



Banking Regulation

Second Edition

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Introduction

The international financial crisis has triggered major developments in the European banking sector both in terms of formation and regulation. Subsequently, amidst the fiscal crisis in the euro area that became manifest in 2010, the creation of a European Banking Union became the most significant objective of the EU political agenda. This objective led to the introduction of comprehensive EU legislation for the establishment of a Single Supervisory Mechanism, a Single Resolution Mechanism for unviable banks, a single deposit guarantee scheme and an enhanced single rulebook for the macro- and micro-prudential banking supervision that would implement the Basel III capital requirements. In turn, Greek banking law and supervision has been modified to a great extent in order to keep up and comply with the rigorous EU initiatives. In addition, in one of the early efforts to safeguard the Greek economy from the adverse effects of the global financial crisis, Greek law 3723/2008 introduced the “Hellenic Bank Support Plan” with the goal of strengthening Greek banks’ capital and liquidity positions.

Greek banks¹ although historically conservative and well-capitalised, have undergone particularly challenging conditions since the onset of the sovereign crisis in Greece: the successive downgrades of the credit ratings of the Hellenic Republic; the restructuring of the public debt through participation of the private sector (“PSI”); the uncertainty regarding Greece’s continued participation in the eurozone; the deterioration of the quality of the loan portfolios of Greek banks; and the banks’ lack of access to international capital markets have materially and adversely affected the liquidity of Greek banks.

Under the pressure of the above factors exercised on the stability of the Greek banking system and pursuant to the Hellenic Republic’s commitments to its institutional lenders, the Greek Government and the central Bank of Greece (“BoG”) were further pushed to adopt a series of measures to protect the financial stability and customer deposits, including: recourse to the emergency liquidity assistance mechanism (“ELA”); the banks’ required recapitalisation and the cost of restructuring the Greek banking sector; the rehabilitation of weak banks; and the obligation of all Greek banks to increase their capital base to a conservatively estimated adequate level. In this context, the European Commission, the European Central Bank (“ECB”) and the International Monetary Fund (“IMF”) offered guidance and assistance ensuring the consistency of the implementation of the reforms in the financial sector with the purposes of the First & Second Economic Adjustment Programme.

Under the provisions of the Greek Recapitalisation Law (law 3864/2010), the Hellenic Financial Stability Fund (“HFSF”) was established and funded with €50bn in order to facilitate and supervise the recapitalisation and consolidation of the banking sector and manage the holding of banking shares. The first banking recapitalisation took place in the period April to July 2013, after the Greek Government’s debt restructuring. HFSF contributed €25.5bn and ended up holding 81 to 95% of the total capital of all four systemic banks while the private sector contributed €3.1bn. The second recapitalisation took place in the period April to May 2014, raising €8.3bn from the private sector and resulting in the HFSF’s dilution.

Due to the state support received by the Greek banks, further commitments arising from the respective support schemes and the European Commission’s state aid decisions have shaped a special legal

and supervisory regime for the banking sector in Greece – even more demanding and challenging – placing the Greek banks under multiple supervision (SSM, ECB, BoG, HFSF, Hellenic Government, European Commission, Monitor Trustees acting on behalf of the Commission and liaising with the ECB observers, etc.), repetitive regulatory reviews and stress tests for confirming their capital adequacy and restructuring development. Under the latest stress tests run by the ECB in fall 2014, the Greek banking sector was declared adequately capitalised, and was to implement its restructuring plans under the strong EU rules of prudential supervision and regulation. After the latest elections in January 2015, whereby the radical left came to power, non-performing loans have peaked and it remains to be seen what will be the next episode in the reshaping of the Greek banking sector.

Recent regulatory themes and key regulatory developments

Considerable institutional and regulatory developments have taken place in the Greek banking sector due to the EU legislative measures establishing the European Banking Union (“EBU”). Such rules, among other things, lay down capital requirements for banks, regulate the prevention and management of bank failures and ensure better protection for depositors.

The two legal acts of the EU single rulebook that since 2014 have set forth the basic rules on prudential supervision of banking institutions in Greece are: Regulation (EU) 575/2013 on the prudential requirements of the financial institutions (“CRR”), directly applicable in the Greek legal system; and Directive (EU) 2013/36 (“CRD”) on the access to the activity and prudential supervision of financial institutions, the latter transposed in Greece by Greek law 4261/2014 (the “Banking Law”). These two legal acts, along with the Commission’s implementing acts and EBA Guidelines, aim to put in place a comprehensive and risk-sensitive framework and foster enhanced risk management amongst financial institutions.

Besides, the Single Supervisory Mechanism (“SSM”) became operative on November 4, 2014, placing the ECB as the central prudential supervisor of financial institutions in the euro area and in those non-euro EU countries that choose to join the SSM. From that day on, under the regulatory regime of Regulation (EU) 1024/2013 (“SSM Regulation”) and Regulation (EU) 468/2014 (“SSM Framework Regulation”) the ECB has direct supervisory competence in relation to the prudential and governance requirements over the four biggest banks in Greece that were considered as systemically important for EU financial stability. This development resulted in the total reformation of the supervisory banking system in Greece, since the ECB through its Supervisory Board and its Governing Council is exclusively competent for the supervision of the most substantial and core part of the Greek banking sector. The BoG retains its exclusive and direct supervisory powers on the very few remaining Greek banking institutions that are deemed less significant for the economy and financial stability of the EU.

In addition, harmonised rules have been adopted for the first time at EU level in the field of banking resolution. The Single Resolution Mechanism (“SRM”) for unviable credit institutions will complement the SSM and will ensure that a bank’s resolution is managed efficiently with minimal costs to taxpayers and the real economy. More specifically, the Bank Restructuration and Resolution Directive (“BRRD”) enshrines in binding rules the principle of bail-in and the no creditor worse off principle, and introduces both “crisis prevention” and “crisis management” measures. The Greek legal regime for banking resolution incorporates some of the general principles and the logic of the BRRD, reflected already in the seventh chapter of the Greek Banking Law and the new article 6a of the Greek Recapitalisation Law.

A European Single Resolution Fund (“SRF”) to fill in any funding gaps that might result from a bank’s resolution is provided for by Regulation (EU) 806/2014 and the Intergovernmental Agreement 8457/14 by 26 EU Member States. The SRF will be fully financed by banks’ contributions and built up over 8 years, reaching a target level of at least 1% of the amount of covered deposits of all authorised banks in the participating Member States.

On the contrary, the establishment of a single European deposit guarantee scheme as the third component of the EBU is not yet officially proposed by the Commission. However, Directive (EU) 2014/49 will regulate national Deposit Guarantee Schemes (“DGS”) and will repeal Directive 94/19, protecting depositors from bank failures and thus preventing panic withdrawals with severe economic

consequences. Depositors will continue to benefit from a guaranteed coverage of €100,000 in case of a bank bankruptcy backed by funds to be collected in advance from the banking sector. For the first time since the introduction of the DGS in 1994, the Directive imposes the financing requirements for the DGS. In addition, access to the guaranteed amount will be easier and faster.

The Hellenic Bank Support Plan and HFSF's establishment, operation and participation in the banks' share capital are considered as state aid regimes. Thus, under the EU state aid law and the respective European Commission ("Commission") state aid approval decisions, the Hellenic Republic undertook certain commitments on the corporate governance and the commercial operations of the recapitalised banks (the "Hellenic Republic Commitments") and the HFSF concluded with each of the four banks, in which the HFSH became shareholder, a Relationship Framework Agreement ("RFA") governing the relationship between the HFSF and the banks, ensuring the development and implementation of the restructuring plan of the banks, their efficient management and governance and determining the material matters for which the HFSF's consent is required (together the "State Aid Commitments"). As a result, the Greek regulatory system was further shaped due to the above emergency regime.

Regulatory architecture: overview of banking regulators and key regulations

Banking supervision

Under the SSM architecture described above, ECB is exclusively competent to authorise and withdraw authorisations of credit institutions established in Greece and assumes the prudential supervision of the four major Greek banks, i.e. National Bank of Greece, Piraeus Bank, Alpha Bank and Eurobank Ergasias. Within its competences, ECB shall ensure those four banking institutions' robust governance arrangements and internal control mechanisms, assess notifications of the acquisition and disposal of qualifying holdings in credit institutions, impose prudential requirements on credit institutions in the areas of own funds, liquidity, leverage risk and remuneration policies and carry out supervisory reviews and stress tests. The ECB exercises its tasks in cooperation with the BoG.

On the other hand, the BoG retains its full powers for the prudential supervision of the Greek banks that are deemed less significant for the economy and financial stability of the EU.

Moreover, the BoG remains competent for all the banking institutions established in Greece (systemically important or not) in the field of (i) prevention of the use of the financial system for the purpose of money laundering and terrorist financing ("AML"), and (ii) consumer protection.

Finally, the Hellenic Capital Market Commission ("HCMC") is competent for the supervision of the provision of investment services and activities by all Greek banks in relation to their compliance with MiFID provisions set out for the clients' protection.

Key banking regulations

The key legislation for Greek banks includes CRR on the prudential requirements of the financial institutions and the Banking Law on the access to the activity of credit institutions and prudential supervision of credit institutions which transposed CRD.

In regards to the supervision of the Greek banks, along with the Banking Law and the Statute of the BoG, the following EU Regulations apply: the SSM Regulation conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions, the SSM Framework Regulation establishing the framework for cooperation within the SSM between the ECB and the national competent authorities and with national designated authorities and Regulation (EU) 1093/2010 as in force establishing the European Banking Authority ("EBA").

Regulation (EU) 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund ("SRM Regulation") and the BRRD, as already explained above, shall also form in due time an integral part of the Greek banking regulation.

All the above Greek laws and EU Regulations are also accompanied and implemented by the more detailed Commission's, ECB's and BoG's regulations and decisions and the relevant EBA guidelines. Further important regulations that currently apply to the Greek banks are the emergency measures established by the Greek law 3723/2008 introducing the Hellenic Bank Support Plan in the form of

redeemable preference shares, state guarantees and debt instruments, and the Greek Recapitalisation Law establishing and regulating the HFSF, the manner in which the HFSF may recapitalise the banks and imposing certain restrictions and governance rules on the banks which have been recapitalised.

A special regime of emergency measures for tackling the crisis of the Greek real economy is also applicable and has been introduced by Greek law 3869/2010 on the restructuring of debt of individuals, Greek law 4307/2014 on the settlement of small businesses' and professionals' debts and Greek law 4224/2013 providing for the recently issued "Code of Conduct" by the BoG and offering solutions to both banks and debtors to deal with non-performing loans.

Moreover, the current banking legal framework also includes Greek law 3746/2009 regulating the Hellenic Deposit and Investment Guarantee Fund (transposing Directive (EU) 94/19), Greek law 3691/2008 on the prevention and suppression of money laundering and terrorist financing ("AML Law" – transposing Directives (EU) 2005/60 and 2006/70) and Greek law 3862/2010 on payment services and participation in credit institutions (transposing Directive (EU) 2007/64), as such laws are currently in force.

The MiFID law 3606/2007 that transposed the EU legal framework for Markets in Financial Instruments (MiFID) and the respective implementing HCMC decisions and guidelines constitutes an important part of the Greek banking regulation in relation to the provision of investment services and activities from banking institutions. It shall be noted that the MiFID II Directive and the respective Regulation (MiFIR) that will replace the MiFID I framework shall be applicable from January 2017.

Since the major Greek banks are in the form of a *Soci t  Anonyme*, codified law 2190/1920 on *Soci t s Anonymes* apply, as in force, and supplements the Banking Law. In addition, Greek banks whose shares are listed for trade on the Athens Stock Exchange are also subject to the applicable capital markets regulations including: Market Abuse law 3340/2005 (transposing Directive (EC) 2003/6); Prospectus law 3371/2005 on capital markets (transposing Directive (EC) 2001/34); Takeover Bid law 3461/2006 (transposing Directive (EC) 2004/25); and Transparency law 3556/2007 on certain reporting obligations of listed companies (transposing the transparency Directive (EC) 2004/109), along with their respective HCMC implementing decisions and guidelines.

Banking activities restrictions

Until December 2014 Greek laws imposed a temporary suspension for auctions of properties that are used as the primary residence of the debtors/guarantors, if their objective value did not exceed the amount of €200,000 and under certain income and property thresholds. There has already been a political commitment from the Greek Government on the prolongation of such auction suspension. In addition, under Greek law 3869/2010 on the restructuring of debt of individuals and Greek law 4307/2014 on the settlement of small businesses' and professionals' debts, a judgment may be obtained prohibiting enforcement procedures against debtors' assets for a certain time.

According to the State Aid Commitments, certain restrictions are imposed on aided banks' operations, including restrictions on the banks' governance, management and decision-making and restrictions on: (i) the payment of dividends or coupons on shares or titles classified as own funds; (ii) the exercising of a call option that would result in a decrease of the banks' regulatory (own) capital; (iii) repurchases of the banks' bonds and treasury shares; (iv) acquisitions of other companies; and (v) using the state aid measures granted to the banks for advertising purposes. The above restrictions may be lifted under certain prerequisites and if certain conditions set by the respective legal texts are met.

Furthermore, under the CRR provisions, a credit institution may not have a qualifying holding – the amount of which exceeds 15% of its own funds in an undertaking outside the financial sector. The total amount of a credit institution's qualifying holdings in such undertakings may not exceed 60% of its own funds.

In January 2014, the Commission published a proposal in the form of a draft regulation applying to the largest EU banks and groups, that includes a ban on proprietary trading (narrowly defined) and owning or investing in hedge funds, and gives supervisors the power to require separation of certain potentially risky trading activities from deposit-taking business, if the pursuit of such activities compromises financial stability.

Bank governance and internal controls

Chapter IV of the Banking Law, implementing the respective provisions of the CRD IV, requires the institutions to have robust governance arrangements, effective processes of risk monitoring and management, adequate internal control mechanisms, and remuneration policies and practices that are consistent with and promote sound and effective risk management. In parallel, the corporate governance regime applicable to banks is set out in the BoG Governor's Act 2577/2006, as amended and in force. For the Greek banks whose shares are listed for trade on the Athens Stock Exchange, Greek law 3016/2002 on corporate governance of listed companies should also be of reference.

Board of Directors (BoD)

The BoD defines, oversees and is accountable for the implementation of governance arrangements. Unless especially authorised by the banking supervisor, the chair of the BoD must not exercise simultaneously the functions of a chief executive officer within the same institution. The BoD members must be of sufficiently good repute and have adequate knowledge and experience in the main activities of the bank and commit sufficient time to perform their duties in the institution. The BoD members of significant institutions shall not hold in principle more than one of the following combinations of directorships at the same time: (a) one executive directorship with two non-executive directorships; or (b) four non-executive directorships.

Remuneration rules

The Banking law transposes the CRD IV rules and restrictions on the banks' remuneration policies; such rules are applied at group, parent company and subsidiary levels. Basic fixed remuneration should primarily reflect relevant professional experience and organisational responsibility and variable remuneration should reflect a sustainable and risk-adjusted performance and shall not exceed 100% of the fixed component of the total remuneration for each individual; the bank's general meeting and under a special procedure may approve a higher ratio between the fixed and variable components of remuneration provided the overall level of the variable component does not exceed 200% of the fixed component of the total remuneration. At least 50% of any variable remuneration shall be the bank's shares or equivalent ownership interests, while least 40% of the variable remuneration component is deferred over a period which must not be less than three (3) to five (5) years and the whole variable component shall be subject to *malus* or clawback arrangements.

In the case of institutions that benefit from exceptional Government intervention, the Banking Law imposes additional restrictions on the variable remuneration and the BoD members' remuneration. In addition, special remuneration rules apply to Greek banks that have been supported by state funding either under the Hellenic Bank Support Plan or under the Recapitalisation Law and the HFSF. The respective State Aid Commitments impose stricter rules and restrictions on the remuneration of the aided banks' staff and management.

Internal control and compliance functions

All credit institutions are obliged to establish a risk management unit, independent from the operational functions, which shall have sufficient authority, stature, resources and access to the BoD. Besides, a compliance function must be established, responsible for credit institutions' compliance with the current legislative and regulatory framework, with special reference to AML issues. Subject to the bank's size and the complexity of its activities, the BoD is assisted by committees. Such committees are the internal audit committee, the risk management committee, the remuneration committee, the BoD members' nomination committee and other *ad hoc* committees.

Outsourcing

The requirements and procedures for the outsourcing of the banks' activities are set forth in Annex I of the BoG Governor's Act 2577/2006 and follow the relevant CEBS proposed standards. The main logic is that for the outsourcing of the material activities of a bank, i.e. the core banking activities (requiring a banking licence) and the risk management, compliance and internal control functions, a specific authorisation by the competent supervisory authority is required, while for the outsourcing for non-material activities, only a notification procedure is foreseen. In any case, the ultimate responsibility for the outsourced activities lies with the BoD and the competent officers of the bank.

According to the Banking Law, all institutions that maintain a website shall post there in a specific section information regarding their compliance with the governance requirements.

Bank capital requirements

In December 2010, the Basel Committee on Banking Supervision issued new global regulatory standards, known as “Basel III”, including rules on capital adequacy and liquidity, with the aim to strengthen the regulation, supervision and risk management of the banking sector and improve the banking sector’s ability to absorb shocks arising from financial and economic stress. On 26 June 2013, the EU capital requirements (CRD IV) package, namely the CRR and the CRD entered into force, repealing the previous capital requirements Directives (EC) 2006/48 and 2006/49 and implementing the Basel III in the EU legal system.

According to these new provisions, as already in force in Greece, the minimum total capital ratio is 8% composed of a Common Equity Tier I capital (“CET I”) ratio of 4.5% with the overall minimum Tier I capital ratio being 6%. The capital ratios are expressed as a percentage of the total risk exposure amount. Banks will be required to gradually increase their capital conservation buffer to 2.5% by 2019 beyond existing minimum equity, raising the minimum CET I ratio to 7% and the total capital ratio to 10.5% in 2019. The ECB or the BoG, as applicable, have additional discretion pursuant to their supervisory powers to further increase a bank’s minimum capital if it is exposed to particular risks that justify a larger capital buffer.

Besides, more capital requirements shall be met by the banking institutions in the forthcoming years. A transitional period is provided for the recognition of existing components of regulatory common equity and also for the recognition of the existing capital support of the public sector as CET I. For the protection of the banking sector from excessive credit expansion, a countercyclical buffer of up to 2.5% shall be held as expansion of the capital conservation buffer. Moreover, a minimum leverage ratio, liquidity coverage ratio and net stable funding ratio shall be met by the banks in the coming years.

Except for the above capital ratios, the Banking Law requires a minimum paid-up initial capital equal to: (a) €18,000,000 for a Greek credit institution; (b) €9,000,000 for a branch of a credit institution authorised in a third country; and (c) €6,000,000 for the pure credit cooperative of Greek law 1667/1986. The above thresholds may be adjusted by the competent authority to amounts of not less than €5,000,000.

Rules governing banks’ relationships with their customers and other third parties

Except for the Banking Law provisions, the relationship between a bank and its customers is governed by the general provisions of the Greek law. General duties of loyalty and confidentiality that each bank owes to its clients derive especially from the Greek Civil Code provisions on good faith obligation. The BoG Governor’s Act 2501/2002, as in force, constitutes the basic legal act governing banks’ conduct of business, aiming to ensure transparency in banking transactions and determining minimum information to be disclosed by banks in relation to the provided banking activities. In parallel, the Hellenic Bank Association drafted and published the Banking Code of Conduct that provides for the basic principles of banks’ conduct of business.

Deposit taking

Under the Banking Law, natural or legal persons that are not credit institutions (established in Greece or another EU Member State) shall be prohibited from carrying out the business of taking deposits or other repayable funds from the public. Legislative Decree 1059/1971, as amended, establishes a secrecy obligation for bank deposits with certain exceptions applicable to such obligation; a basic exemption is the waiver of the secrecy obligation in the process of an investigation conducted by the competent tax or judicial authority or the BoG.

Lending activities

Under Greek law, interest rates and interest rate readjustments applicable to bank loans and bank credit are not subject to a legal maximum in general, but must comply with certain requirements

intended to ensure clarity and transparency. BoG Governor's Act No. 2501/2002 stipulates that credit institutions operating in Greece should determine their interest rates in the context of the open market and competition rules. However, limitations apply to the maximum default interest rate that a bank can charge and to the compounding of interest with respect to bank loans and credits. Compounding of interest only applies if the relevant agreement so provides.

Joint Ministerial Decision Z1 699/2010, which transposed Directive (EC) 2008/48 on credit agreements for consumers, provides for the minimum content of pre-contractual information and consumers' rights with respect to credit agreements, introduces the obligation to assess the creditworthiness of the consumer, establishes the real total annual interest rate and regulates issues regarding credit providers and credit intermediaries.

The special regime of emergency measures, introduced by Greek law 3869/2010 on the restructuring of debt of individuals, Greek law 4307/2014 on the settlement of small businesses' and professionals' debts and Greek law 4224/2013 providing for the recently issued "Code of Conduct" by the BoG for the treatment of non-performing loans, provides for specific procedures and court judgments aiming at the settlement and amendment of debtors' obligations and the temporary suspension of enforcement/ auction procedures.

Consumer protection

Banks are subject to legislation that seeks to protect consumers from abusive terms and conditions, most notably Consumer Protection law 2251/1994 that sets forth rules on the distance marketing of consumer financial services, prohibits unfair and misleading commercial practices and includes penalties for violations of such rules and prohibitions. Consumer protection legislation also provides the framework for the establishment, organisation and operation of consumer associations, introduces amicable settlement of disputes as a way of resolving consumer disputes, regulates issues relating to the representation of consumers and sets the preconditions and the legal results of collective actions. At the same time, Ministerial Decision No. Z1 798/2008 prohibits the use of certain general terms that have been found to be abusive by final court decisions.

Investment services

Under the MiFID Law 3606/2007, as well as with the relevant HCMC implementing decisions, banking institutions that provide investment services must categorise their clients into retail customers, professional clients and eligible counterparties and treat them according to their experience, knowledge and risk profile, offer increased transparency on their fees and expenses charged, ensure the timely and duly forwarding of the orders for investment transactions, locate and prevent cases of conflict of interest and other relevant matters.

Mechanisms addressing customer complaints

Pursuant to BoG Governor's Act 2501/2002, the credit institutions shall establish a "Complaints Unit" competent to review their clients' complaints in relation to provided services and products. The bank shall announce the result of the complaint investigation and its final position within 45 days from the date the complaint was filed with the bank.

Furthermore, under the supervisory powers that BoG has on banking institutions in the field of consumer protection, customers may address their complaints to the BoG. BoG has the power to impose administrative sanctions to the bank when the latter does not comply with BoG's relevant instructions. Consumers can also address their complaints to the General Secretariat of Consumer Affairs of the Ministry of Development and Competitiveness, which is responsible for investigating such complaints and has the power to impose administrative fines to persons who violate the Consumer Protection law.

Finally, the Hellenic Ombudsman for Banking-Investment Services is a private, non-profit entity that considers disputes arising from the provision of banking and investment services, aiming at their amicable settlement. The Ombudsman can help (i) consumers, professionals and small enterprises (annual turnover of less than €1mn) conducting businesses with banks, except those active in the areas of agriculture, forestry, fishing and transport, and (ii) investors (individuals and legal entities) conducting businesses with investment companies, provided it is not related to their professional activities.

Deposit and Investment Guarantee Scheme

Banks' customers are protected in case of bank failures by the Hellenic Deposit and Investment Guarantee Fund ("HDIGF") which is the operator of the deposit guarantee and investment compensation schemes. The HDIGF is established and regulated by the Greek law 3746/2009, implementing Directive (EU) 94/19. The purpose of the HDIGF is to provide: (i) compensation to depositors; (ii) compensation to investors/customers of credit institutions; and (iii) financing for bank resolution measures. Coverage by the HDIGF Scheme is compulsory for all Greek banks, foreign branches of Greek banks and domestic branches of banks incorporated outside the EU. Branches of banks incorporated in another EU Member State are covered by the Deposit Guarantee Scheme of their home country. The maximum level of coverage is €100,000 per depositor per bank for the total amount of their deposits, regardless of the number of accounts.

Cross-border banking activities

For the cross-border provision of services by a credit institution of another EU Member State for the first time in Greece, the competent authorities of the credit institution's home Member State shall notify in advance the Greek supervisory authority. On the contrary, the cross-border provision of banking services in Greece by a credit institution of a third country is prohibited and the respective person must be authorised by the ECB. However, after a reverse solicitation analysis, the cross-border provision of banking services to Greek residents shall not always fall under the notion of providing such services in Greece and may thus not be prohibited.

AML framework

The AML law and institutional framework has largely resulted from the transposition of the EU Directives and is in harmony with the Financial Action Task Force (FATF) recommendations. The BoG is the authority responsible for supervising compliance with the AML framework by the banking institutions. Investigation powers are reserved to the Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority, the law enforcement or judicial authorities, as appropriate. BoG's Banking and Credit Committee Decision 281/2009, as in force, streamlines and specifies supervised institutions' obligations, requires from banks to have in place a documented AML policy and provides detailed instructions concerning the application of the AML methodology by customer and transaction risk category, with special emphasis on categories such as offshore companies, FATF non-compliant countries, etc.

Conclusion

The Greek crisis has endured drama and at this point it is impossible to predict its end. However, the developments of the last couple of years constitute remarkable achievements. Despite the rough debt crisis of Greece, no Greek bank was allowed to default on its deposit obligations and an aggressive consolidation agenda was enforced. Greek banks have successfully attracted substantial private investment and diluted public ownership, only a few months after their first recapitalisation and *de facto* nationalisation. Greek banking regulation fully complies with the respective EU law and the four major Greek banks are undergoing challenging restructurings, have survived the successive stress tests and are subject to the strong supervision of the ECB. The forthcoming episodes of the Greek drama feature whether Greece will remain with the eurozone or not and the impact the rising non-performing loans and anticipated new recessionary circle will have on the Greek banks.

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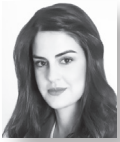
Endnote

1. The terms "bank", "banking institution" and "credit institution" are used interchangeably.

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George is a dedicated expert in the field of banking, capital markets and finance law. The capital markets side of his practice involves advising on initial public offerings, share capital increases and the compliance of listed companies with regulatory requirements. George acted in the listing of the only foreign company to float on the Athens Exchange and drafted the original Central Securities' Depository Rulebook for Dematerialized Securities in Greece. His finance practice includes advising clients in their entry into derivatives transactions, syndicated loans, bond loans and restructurings. He has considerable experience in acting in tender offers and mergers and acquisitions of mainly listed companies.

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