending statutory provisions, shall be subject to approval by the Bank of Greece.
2. In the case of credit institutions operating as pure credit cooperatives under Law 1667/1986, as currently in force, prior approval of any amendment to their statutes by the Bank of Greece shall be required. Such approval shall be a condition of registration of the amended statutes in the registry provided for by law.
3. Credit institutions shall notify to the Bank of Greece all amendments not subject to its approval within ten (10) days from making the relevant decision.

Article 149

Redemption of cooperative shares

Any redemption of cooperative shares, including the cases of withdrawal or exclusion of members, resulting in a reduction, in the course of the financial year, of more than 2% in the own funds of a credit institution that has the form of a cooperative under Law 1667/1986, as defined in Article 92 of Regulation (EU) 575/2013 and Article 65 of this Law, shall be subject to prior approval by the Bank of Greece. In any event, the Bank of Greece may prohibit any redemption of cooperative shares if it jeopardises the viability of the credit institution operating as a credit cooperative.

Article 150

Interest accrual on loans or other credits

1. Credit institutions based in Greece shall cease to recognise on an accrual basis interest on loans or other credits extended, in any form, including claims from financial leasing under Law 1665/1986 (Government Gazette A194), after the lapse of a time period during which recognised interest on loans or other credits remains overdue, which may not exceed six (6) months with respect to loans to natural persons fully secured by real estate and three (3) months with respect to debts from other credits. After the expiry of the above time period, they shall only be allowed to carry out non-accounting calculation of interest, including any default and compound interest, where allowed, which shall be entered in accounting records if and when collected. In particular with respect to loans or other credit in the form of credit lines, as long as the accounted and uncollected interest adds to such lines' debit balances, there must be an at least equal amount of credit in these lines within three (3) months following the date when interest was entered in accounting records, in order for the interest accrual of loans or other credit to not stop.
2. Credit institutions referred to in para. 1 above may not extend new loans for the payment to it of overdue interest resulting in suspension of the application of that paragraph, and may not forbear debts with an equivalent result, unless they enter into an agreement on overall forbearance of a borrower's debts based on a thorough study by the credit institution of the borrower's capacity to service the forborne debts on the basis of a specific time schedule. Credit institutions based in Greece may not capitalise interest unless this is provided for in the original medium- to long-term financing agreement or an overall forbearance agreement referred to in the preceding sentence.
3. The Bank of Greece is authorised to provide clarifying guidelines for the implementation of this article.
4. The provisions of paras. 1, 2 and 3 of this article shall not affect the preparation of the financial statements under the International Accounting Standards concerning credit institutions.

Article 151

Provision of collateral to the Bank of Greece

1. The Bank of Greece shall have a legal pledge on all the assets deposited compulsorily or optionally as collateral to the Bank of Greece by credit institutions, in order to cover all its claims in the context of the conduct of monetary policy and transactions through payment and over-the-counter clearing systems. If these claims are not fully secured by the value of the collateral, debtors shall promptly post additional collateral.
2. The assets secured by a pledge by a credit institution in favour of the Bank of Greece or any other central bank of the Eurosystem shall secure as a variable pool all their claims on the credit institution in the context of the conduct of monetary policy or provision of intraday liquidity. In such case, the credit institution may not, without the consent of the pledgee central bank, withdraw and/or further dispose the pledged assets.
3. The notice to a debtor announcing the mobilisation by a credit institution as collateral, of the claims of the credit institution arising from a loan or credit extended to the debtor, in favour of the Bank of Greece or any other central bank of the Eurosystem in the context of the conduct of monetary policy or provision of intraday liquidity, shall be senior to any other later notice of creation of a security interest in claims out of the same loan or credit, no matter how such notice is given, including through publication under Law 2844/2000 (Government Gazette A220).

Article 152

Covered bonds

1. Credit institutions may issue covered bonds in accordance with the provisions of this article and, on a supplementary basis, Articles 1-9, 12 and 14 of Law 3156/2003 (Government Gazette A157).
2. The representative of bondholders shall be a trustee, which may be a credit institution or a credit institution's affiliate, as defined in Article 42e(5) of

Law 2190/1920 or Article 1 of Directive 83/349/EEC, that provides its services legally in the EEA.

Unless otherwise specified under the conditions of the bond loan, the trustee shall be liable towards bondholders for wilful misconduct or grave negligence.

3. The cover pool may comprise claims arising from loans and credits of any nature and, on a supplementary basis, claims arising from financial derivatives (including, but not limited to, interest rate swaps), deposits with credit institutions and securities, as specified in a decision of the Bank of Greece. The same decision shall lay down the ratio of the value of the underlying assets to the value of the covered bonds upon issue, the manner of valuation of such assets, as well as the control ensuring the adequacy of the cover throughout the maturity of the bonds. A different ratio may be determined according to the type of assets in the cover pool, in particular the type of underlying loans or credits.

4. The cover shall be legally pledged to the bondholders and other creditors the claims of which are linked to the issue of the bonds (such as, indicatively, claims from financial derivatives linked to the bond issue, claims of the trustee to its agreed fees and expenses, claims of any guarantors, claims of any manager of the loans), and which are mentioned as secured lenders in the bond issue schedule. If any of the assets in the cover pool of the bonds are governed by foreign law, a security interest therein shall be created in favour of the bondholders and other secured creditors according to the provisions of the relevant foreign law.

The schedule may provide that the same collateral secures bondholders and/or other creditors the claims of which are linked to bonds of a different issue or series, and may specify any relevant matter, such as, indicatively, the relationship between them, the manner and seniority of satisfaction, their organisation and representation by way of derogation from Articles 3 and 4 of Law 3156/2003, provided that foreign law is not chosen. More than one trustees may be appointed, whether joint or by series or by issue.

5. The claims included in the cover pool shall be listed in a document signed by the issuer and the trustee and registered in summary form that includes its substantial points, according to Article 3 of Law 2844/2000. Likewise, claims in the cover pool may be replaced with other claims, or further claims may be added to the cover pool.

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

In case of bankruptcy of the issuer, the bondholders and other creditors secured by the collateral shall be satisfied, for the part of their claims not paid by the cover, out of the remaining estate of the issuer, like unsecured creditors.

7. From the registration of the document referred to in para. 5 of this article onwards, the validity of the issue of the bond loan, of the mobilisation of collateral and of any security interest governed by foreign law, of the payments to the bondholders and other creditors secured by the collateral, as well as of the conclusion of any agreement relevant to the issue of the covered bonds shall not be affected by the initiation of insolvency proceedings, as defined in Law 3458/2006, against the issuer.

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

9. The bond issue schedule may specify that either from the outset or upon occurrence of certain events, such as, indicatively, initiation of insolvency proceedings against the issuer, the trustee may assign or take up the collection and overall management of the assets in the cover pool by applying accordingly Article 10(14)-(16) of Law 3156/2003.

The trustee may also, according to the conditions of the schedule and the terms of his relationship with the bondholders, sell and transfer assets in the cover pool either by applying accordingly Articles 10 and 14 of Law 3156/2003 on loan securitisation or by applying the general provisions, and use the net proceeds from the sale to pay the claims secured by the collateral, by

way of derogation from Articles 1239 and 1254 of the Civil Code and any other contrary provision of law. For the implementation of the preceding sentence and by way of derogation from Article 10(2) of Law 3156/2003, the transferor need not have permanent establishment in Greece.

In case of the issuer's insolvency, the Bank of Greece may appoint an administrator, regardless of the powers it may assign to a commissioner or liquidator under Articles 137 and 145 above, if the trustee does not do so. The proceeds from the collection of the pledged claims and the sale of the other assets subject thereto shall be applied towards the repayment of the bonds and the other claims secured by the collateral according to the terms of the bond issue.

The provisions of Article 10(20)-(22) of Law 3156/2003 shall apply accordingly to the sale, transfer, collection and generally the management of assets in the cover pool.

10. Bonds issued by a special purpose vehicle based either in Greece or in an EEA Member State that acquires claims arising from loans and credits of any type from a credit institution based in Greece according to the provisions of Articles 10 and 14 of Law 3156/2003 on securitisation may be assimilated with covered bonds, provided that the credit institution guarantees irrevocably, being liable as self-debtor on first demand, without any limitation of amount, time or otherwise, the total of claims of bondholders and other creditors the claims of which are linked to the bond issue.

In addition, in order for the bonds issued by the special purpose vehicle to be assimilated with covered bonds, the conditions of the decision of the Bank of Greece to be issued under para. 3 above in relation to the value of the bonds and the value and kind of assets of the special purpose vehicle must be fulfilled.

The other paragraphs of this article shall also apply accordingly in this case.

11. The covered bonds may be listed on a regulated market within the meaning of Article 2(10) of Law 3606/2007 and Article 4(14) of Directive

2004/39/EC, as well as be sold by public offering according to the relevant provisions.

12. In case that a credit institution based in an EEA Member State issues under foreign law bonds classified according to that law as covered bonds, the issuer may pledge claims governed by Greek law to the bondholders and other creditors the claims of which are linked to the issue of the bonds by applying accordingly paras. 5, 6 and 8 of this article and Article 14 of Law 3156/2003.

13. Credit institutions may issue covered bonds according to the provisions of this paragraph, Article 14 of Law 3156/2003 and, accordingly, the other provisions of this article.

Covered bonds under this paragraph shall be secured through a guarantee provided by the legal representative of the special purpose vehicle based in Greece or another Member State of the EEA, which shall be liable irrevocably and unconditionally, at first demand and as self-debtor, without any limitation of amount, time or otherwise, for the total of bondholders' and other creditors' claims linked to the bond issue.

The exclusive objective of the guarantor of covered bonds shall be to acquire claims and securities referred to in para. 3 above, as well as to provide a guarantee to secure claims of any nature according to the conditions of the covered bonds schedule.

The acquisition of any kind of claims and securities sold, the management of any claims and securities and the collection of the claims of the special purpose vehicle shall be governed by the provisions of Article 10(2)(a) and (b), (6)-(17) and (20)-(22) of Law 3156/2003, applying accordingly.

If the special purpose vehicle referred to in the preceding paragraph is based in Greece, it shall be a société anonyme governed by the provisions of Article 10(3), (4) and (5) of Law 3156/2003.

Claims of any nature arising out of the guarantee of covered bonds shall be secured by the claims acquired by the guarantor of covered bonds, which shall be secured by the pledge. The pledged claims shall constitute the cover of

the covered bonds. The creation and operation of the pledge shall be governed by the provisions of Article 10(18) and (19) of Law 3156/2003.

The cover may also include assets governed by foreign law according to the last sentence of para. 4 above.

14. By decisions of the Bank of Greece, other bond categories may be assimilated with covered bonds, provided that the supervision of their issuers is ensured, the provisions of the preceding paragraphs applying accordingly. Decisions of the Bank of Greece may also specify the duties of the trustee, the covers of the bonds referred to in this article and other collaterals by way of derogation from the provisions of the preceding paragraphs, as well as details of the implementation of this article.

Article 153

Measures, sanctions, secrecy, and other provisions on financial institutions supervised by the Bank of Greece

1. Without prejudice to the provisions of Article 55A of the Statute of the Bank of Greece and the specific legal provisions on the operation of the relevant category of financial institutions, the provisions of Article 19, Article 27(4), (5) and (6), Article 54, Article 55(3), Article 66(3), (4), (6) and (8), Article 90(5), Article 94, Article 96, Article 137(2) and (3), Articles 56-60 and 145 shall also apply to financial institutions subject to supervision on an individual basis by the Bank of Greece, according to the legislation in force.

2. Moreover, the Bank of Greece may, in case of violation by financial institutions referred to in para. 1 above of the legal provisions on the carrying out of their activities, suspend or withdraw their authorisation, as a result of which they shall go into liquidation.

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

4. Credit companies shall only be established and operate in the form of a Société Anonyme or a European Society (SE) under

Regulation No. 2157/2001 with their real and statutory head office in Greece. The main purpose of credit companies shall be to extend credit to natural persons for covering consumer and personal needs under the provisions applicable to credit extended by credit institutions. The Bank of Greece may lay down the terms and conditions on which such companies may carry out supplementary or similar activities in parallel with their main activity of extending credit.

5. In order for a credit company to be established and operate in Greece, special authorisation by the Bank of Greece shall be required, to be published in the relevant issue of the Government Gazette. The same shall apply to the transformation of an existing société anonyme into a credit company. In order to grant such authorisation, the Bank of Greece shall request and assess the same data and information required for the authorisation of a credit institution under this Law. The Bank of Greece may further specify the conditions of authorisation and set the minimum share capital payable for the establishment and operation of a credit company, as well as the amount of own funds. The said minimum share capital shall be fully paid in cash.

6. Shares in credit companies shall be registered. The Bank of Greece shall supervise and inspect the companies referred to in this Article and shall regulate by its Acts their governance arrangements and internal control systems. It shall also evaluate the partners, members of the Board of Directors and heads of functions of these companies by applying accordingly the provisions on credit institutions, and may further request any relevant data and information. The provisions of this Law regarding credit institutions shall apply accordingly to the concept and content of supervision, including the Bank of Greece's power to lay down general or company-specific rules.

7. The Bank of Greece may withdraw the authorisation granted to a credit company by applying accordingly the provisions of Article 19.

8. An Act of the Bank of Greece may regulate any necessary details for the implementation of this Article.

CHAPTER IX

**SPECIAL PROVISIONS ON THE HELLENIC CAPITAL MARKET
COMMISSION**

Article 154

Sanctions by the Hellenic Capital Market Commission

(Article 67 of Directive 2013/36/EU)

1. The Hellenic Capital Market Commission, where an undertaking referred to in Article 4(6) above:

(a) fails to report or provides incomplete or inaccurate data and information on compliance with the obligation to meet own funds requirements set out in Article 92 or 95 of Regulation (EU) No 575/2013 to the Hellenic Capital Market Commission in breach of Article 99(1) of that Regulation;

(b) fails to report or provides incomplete or inaccurate data and information to the Hellenic Capital Market Commission in relation to the data referred to in Article 101 of Regulation (EU) No 575/2013;

(c) fails to report or provides incomplete or inaccurate data and information to the Hellenic Capital Market Commission regarding a Large Exposure in breach of Article 394(1) of Regulation (EU) No 575/2013;

(d) fails to report or provides incomplete or inaccurate data and information on liquidity to the Hellenic Capital Market Commission in breach of Article 415(1) and (2) of Regulation (EU) No 575/2013;

(e) fails to report or provides incomplete or inaccurate data and information on the leverage ratio to the Hellenic Capital Market Commission in breach of Article 430(1) of Regulation (EU) No 575/2013;

(f) repeatedly or persistently fails to hold liquid assets in breach of Article 412 of Regulation (EU) No 575/2013;

(g) incurs an exposure in excess of the limits set out in Article 395 of Regulation (EU) No 575/2013;

(h) is exposed to the credit risk of a securitisation position without satisfying the conditions set out in Article 405 of Regulation (EU) No 575/2013;

(i) fails to disclose or provides incomplete or inaccurate data and information in breach of Article 431(1), (2) and (3) or Article 451(1) of Regulation (EU) No 575/2013;

(j) makes payments to holders of instruments included in the own funds of the institution in breach of Article 131 of this Law or in cases where Articles 28, 51 or 63 of Regulation (EU) No 575/2013 prohibit such payments to holders of instruments included in own funds;

(k) fails to have in place governance arrangements as required under Article 66 above;

(l) has appointed or failed to promptly remove persons not complying with Article 83 above,

shall impose by a decision administrative penalties and measures.

2. Without prejudice to Article 21 of Law 3606/2007 on withdrawal of authorisation of an investment firm, which may also apply to points (a) to (k) of the preceding paragraph, and taking into account the technical and implementing measures and decisions referred to in this Law, the administrative penalties and measures imposed by the Hellenic Capital Market Commission shall include:

(a) Administrative penalties

(aa) in the case of a legal person, reprimand or a pecuniary penalty of up to 10% of the total annual net turnover, including the gross income consisting of interest receivable and similar income, income from shares and other variable or fixed-yield securities, and commissions or fees receivable in accordance with Article 316 of Regulation (EU) No 575/2013 of the undertaking in the preceding business year;

(bb) in the case of a natural person, reprimand or an administrative pecuniary penalty of up to five million euro (€5 million);

(cc) administrative pecuniary penalties of up to twice the amount of the profits gained or losses avoided because of the breach where those can be determined.

Where an undertaking referred to in point (aa) of subparagraph (a) is a subsidiary of a parent undertaking, the relevant gross income shall be the gross

income resulting from the consolidated accounts of the ultimate parent undertaking in the preceding business year.

(b) Administrative measures

(aa) a public statement which identifies the natural or legal person or entity, and the nature of the breach;

(bb) an order requiring the natural or legal person responsible to cease the conduct and to desist from a repetition of that conduct;

(cc) a temporary ban against the persons referred to in Article 57(2) from exercising their duties in institutions;

(dd) in the case of points (a) to (j) of the previous paragraph, withdrawal of the authorisation of the investment firm in accordance with Article 21 of Law 3606/2007.

Article 155

Exchange of information – Hellenic Capital Market Commission

Article 76(13)(f) of Law 1969/1991 shall be replaced to read as follows:

“(f) For the exchange of information with the supervisory and competent authorities of the other EU Member States, EBA, ESMA and those of third countries, provided that the competent authorities of these states have taken due care to safeguard professional secrecy.”

CHAPTER X

FINAL – TRANSITIONAL PROVISIONS

Article 156

Transitional provisions

(Article 151 of Directive 2013/36/EU)

The provisions of Articles 44, 45, 46, 50, 51 and 52 shall take effect as from the effective date of the act that will be issued by authority of Article 460 of Regulation (EU) No 575/2013 by the European Commission. Until that date, the provisions of Articles 157-164 shall apply.

Article 157

Reporting requirements

(Article 152 of Directive 2013/36/EU)

1. The Bank of Greece, as competent authority of the host Member State, may, for statistical purposes, require that all credit institutions of other Member States having branches in Greece report periodically on the activities of these branches in Greece.
2. For the purposes of implementation of Article 161, the Bank of Greece, as competent authority of the host Member State, may require that branches of credit institutions from other Member States to provide the same information required by credit institutions authorised in Greece for that purpose.

Article 158

Measures and penalties on institutions authorised in other Member States

(Article 153 of Directive 2013/36/EU)

1. Where the Bank of Greece, as competent authority of the host Member State, ascertains that a credit institution based in another Member State and having a branch or providing services in Greece is not complying with this Law, it shall require the credit institution concerned to remedy its non-compliance.
2. If the credit institution concerned fails to take the necessary steps, the Bank of Greece, as competent authority of the host Member State, shall inform the competent authorities of the home Member State accordingly.
3. If, despite the measures taken by the competent authorities of the home Member State or because such measures prove inadequate or no measures were taken, the credit institution persists in violating para. 1 above, the Bank of Greece, as competent authority of the host Member State, may, after informing the competent authorities of the home Member State, take appropriate precautionary or correctional measures to prevent or to punish further breaches and, in so far as is necessary, to prevent that credit institution from initiating

further transactions in Greece. The Bank of Greece's decision imposing penalties shall also be served on the credit institution's branch in Greece.

4. Where the competent authority of the host Member State informs the Bank of Greece that a credit institution authorised in Greece that is active in its territory does not comply with the provisions of Directive 2013/36/EU, the Bank of Greece shall, without undue delay, take the appropriate measures to ensure the credit institution's compliance. The Bank of Greece shall notify these measures to the competent authorities of the host Member State.

Article 159

Precautionary measures

(Article 154 of Directive 2013/36/EU)

Before following the procedure provided for in Article 158, the Bank of Greece, as competent authority of the host Member State, may, in emergencies, take any precautionary measures necessary to protect the interests of depositors, investors and others to whom services are provided. The European Commission and the competent authorities of the other Member States concerned shall be informed of such measures at the earliest opportunity.

Article 160

Responsibilities of the competent authority in Greece as home Member State and host Member State

(Article 155 of Directive 2013/36/EU)

1. The prudential supervision of an institution or financial institution or undertaking referred to in Article 31 above, including that of the activities it carries out abroad in accordance with Articles 33, 38(1) and (2) and 42 of this Law or Articles 33 and 34 of Directive 2013/36/EU or Articles 31 and 33 of Law 3606/2007 or Articles 31 and 32 of Directive 2004/39/EC, shall be the responsibility of the Bank of Greece or the Hellenic Capital Market Commission or the competent authority of another Member State, as competent

authorities of the home Member State, without prejudice to those provisions of this Law or Directive 2013/36/EU or Law 3606/2007 or Directive 2004/39/EC which give responsibility to the competent authorities of the host Member State.

2. The provisions of para. 1 above shall not prevent supervision on a consolidated basis.

3. The Bank of Greece or the Hellenic Capital Market Commission shall, in the exercise of their duties under this Law, duly consider the potential impact of its decisions on the stability of the financial system in all other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time.

Article 161

Branch liquidity supervision

(Article 156 of Directive 2013/36/EU)

1. (a) The Bank of Greece shall supervise the liquidity of the branches in Greece of credit institutions authorised in other Member States in cooperation with the competent authorities of the home Member States.

(b) The Bank of Greece may, for the purposes of this paragraph, lay down rules of general application, provided that such measures do not provide for discriminatory or restrictive treatment based on the fact that a credit institution is authorised in another Member State and operate in Greece.

(c) The Bank of Greece may waive, as appropriate, all or any of the above rules with respect to branches in Greece of credit institutions authorised in other Member States provided that those credit institutions are committed to cover at all times in an equivalent manner the liquidity requirements of their branches in Greece.

2. Without prejudice to the measures necessary for the reinforcement of the European Monetary System, the Bank of Greece, as competent authority of the host Member State, shall retain complete responsibility for the measures resulting from the implementation of its monetary policy.

Article 162

Collaboration concerning supervision

(Article 157 of Directive 2013/36/EU)

The Bank of Greece or the Hellenic Capital Market Commission shall collaborate closely with the competent authorities of the other Member States in which the head offices of undertakings, referred to in Article 50(1) operating through a branch in Greece subject to its supervision, are situated, as well as with the competent authorities of the Member States in which institutions or financial institutions having their head office in Greece operate through a branch. The Bank of Greece or the Hellenic Capital Market Commission shall exchange with these competent authorities all information concerning the management, administration and ownership of such institutions or financial institution that is likely to facilitate their supervision and the examination of the fulfilment of the conditions for their authorisation, and all information likely to facilitate the supervision of such institutions, in particular with regard to liquidity, solvency, deposit guarantees, concentration risk, administrative and accounting organisation and internal control system.

Article 163

Significant branches

(Article 158 of Directive 2013/36/EU)

1. (a) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, may submit a request to the consolidating supervisor where Article 105(1) applies or to the competent authorities of the home Member State, for a branch of an institution established in Greece, other than an investment firm subject to Article 95 of Regulation (EU) No 575/2013, to be considered as significant.
(b) That request shall provide reasons for considering the branch to be significant with particular regard to the following parameters:

(aa) whether the market share of the branch in terms of deposits exceeds 2% in Greece;

(bb) the likely impact of a suspension or closure of the operations of the institution on systemic liquidity and the payment, clearing and settlement systems in Greece;

(cc) the size and the importance of the branch in terms of number of clients in the Greek banking or financial system.

(c) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, in cooperation with the competent authorities of the home Member State and the consolidating supervisor, where Article 105(1) applies, shall do everything within their power to reach a joint decision on the designation of a branch as being significant.

(d) If no joint decision is reached within two (2) months of receipt of a request under point (b) above, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall take its own decision within a further period of two (2) months on whether the branch is significant. In taking its decision, it shall take into account the views and reservations of the consolidating supervisor or the competent authorities of the home Member State.

(e) The decisions referred to in para. 1(c) and (d) above shall be set out in a document containing full reasons, shall be transmitted to the competent authorities concerned, and shall be recognised and applied by the competent authorities of the Member States concerned.

(f) The designation of a branch as being significant shall not affect the rights and responsibilities of the competent authorities under this Law and Directive 2013/36/EU.

2. The provisions of para. 1 above shall apply accordingly where the Bank of Greece or the Hellenic Capital Market Commission acts as consolidating supervisor or competent authority of the home Member State of an institution operating through a branch in another Member State.

3. (a) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall transmit to the competent authorities of a host Member State where a significant branch is established the information referred to in Article 110(1)(c) and (d) and carry out the tasks referred to in Article 105(1)(c) in cooperation with the competent authorities of the host Member State.

(b) If the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, becomes aware of an emergency situation as referred to in Article 107(1), it shall alert as soon as practicable the ESRB and the authorities referred to in Article 54(6)(a)(aa) and (dd) and (d)(aa), including the relevant authorities of the Member States concerned.

4. (a) Where Article 109 does not apply, the Bank of Greece or the Hellenic Capital Market Commission, as competent authority supervising an institution with significant branches in other Member States, shall establish and chair a college of supervisors to facilitate the reaching of a joint decision on the designation of a branch as being significant under para. 1(b), (c), (d), (e) and (f) of this article and the exchange of information under Article 54. The establishment and functioning of the college shall be based on written arrangements determined, after consulting the competent authorities concerned, by the Bank of Greece or the Hellenic Capital Market Commission. In this context, it shall be decided which competent authorities participate in the meetings or in the activity of the college.

(b) The above decision shall take account the importance for the other authorities involved, of the supervisory activity sought, which is the subject of planning and coordination. In particular, the potential impact on the stability of the financial system in the Member States concerned referred to in Article 160(3) and the obligations referred to in para. 1(b), (c), (d), (e) and (f) of this article should be taken into consideration.

(c) The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the home Member State, shall keep all members of the

college fully informed, in advance, of the organisation of such meetings, the main issues to be discussed and the activities to be considered. It shall also keep all the members of the college fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out.

5. The Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, shall participate in the proceedings of the colleges referred to in para. 4 above.

Article 164

On-the-spot checks

(Article 159 of Directive 2013/36/EU)

1. Where an institution authorised in another Member State carries out its activities through a branch in Greece, the competent authorities of the home Member State may, after having informed the Bank of Greece or the Hellenic Capital Market Commission as competent authority of the host Member State, carry out themselves or through an intermediary on-the-spot checks of the information referred to in Article 51. The communication of this information is allowed according to the conditions of Article 54.

2. The rights referred to in the preceding paragraph may be exercised by the Bank of Greece or the Hellenic Capital Market Commission as competent authority of the home Member State.

3. For the purposes of such on-the-spot checking of branches under para. 1 above, one of the procedures set out in Article 111 may also be followed.

4. The provisions of this article shall not affect the right of the Bank of Greece or the Hellenic Capital Market Commission, as competent authority of the host Member State, to carry out, in accordance with the provisions of this Law, on-the-spot checks on the activities of branches of an institution in Greece.

Article 165

Transitional provisions for capital buffers

(Article 160 of Directive 2013/36/EU)

1. This article regulates the requirements of Articles 122 and 123 for a transitional period between 1 January 2016 and 31 December 2018.
2. For the period from 1 January 2016 until 31 December 2016:
 - (a) the capital conservation buffer shall consist of Common Equity Tier 1 capital equal to 0.625% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013;
 - (b) the institution-specific countercyclical capital buffer shall be no more than 0.625% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.
3. For the period from 1 January 2017 until 31 December 2017:
 - (a) the capital conservation buffer shall consist of Common Equity Tier 1 capital equal to 1.25% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013;
 - (b) the institution-specific countercyclical capital buffer shall be no more than 1.25% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.
4. For the period from 1 January 2018 until 31 December 2018:
 - (a) the capital conservation buffer shall consist of Common Equity Tier 1 capital equal to 1.875% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013;
 - (b) the institution-specific countercyclical capital buffer shall be no more than 1.875% of the total of the risk-weighted exposure amounts of the institution calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.
5. The requirement for a capital conservation plan and the restrictions on distributions of profits referred to in Articles 131 and 132 shall apply during the transitional period between 1 January 2016 and 31 December 2018 for the

institutions that fail to meet the combined buffer requirement taking into account the requirements set out in paras. 2 to 4 above.

6. The designated authority may impose a shorter transitional period than that specified in paras. 1 to 4 above and thereby implement the capital conservation buffer and the countercyclical capital buffer from 1 January 2014. Where such a shorter transitional period is imposed, the relevant parties shall be informed, including the Commission, the ESRB, EBA and the relevant supervisory colleges, accordingly.

7. The designated authority may recognise any shorter transitional period imposed by other Member States. In such case, it shall notify the Commission, the ESRB, EBA and the relevant supervisory college accordingly.

8. Where a shorter transitional period for the countercyclical capital buffer is imposed, the shorter period shall apply only for the purposes of the calculation of the institution-specific countercyclical capital buffer by institutions that are authorised in Greece.

Article 166

Repealed and amended provisions

1. As from the publication of this Law, Law 3601/2007 (Government Gazette A178) shall be repealed, and any reference to it shall henceforth be understood as a reference to the provisions of this Law, according to the concordance set out in Annex 1 to this Law, or of Regulation (EU) No 575/2013.

2. The regulatory decisions issued by ministers or competent authorities by virtue of the provisions repealed by para. 1 above, provided that they are not in conflict with the provisions of this Law or of Regulation (EU) No 575/2013, shall remain in force until replaced with new regulatory decisions issued by authority of this Law.

3. Article 10(1), (2) and (3) of Law 3606/2007 shall be replaced to read as follows:

- “1. The share capital of an investment firm shall be at least one hundred and twenty-five thousand euro (€125 thousand).
2. The share capital of an investment firm dealing on own account, underwriting or placing financial instruments on a firm commitment basis or operating multilateral trading facilities shall be at least seven hundred and thirty thousand euro (€730 thousand).
3. The share capital of investment firms that provide one or more of the investment services and activities referred to in Article 4(2)(a), (b), (d) and (e) of Law 3606/2007 and are not authorised to provide the ancillary service referred to in Article 4(2)(a) of Law 3606/2007, and are not authorised to hold funds or securities of their clients and, hence, cannot have at any time debts to these clients shall be at least fifty thousand euro (€50 thousand).”
4. The words “cash transfer intermediaries” in Article 6(2)(a) of Law 3691/2008 (Government Gazette A’ 166) shall be replaced with the words “payment institutions”.

PART II

PROVISIONS ON IMPROVING MARKET OPERATION

CHAPTER I

PROVISIONS ON THE FINANCIAL SECTOR AND INSURANCE

MATTERS

Article 167

Amendments to Law 1667/1986

1. In the second sentence of Article 3(3) of Law 1667/1986 (Government Gazette A’ 196), the words “the number of one thousand five hundred plus one optional shares may be up to 2% of the total cooperative shares” shall be deleted and replaced with the words “the statutes may allow the acquisition of an unlimited number of optional shares by any partner”.
2. At the end of Article 3(6) of Law 1667/1986, a new point (c) shall be inserted to read as follows:

“(c) Optional shares may be issued without voting rights and with a preferential right, which shall consist of a right to receive a dividend that is a multiple of that payable on a common cooperative share. During the distribution of net profits and the liquidation proceeds, all cooperative shares shall be satisfied with the same seniority. For the making of a decision on the issuance of optional cooperative shares with preferential rights and the determination of the multiple dividend, the general meeting of members of the cooperative shall be in quorum according to Article 5(4) and the majority referred to in Article 5(6) shall be required.”

3. The sentences added by Article 26(2) of Law 3867/2010 (Government Gazette A' 128) at the end of Article 3(5) of Law 1667/1986 shall be repealed.

4. In the second sentence of Article 4(2) of Law 1667/1986, after the words “to the number of shares”, the words “with voting rights” shall be inserted.

5. After the fourth sentence of Article 7(1) of Law 1667/1986, the following sentences shall be inserted:

“The full-time executive members of the Board of Directors that effectively direct the business of credit cooperatives that operate as credit institutions need not be members of the cooperative.”

6. In Article 8 of Law 1667/1986, new paras. 4 and 5 shall be inserted to read as follows:

“4. In credit cooperatives that operate as credit institutions, a nominations committee shall be established, composed of three members elected by the general meeting. The term of the members of the nominations committee shall be longer by one year than the term of the members of the Board of Directors. The same person may not hold an executive position and a seat in the nominations committee of a credit cooperative that operates as a credit institution.

5. The nominations committee’s mandate shall be to prepare a list of nominees for executive members of the Board of Directors that will effectively manage the business of the cooperative. Nominees shall meet the minimum eligibility criteria, as laid down by law and the relevant decisions of the Bank

of Greece. At least two (2) months before the general meeting of members of the cooperative to elect one or more of the above executive members of the board of directors, the list shall be submitted to the Bank of Greece for prudential supervisory assessment and approval of the nominees' suitability. The list shall contain at least twice as many nominees as the members to be elected. If any of the nominees is judged unsuitable by the Bank of Greece and the number of nominees judged suitable is less than two times the number of members to be elected, the nominations committee shall, within fifteen (15) days from notification of the Bank of Greece's negative judgment, submit a supplementary list. This procedure shall be repeated until at least twice as many nominees as the members to be elected are judged suitable."

7. Within four (4) months from the entry into force of this Law, the Boards of Directors of credit cooperatives that operate as credit institutions shall call extraordinary general meetings of their members to elect the members of the nominations committee.

Article 168

Supplementation of provisions on credit institutions

1. Article 68 of Law 4150/2013 (Government Gazette A' 102) shall be replaced to read as follows:

"In case of transfer, regardless of time of occurrence, of assets and liabilities of branches in Greece of credit institutions based in other EU Member States to Greek credit institutions pursuant to a decision on resolution of the financial system made in the home Member State, the execution of a private document shall suffice, which shall be registered, where required, free of charges by the relevant public registries upon the request of the transferee. In this case, the transfer agreement, executed in the form of a private document, shall constitute legal title deed of the transferred assets and liabilities, without any further formality being required. No duty or tax shall be required where execution of a separate deed is needed in relation to the transferred assets and liabilities. Article 479 of the Civil Code shall not apply to such transfer. In

order for such transfer to be valid and to be relied upon against third parties that are the subjects of rights, liabilities or contractual arrangements transferred to the transferee credit institution, no notification to or consent by them shall be necessary. In case of provision of capital support by the HFSF in the context of such transfer, neither Article 7a(3) of Law 3864/2010 (Government Gazette A' 119) nor the provisions on warrants shall apply.”

2. In case of distribution of dividend for the year 2013, in the context of implementation of Article 1 of Law 3723/2008 (Government Gazette A' 250), distribution shall be limited to allotment of shares. These shares may not originate from a share buyback.

3. An amount of tax (including increments) certified following a tax audit of a credit institution that has gone into special liquidation by decision of the Bank of Greece, which (tax) concerns unaudited years prior to its going into special liquidation, may be set off against any credit balance of income tax arising from the implementation of Article 109(4) and (5) of Law 2238/1994 (which ceased to have effect on 31 December 2013) and corresponds to tax withheld on income taxed according to specific law provisions, including, but not limited to, interest earned abroad and interest on bonds issued by domestic corporations without a guarantee of the Greek government.

4. At the end of Article 8(5) of Law 3310/2005 (Government Gazette A' 107), a third sentence shall be inserted to read as follows:

“In particular for credit institutions recapitalised in accordance with Law 3864/2010 (Government Gazette A' 119), and entering into public agreements, the natural persons that have the capacities referred to in the first sentence and have their domicile in Greece shall be under the above obligation.”

Article 190

Entry into force

1. Articles 1-166 of this Law, including the legal provisions for delegating thereof, shall enter into force, starting from January 1, 2014, unless otherwise

specified in the individual provisions. By way of derogation from this provision Articles 57-59 and 154 shall enter into force from the publication of the law in the Official Gazette.

2. Notwithstanding paragraph 1 of this Article, the date of entry into force of Articles 121 to 124 and 126 to 132 shall start on 1 January 2016. In particular, the G-SII buffer of paragraph 4 of Article 124 shall apply gradually from the January 1, 2016 in the following way:

- a) 25% of that until December 31, 2016,
- b) 50% of that until December 31, 2017,
- c) 75% of that until December 31, 2018, and
- d) 100% of that from January 1, 2019.

3. Institutions shall apply the provision of Article 86(f) principles on remuneration awarded for services provided or performance from the January 1, 2014 onwards, regardless of date of the contracts being concluded.

4. The provisions of para. 4 of Article 178 shall apply from the time of entry into force of Article 7 of Law 4111/2013.

5. The entry into force of the other provisions specified in the publication of the law in the Official Gazette, unless otherwise specified in the individual provisions of.

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