

Φ09222/8103-6/9

HELLENIC REPUBLIC
HELLENIC CAPITAL MARKET COMMITTEE
PLLE

POSTED ONLINE

Circular no. 49

Subject: Location and report to the proper Authority as per article 7 of law 3691/2008 of transactions creating suspicions of tax evasion and/or money laundering from it, and typology of suspicious and unusual transactions related to the basic crime of tax evasion (article 77 par.1 of law 3842/2010)

A.Diligence details

- 1) In the report of the high risk clients as prescribed in case (f) of paragraph 1 of article 10 entitled «Provision of Information» of the decision 1/506/8.4.2009 of the Board of Directors of the Capital Market Committee, the number of clients will distributed depending on the types of high risk clients, as described in paragraph 6 of article 2 of the decision 1/506/8.4.2009, currently in force.
- 2) The sources and the size of incomes of the natural entity client are verified by virtue of the tax statement, and those of the legal entity client are verified by virtue of the submitted tax statement, except for the cases of the non-liable for submitting tax statement, as they are verified by virtue of other documents from reliable sources that will be reviewed as appropriate. (Par.8, article 2 of the decision 1/506/8.4.2009, currently in force).
- 3) The business relations and transactions that involve an increased risk of tax evasion also have to be included in the high risk category (paragraph 6 of article 2 of the decision 1/506/8.4.2009, as currently in force).

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The Companies show increased diligence, review very carefully the transactions and apply additional procedures of continuous monitoring of business relations and transactions of natural or legal entities, which, according to special criteria determined by the Companies, involve an increased risk of commission of tax evasion or money laundering of the benefit resulting from that offence.

To determine the risk of tax evasion of their clients, the Companies take into account the following data:

- Income source of a natural entity (e.g. self-employed, salaried services, occupation etc)
- line or type of business of the client
- legal status and country in which the legal entity has its registered office
- number and extent of deposits and withdrawals in cash in the investment accounts of the client
- significant deviation of the financial/transactional profile of the client in relation to the funds he/she deals (par.8 of article 2 of the decision 1/506/8.4.2009, as currently in force)
- clients for whom a request to provide details or to order provisional measures, as well as details of their first-degree relatives and close partners, has been received from tax, customs, judicial or prosecution authorities
- published reports or studies or statistical data of the Bank of Greece, of proper public services or independent authorities (including the Authority as per article 7 of law 3691/2008) as well as recognized national or international organizations or research centres in relation to the incomes and the tax withheld declared or paid by the taxpayers in Greece,

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tax evasion mechanisms and suspicious transactions related to tax evasion.

B.Suspicious transactions/activities likely to connect with or to relate to tax evasion

1.A client not willing to produce a tax statement of a natural entity or to submit a tax statement of a legal entity as a prerequisite for the creation of his/her financial/transactional profile, despite the continuous notices on behalf of the Company.

2.There is information from an external source (local community, media, etc) that the client is involved with activities that are likely to connect with tax evasion or that his/her life style is disproportionately luxurious compared to the details resulting from his/her tax statement.

3.Deposits are made in the investment account of the natural entity client owner of a company that are not compatible with the extent of his/her declared income or the place of his/her residence, and as a result there are suspicions that those deposits are likely to connect with concealed sales of his/her company or other corporate affairs.

4.A great number of transactions are conducted in an investment account of the client for whom the Company has received requests from tax, customs, judicial or prosecution authorities, to provide details or to order provisional measures to safeguard the State, or to investment accounts of members of his/her family or close partners.

5.The transactional activity of the client for whom the Company has taken knowledge of the requests of the tax, customs, judicial or prosecution authorities to provide details to order measures to safeguard the State, is transferred to a new investment account that

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belongs to him/her or members of his/her family or close partners or to a company that he/she owns, runs or represents.

6.Successive investments in stocks that give a share are conducted, so as to show income, without however a real economic benefit to result.

7.Indications from the next tax statement of the client that only profitable transactions tables have been selected to state an increased tax-free income.

C.File keeping

1.The Companies keep (article 35 law 3691/2008) the following documents **for at least five years** from the expiry of the business relation with the clients, unless a provision of the law orders their keeping for a longer period:

- the details of certification and verification of the identity of the client at the time of the conclusion of any kind of contract
- the legalizing documents, the copies of documents by virtue of which the certification and the verification of the client's identity has been effected, as well as the original or copies of vouchers of any kind of transactions, the internal documents that regard the approvals or findings or recommendations for cases related to the investigation of the offences of article 2 of law 3691/2008, whether they have been reported to the Authority of article 7 of law 3691/2008 or not,
- the related correspondence with the clients
- a copy of the tax statement of a natural entity or, in case of a legal entity, of the submitted tax statement, where there are required in order to examine the origin of the funds (par.1f art.13 law 3691/2008).

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2.The Companies have procedures and systems of archiving (article 35 law 3691/2008) able to ensure for the above period the fast reproduction of information to identify and the transactions of clients, in order to respond without delay to a request of the Authority against the Money Laundering or other proper authority. Including but not limited to, the Companies are in the position to reproduce the following information:

- the certification of the identity of the holders of the investment account,
- the certification of the identity of the real holders of the investment account,
- the certification of the identity of the person that are entitled to deal with the investment account
- the legalizing documents of any kind of legal entities,
- the certification of the identity of the managers and the legal representatives that are authorized to deal with the investment account of a legal entity,
- the original vouchers and the respective supporting documents of the transactions,
- the details that regard the volume and the transactions conducted via the investment account,
- the origin of the money,
- the type and the amount of the transaction currency,
- the mode whereby the money have been deposited or withdrawn, namely cash, checks, e-wires, etc,
- the destination of the money,
- the written orders or instructions and authorizations of the clients.

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3.According to article 36 of law 3691/2008, the Companies apply to the companies of the group as well as their branches in other states, measures being at least equal to those prescribed for the safeguarding of the files and records. When the legislation of a third country, outside the European Union, does not allow the application of such measures, fully or partly, the Companies inform the Authority as per article 7 of law 3691/2008, the Central Coordinating Authority and the Capital Market Committee.

4.Instead of the obligation to keep supporting documents and vouchers in the natural form, it is possible to keep a file in electronic form. The Companies have the responsibility to certify the authenticity of the copies in hard copy that will be reproduced from the electronic file.

5.The circular no. 31/22.11.2006 of the Capital Market Committee ceases to be in force as of the issue hereof.

Athens, 28.11.2012

True translation of the attached document in Greek

Athens, 23/1/2018. Translated by Elina Tsagli