

Hellenic Republic  
**Hellenic Capital Market Commission**

**Decision**  
of the Board of Directors  
34/586/26.5.2011

**Subject:** Application of due diligence measures in case of outsourcing or agency relationships

THE BOARD OF DIRECTORS OF THE  
HELLENIC CAPITAL MARKETS COMMITTEE

Taking into account:

1. Articles 23 and 25 paragraph 2 of law 3691/2008 (Government Gazette A' 166/5.8.2008)
2. Article 13 paragraph 2 of law 2166/1993 (Government Gazette A' 137), as amended by Article 18 paragraph 3 of law 2198/1994 (Government Gazette A' 43) and replaced by Article 39 paragraph 6 of law 2324/1995 (Government Gazette A' 146)
3. Article 90 of Presidential Decree 63/2005 (Government Gazette A' 98/22.4.2005) "Codification of laws for the government and government agencies"

DECIDES

Article 1  
**Definitions**

For the purposes of this Decision, the following definitions shall apply:

1. "Company" is the legal person supervised by Capital Market Commission and rises in the definition of the financial institution of article 4 paragraph. 3 of law 3691/2008.
2. "Institution providing the external service" is the legal person that is eligible according to the article of 23 of law 3691/2008, to which the

application of due diligence measures on behalf of the Company has been assigned.

3. “Outsourcing” is the agreement between the Company and the Institution providing the external service.
4. “Agent” is the legal person that is eligible according to the article 23 of law 3691/2008 and that applies due diligence measures, which otherwise would have to be applied by the Company itself.

## Article 2

### **Outsourcing - Agency relationships**

1. The Company can assign to an Institution providing the external service the application of due diligence measures, according to the conditions of articles 3 until 5.
2. The Company can assign to its agent the application of due diligence measures, according to the conditions of articles 3 until 5.
3. The responsibility for the application of due diligence measures from the Institution providing the external service or the agent lies with the Company.

## Article 3

### **Policy of Outsourcing - Agency relationships**

1. The Company adopts and applies as its internal procedure an outsourcing or agency policy, which includes at least:
  - (a) The description of activities that can be assigned to an Institution providing the external service or agent, as well as the needs and the objectives that the outsourcing or agency will serve.
  - (b) The evaluation of risks eventually included in entrusting of activities to an Institution providing the external service or agent and the adoption of mechanisms for the control of these risks. The factors that should be taken into consideration at the evaluation of risk include the importance for the Company of the assigned activity, the existence of alternative Institutions providing the external service for the particular activity, the time and cost that is required for taking back the activity by the Company or outsourcing it to another Institution providing the external service or agent in the event of breach of contract by the already contracted Institution providing the external service or agent and the possibility of insurance cover for the total or part of the undertaken risks.

(c) The procedures of choosing of the Institution providing the external service or the agent. The Company checks the appropriateness, the legality of activation, as well as the sufficiency of the Institution providing the external service or the agent with regard to his economic situation and the application of sufficient processes of operation and control, so that she ensures that the Institution providing the external service or the agent is in position to provide the required quality of services.

(d) The measures that should be taken by the Company in case it realizes that the Institution providing the external service or the agent does not execute promptly the operations that have been assigned to him.

#### Article 4

##### **Setting a Contract**

The Company sets a contract with the Institution providing the external service or the agent, in which the rights and the obligations of the two contracting parts are described analytically and it includes at least:

(a) The explicit determination of activity that is assigned, the quality of services provided by the Institution providing the external service or the agent, the way of evaluation of output of the Institution providing the external service or agent, as well as the consequences from not fulfilling the agreed terms.

(b) The obligation of the Institution providing the external service or the agent to go by the rules of behavior in effect and codes of conduct.

(c) The obligation of the Institution providing the external service or the agent to show clearly during the implementation of the assigned activity that it acts on behalf of the Company, so that it does not create the impression that it acts for its own account in order that the relation and the obligations of the Company against its customers are not altered and the terms under which the Company received its license to operate are not offended.

(d) The observation of obligation of confidentiality referring to the information that concerns the Company and its customers.

(e) The description of procedures of internal control, drawing of emergency plan, as well as the remaining measures of risk management that the Institution providing the external service or the agent is obliged to observe.

(f) The possibility of the free access of Company to the financial reports, the reports of the internal and external auditors, as well as the files or other information of the Institution providing the external service or the agent, that concern the assigned activity, so that the smooth implementation of outsourcing or agency relationships is ensured and the continuation of activity is unhindered.

(g) The possibility of Capital Market Commission of having direct access in the elements that concern the assigned activity and of conducting on - site audits at the Institution providing the external service or the agent, so that the observation of obligations of the Company is ensured, according to the institutional framework in effect.

(h) The providing of required elements or information, so that the Company is in position to keep the files concerning the assigned activity, so that the control of the application of due diligence measures is rendered feasible for the internal and external auditors of the Company, as well as for the Capital Market Commission.

(i) The way of handling of eventual disagreements, modifications of the initial contract, as well as interruption of collaboration between the Company and the Institution providing the external service or the agent.

(j) The obligation of the Institution providing the external service or the agent to notify the Company about every development that can influence substantially its ability to practice effectively the operations that have been assigned to it and to be in accordance with the legal frame in effect.

(ja) The provision that the Institution providing the external service or the agent does not have the right to assign the implementation of all or part of the duties that have been assigned by the Company to another legal person or individual.

## Article 5

### **Risk Management Program**

The Company adopts total risk management program that entails the entrusting of activities to the Institution providing the external service or the agent, which includes at least:

(a) The permanent follow-up of the Institution providing the external service or the agent and procedures of completing the assigned activities, with particular accent to the procedures of internal control and emergency, as well as his evaluation based on predetermined qualitative and quantitative criteria. The observation of the contract and the application of the relative procedures are under the control of the internal auditor of the Company.

(b) Drawing of an emergency plan concerning the regaining of the assigned activity by the Company or entrusting it to another Institution providing the external service or agent, in the event that the already contracted Institution providing the external service or the agent is not in position to achieve his conventional obligations in a way that would ensure the orderly operation of the Company.

Article 6

**Final Provisions**

1. This decision is in effect from its publication in the Government Gazette.
2. The provisions of the present decision do not cause expense to the Government Budget.
3. This decision is to be published in the Government Gazette.