

Hellenic Republic
Hellenic Capital Market Commission

Decision
of the Board of Directors
1/506/8.4.2009

Subject: Prevention of the use of the financial system for the purpose of money laundering and financing of terrorism

The present English translation is an unofficial translation and is for informational purposes. The official Greek language version, published on the Government Gazette B' 834/6.5.2009, is the only official version of this text.

THE BOARD OF DIRECTORS OF THE
HELLENIC CAPITAL MARKETS COMMITTEE

Taking into account:

1. Articles 6 paragraphs (3)(d), (4) and (5), 13 paragraph (5), 17 paragraph (3), 22 paragraph (7), 23 paragraph (5), and 52 paragraph (3) of law 3691/2008 (Government Gazette A' 166/5.8.2008).
2. The 40 Recommendations of the Financial Action Task Force (FATF) on money laundering and the 9 Special Recommendations on terrorist financing.
3. Article 29 of law 1558/1985 titled "Government and Governmental Bodies", which was added by means of article 27 of law 2081/1992.

DECIDES

Article 1
Scope

1. This decision shall apply to the following companies (hereinafter the "Companies"):
 - (a) investment services firms
 - (b) investment intermediary services firms
 - (c) firms managing mutual funds

- (d) investment portfolio firms
- (e) firms managing real estate mutual funds
- (f) firms managing mutual funds on joint ventures

2. This decision shall also apply to officers, employees and generally to all the natural persons who provide investment services on behalf of the Companies.

Article 2

Due Diligence Measures

1. Identifying the customer and verifying the customer's identity is done on the basis of documents, data or information obtained from a reliable and independent source, according to the provisions of Annex I.

2. Companies are checking particulars of clients and potential clients against lists of suspicious persons issued kept on the basis of Directives and Regulations of the European Union and UN Security Council Resolutions. The list is completed by announcements of competent authorities, publications and other sources, for identifying suspicious persons.

3. Companies, in their written procedures stipulate the time of updating the documents required for the verification of the client's identity.

4. Companies may determine the extent of the due diligence measures on a risk-sensitive basis as well as the frequency of scrutinizing whether the transactions being conducted are consistent with the Companies' information about the customer. Risk assessment depends on:

- (a) the type of customer;
- (b) the business relationship with the customer, the purpose and planned type of the business relationship with the customer;
- (c) the investment services provided;
- (d) the financial instruments involved in the provision of services or the particular transaction and
- (e) the source of funds.

5. Companies shall classify their customers into at least two (2) risk classes on the basis of criteria reflecting probable risk causes. One of these risk classes must be the high risk class. This classification is done with a written risk analysis by client or group of clients with common characteristics.

6. All clients subject to the measures of enhanced due diligence, Politically Exposed Persons, offshore companies, companies of special purpose, companies with bearer shares (not listed in an organized market), non-residents, accounts opened without the physical presence of the client, accounts of associations of persons without lucrative purpose and entities

without legal personality, managing capitals or other groups of assets, shall be included in the high risk class.

7. Companies must be able to demonstrate that the extent of the measures is appropriate in view of the risks of money laundering and terrorist financing involved in each business relationship and transaction.

8. Due diligence measures as regards the clients comprise, among others, the creation of the financial/business profile of the client, including at least:

- the purpose on which the account is opened
- the foreseen amount that is to be invested
- the kinds of transactions that are to be concluded
- the bank account where the capitals are to be paid back
- the sources and the value of the client's income and assets
- the description of the professional and business activity of the client

9. Companies, beyond the client's identity and verification data provided by the third parties, must obtain directly from the client or the beneficial owner or even other sources any additional information required for the creation and updating of the financial/business profile of the client, according to the risk class.

Article 3

Time of application of Due Diligence Measures for existing clients

Companies shall also apply the due diligence procedures to existing customers, on a risk-sensitive customer basis, from time to time as well as extraordinarily at appropriate times. Appropriate times shall mean, *inter alia*, the following:

- (a) when the customer is carrying out an important, with regard to his status, transaction;
- (b) when an important change in the customer's data occurs;
- (c) when there are changes in the way the customer's account operates;
- (d) when the Company realizes that certain information about an existing customer is missing.

Article 4

Simplified customer due diligence

In the cases 1 and 2 of article 17 of law 3961/2008 the Companies shall, at least, collect the identity documents of legal representatives and all persons

authorized to handle the client's account as well as the minutes of the bodies that are competent to represent the client or manage the client's accounts.

Article 5

Legal Entities

1. When the customer is a legal entity, other than the companies mentioned in case a of paragraph 2 of article 17 of law 3691/2008, the Companies take the appropriate measures in order to verify the way the legal entity operates and who essentially controls such entity.
2. When a company with bearer shares is the customer, the Companies must, at least:
 - (a) verify the true identity and the financial condition of the company's beneficial owners before the opening of the account, by means of reliable and independent sources and
 - (b) if there is a change in the beneficial owners, examine the continuation of the business relationship
3. When an offshore company is the customer, the Companies, except for the measures provided in the previous paragraph, also take, when establishing into business relationships and especially when entering into the agreement for the provision of services, a statement from the customer in relation to the identity of the beneficial owner and relation between the beneficial owner and the customer, pursuant to the attached Annex II. The countries where offshore companies are set up will be specified by a decision of the Minister of Finance (1108437/2565/DOS- Govern. Gazette B1590/16.11.2005). The Company shall also apply due diligence measures to the beneficial owner.
4. When a legal entity or a non-profitable association is the customer, the Companies:
 - a) verify that the business scope provided in their articles of association is lawful
 - b) ensure that the business relationship or the transactions fall within the business scope provided in the customer's articles of association.

Article 6

Application of due diligence measures by third parties

Companies must establish in writing, with a well-founded report from the Compliance Officer, that the conditions of article 23 of Law 3691/2008 are met, if they have to rely on third parties for the verification of the identity of the beneficial owner.

Article 7

Suspicious or unusual Transactions or Activities

1. Companies must examine with special care any suspicious or unusual transaction applying measures of enhanced due diligence.
2. The outcome of monitoring the suspicious transactions shall be kept in writing or in electronic form for at least five years after the conclusion of business relationship together with all necessary documentation.
3. Companies apply additional procedures of ongoing monitoring of business relationships and transactions with clients from countries characterized as non-co-operative by FATF or countries failing to apply FATF recommendations.

Article 8

Compliance Officer

1. The Compliance Officer for the prevention of money laundering and terrorist financing, as provided for by article 44 of law 3691/2008, shall be responsible for the general supervision of the Company's compliance with its obligations concerning the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.
2. The Compliance Officer has, at least, the following duties:
 - (a) to receive from the Company's employees reports with information on suspicious or unusual transactions and on any event that could be an indication of money laundering or terrorist financing. Employees' reports must be well-justified and shall be registered in a special record, dated and signed;
 - (b) to assess and examine the information with reference to other available sources. The assessment of the information included in the reports submitted to the compliance officer for the prevention of money laundering and terrorist financing shall be drafted in a special form, which shall also be kept in the relevant file. If from the assessment there are strong indications or suspicions that money laundering or terrorist financing is taking place or has taken place or is attempted, then he must prepare a report to be submitted to the National Authority as soon as possible. If, as a result of his

assessment, he decides not to proceed with a report to the National Authority, then he must provide explanations, in the relevant file, for the reasons of his decision;

- (c) to act as the first contact with the National Authority both in the beginning and during the investigation of the case under review following the submission of a written report; to respond to all enquiries or clarifications requested by the National Authority; and to decide whether the enquiries/clarifications are directly related to the report submitted and if so to provide all information requested and co-operate fully with the National Authority.
- (d) to assess on a yearly basis the risks of existing or new customers, existing or new products or services and propose to the Board of Directors of the Company the adoption of certain measures with additions or changes to the systems and the procedures applied by the Company for the efficient management of such risks.
- (e) In the case of financial conglomerate, the largest company of the conglomerate must appoint one Compliance Officer for the monitoring of compliance with the law and the present decision by all companies of the conglomerate. To that effect, this officer co-operates, quarterbacks and exchanges information with the Compliance Officers of the companies of the conglomerate, appointed according to the above provisions.

Article 9

Internal procedures

1. Company's external auditors (regular or not) submit a report every three years, the latest in the month of June, assessing the adequacy and efficiency of the procedures on prevention of money laundering and terrorist financing. A copy of the report will be submitted to the Capital Market Commission.
2. The first report will be submitted in June 2009

Article 10

Providing Information

1. In case of change of the Compliance Officer or of important modifications in the procedures of internal control and communication, the Companies shall submit in writing to the Hellenic Capital Market Commission, within a period of 10 working days from the date of the change, the following:

- (a) the name and surname, the position and the date of the act of appointing the compliance officer as well the person acting as his substitute, and
- (b) copies of the internal control and communication procedures, established in writing, with the purpose of forestalling and preventing transactions related to money laundering or terrorist financing.

2. The Compliance Officer writes every year an Annual Report to the board of directors of the Company. The board assesses the Annual Report and, after approving it, submits it to the Hellenic Capital Market Commission within the month of June. The report shall include the following information:

- (a) Brief information on the important measures taken and the procedures adopted during the year;
- (b) Inspections carried out for the assessment of due diligence procedures when identifying the customers, as well as the scope of such controls (procedures, transactions, level of employees' training etc);
- (c) Any important deficiency and weakness observed, especially as far as the procedures of internal reporting of suspicious and unusual transactions or transactions of non-evident financial or lawful purpose, the quality of the reports and their timely performance are concerned and the acts and recommendations made for taking corrective measures;
- (d) The number of reports of suspicious and unusual transactions submitted by employees of the Company to the Compliance Officer, as well as the approximate time lap between the transaction and the dispatch of the report to the Compliance Officer;
- (e) The number of reports of suspicious and unusual transactions submitted by the Compliance Officer to the National Authority, as well as the approximate time lap between the delivery of the report to the employees of the Company and the dispatch of the report to the Public Authority;
- (f) The number of high risk customers with which the Company maintains business relationship as well as the number of those with which it interrupted its relationship and their respective countries of origin,
- (g) The training seminars the Compliance Officer has attended and their content;
- (h) Information concerning the education and training conducted for the staff during the year, mentioning the number of seminars attended, their duration, the number and the position of the employees that participated.

Article 11

Criteria for imposing sanctions

1. When determining a sanction imposed according to law 3691/2008, the following criteria must be taken into account:

- (a) the risk that the particular infraction of the legal provisions on money laundering and terrorist financing entails for the market integrity and investors,
- (b) any financial gains ,
- (c) the value of illegal transactions,
- (d) the degree of co-operation of supervised companies with the Capital Market Commission at the stage of investigation and auditing by the latter, and
- (e) if the perpetrator is recurrent in the breach of law 3691/2008 .

2. Conversely, factors that reduce the risk of the infraction and, thus, the amount of the fine, should also be taken into account. As, indicatively, is the intention to rectify the breach or omit it in the future.

ANNEX I

The identity card (either of a civilian or military) and the passport are considered to be documents that may be accepted for the purposes of verifying the customer's identity

The data required shall include, at least, the following:

	Natural Persons
i	Name, surname and father's name
ii	Current home address
iii	Home phone number
iv	Occupation
v	Office address and phone number
vi	Number of identity card or passport and relevant issuing authority
vii	Tax reference number
viii	Customer's signature sample

	Legal Entities
A	<p><u>Societes Anonymes and limited liability companies:</u> Submission of the copy of the Government Gazette- Societes Anonymes and Limited Liability Companies' Bulletin where a summary of the articles of association of the Societe Anonyme or the Limited Liability Company has been published, which includes, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> • The name, the seat, the purpose, the number of the members of the board of directors and the names of the managers of the Limited Liability Company, • The number and the date of the decision of the authority that approved the establishment of the societe anonyme or the number of the act of registration of paragraph 1 of article 8 of law 3190/1955 'about limited liability companies', • Any Government Gazette copies concerning any amendments of the articles of association relating to the above, • Identity data of the members of the BoD and of all the persons authorized to handle the account of the company.
B	Partnerships: Submission of a certified copy of the initial agreement establishing the legal entity, which is filed with the court of first instance and any amendments thereof.

C	Other Legal Entities: Submission of the legalization documents required in each case.

ANNEX II

VERIFYING THE IDENTITY OF THE BENEFICIARY

The undersigned, acting as legal representative of the company
.....
.....

hereby declare that (note an X):

- I am the beneficiary of the property of the company
- the beneficiary of the property of the company is:

Name and Surname:

.....

Address.....:.....

.....

.....

.....

.....

.....

Identity card/ Passport Data:

.....

The undersigned takes on the responsibility of informing the investment firm promptly for any change of the beneficiary or his data.

Date:.....

Name and Surname of the company's
representative:

Signature:
.....