



FINANCIAL ACTION TASK FORCE

Mutual Evaluation Tenth Follow-Up Report

Anti-Money Laundering and Combating the
Financing of Terrorism

Greece

28 October 2011

Following the adoption of its third Mutual Evaluation (MER) in June 2007, in accordance with the normal FATF follow-up procedures, Greece was required to provide information on the measures it has taken to address the deficiencies identified in the MER. Since June 2007, Greece has been taking action to enhance its AML/CFT regime in line with the recommendations in the MER. The FATF recognizes that Greece has made significant progress and that it should henceforward report on a biennial basis on the actions it will take in the AML/CFT area.

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THIRD MUTUAL EVALUATION OF GREECE: TENTH FOLLOW-UP REPORT

Application to move from regular follow-up to biennial updates

Note by the Secretariat

I. INTRODUCTION

1. The third mutual evaluation report (MER) of Greece was adopted on 29 June 2007. At the same time, Greece was placed in a regular follow-up process¹. Greece reported back to the FATF in October 2007 (first follow-up report), February 2008 (second follow-up report), June 2008 (third follow-up report), October 2008 (fourth follow-up report) and June 2009 (fifth follow-up report on the FIU only). In addition, Greece was placed in enhanced follow up in February 2008, with a letter being written from the FATF President to the Greek Minister of Economy and Finance in March 2008, and a high level mission led by the President visiting Greece in September 2008. In October 2008, the FATF Plenary noted the results of the high level mission and asked Greece to report back in June 2009 on the FIU and the actions it has taken to remedy the weaknesses and to enhance effectiveness (given the importance and seriousness of the FIU issue). Greece was asked to provide a full report back in October 2009 (including a further update on the FIU). In October 2009 (sixth follow-up report) Greece was placed in enhanced follow up. In February 2010 (7th follow-up report) Greece was requested to take measures related to specific Recommendations. The 7th follow-up report was published on the public website of the FATF (<http://www.fatf-gafi.org>) at the request of Greece. The 8th follow-up report was discussed in June 2010, and the 9th follow-up report in October 2010. At that time, Greece only had to report back on four remaining issues (R26, R35, SRII and SRIII). After discussing the progress on these issues, the Plenary decided to move Greece back to regular follow-up and to request Greece to report back in June 2011.

2. In February 2010, the FATF also publicly identified jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF, as part of its ongoing review of compliance with the AML/CFT standards (International Co-operation Review Group process, or ICRG process). Greece was one of these jurisdictions. While the mutual evaluation follow-up process and the ICRG process are two separate processes (the latter focusing on key deficiencies only while the follow-up process addresses a broader range of deficiencies identified in a mutual evaluation), Greece has worked with the FATF on both processes. Greece was removed from the ICRG process in June 2011, when the FATF publicly welcomed “*Greece’s significant progress in improving its AML/CFT regime and notes that Greece has met its commitments in its Action Plan regarding the strategic AML/CFT deficiencies that the FATF had identified in February 2010. Greece is therefore no longer subject to FATF’s monitoring process under its on-going global AML/CFT compliance process. Greece will work with the FATF in further strengthening its AML/CFT regime*”.

3. This paper is based on the procedure for removal from the regular follow-up, as agreed by the FATF plenary in October 2008². The paper contains a detailed description and analysis of the actions taken

¹ For details regarding the follow-up process, please refer to the FATF mutual evaluation procedures dealing with the follow-up process (§35 and following).

² Third Round of AML/CFT Evaluations Processes and Procedures, paragraph 39c and 40.

by Greece in respect of the core and key Recommendations rated PC or NC in the mutual evaluation, as well as a description and analysis of the other Recommendations rated PC or NC, and for information a set of laws and other materials (Annex 1). The procedure requires that a country “has taken sufficient action to be considered for removal from the process – to have taken sufficient action in the opinion of the Plenary, it is necessary that the country has an effective AML/CFT system in force, under which the country has implemented the core and key Recommendations at a level essentially equivalent to a C or LC, taking into consideration that there would be no re-rating”. Greece was rated partially compliant (PC) or non-compliant (NC) on the following Recommendations:

Core Recommendations³ rated NC or PC
R1, R5, R13, SRII and SRIV (all PC)
Key Recommendations⁴ rated NC or PC
R3, R4, R23, R35, R40, SRI, SRIII (all PC) and R26 (NC),
Other Recommendations rated PC
R2, R8, R9, R11, R15, R17, R22, R29, R31, SRVI and SRVII
Other Recommendations rated NC
R6, R12, R16, R19, R21, R24, R25, R30, R32, R33, SRVIII and SRIX

4. As prescribed by the Mutual Evaluation procedures, Greece provided the Secretariat with a full report on its progress. The Secretariat has drafted a detailed analysis of the progress made for R1, R5, R13, SRII, SRIV (core Recommendations); and for R3, R4, R23, R26, R35, R40, SRI, SRIII (key Recommendations), as well as a summary of all the other Recommendations rated PC or NC. A draft analysis was provided to Greece (with a list of additional questions) for its review, and comments received; comments from Greece have been taken into account in the final draft. During the process, Greece has provided the Secretariat with all information requested.

5. As part of the aforementioned FATF ICRG process, the FATF had undertaken an on-site visit to Greece to assess if the shortcomings identified by the ICRG process were effectively addressed. This follow-up report takes the findings of this on-site review into account, especially in relation to the effectiveness of the FIU (R26). However, as a general note on all applications for removal from regular follow-up: the procedure is described as a *paper based desk review*, and by its nature is less detailed and thorough than a mutual evaluation report. The analysis focuses on the Recommendations that were rated PC/NC, which means that only a part of the AML/CFT system is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislation with the FATF standards. In assessing whether sufficient progress had been made, effectiveness is taken into account to the extent possible in a paper based desk review and primarily through a consideration of data provided by the country. It is also important to note that these conclusions do not prejudice the results of future assessments, as they are based on information which was not verified through an on-site process and was not, in every case, as comprehensive as would exist during a mutual evaluation.

³ The core Recommendations as defined in the FATF procedures are R1, SRII, R5, R10, R13 and SRIV.

⁴ The key Recommendations are R3, R4, R23, R26, R35, R36, R40, SRI, SRIII, and SRV.

II. MAIN CONCLUSION AND RECOMMENDATIONS TO THE PLENARY

Core Recommendations

6. On R1 (criminalisation of ML), the AML Law (2008) has introduced new provisions that successfully address the deficiencies identified in the MER and strengthen the ML offence. There remains a minor shortcoming in relation to TF (which is relevant for R1 as TF is a predicate offence for ML); however, the effect of this shortcoming for R1 is limited, considering that SRII itself is also now considered to be sufficiently addressed. Overall, in general terms, Greece has significantly improved its compliance with R1 and has achieved a satisfactory level of compliance.

7. On R5 (CDD), the new AML Law considerably strengthens the Greek regime with regard to customer identification and addresses most of the weaknesses identified in the MER (especially with regard to the situations where CDD must be conducted; identification and verification of beneficial owner; ongoing due diligence; timing to complete identity verification; CDD requirements applicable to existing clients; the requirement to ascertain the nature and purpose of the business relationship). CDD requirements have also been extended to insurance intermediaries. As with all EU member states, one issue remains with regard to the exemptions from CDD measures for FIs from other EU member states. However, this only presents a limited shortcoming, and overall Greece has improved its compliance with R5 to a satisfactory level.

8. On R13 and SRIV (STRs), Greece has strengthened its suspicious reporting obligation (essentially all predicate offences are covered, the obligation applies to insurance intermediaries and attempted transactions are covered). Only one technical issue remains, relating to the minor shortcoming in SRII. There is some evidence that the reporting obligation is more effective, at least in some parts of the financial sector (and especially in the securities area), but not for the insurance area. In general terms, Greece has improved its compliance with R13 and SRIV to a satisfactory level.

9. For SRII (criminalisation of TF), Greece has addressed the majority of shortcomings identified in the MER. The lack of corporate criminal liability remains a minor shortcoming that should be addressed. TF investigations are taking place, although no prosecutions and convictions have taken place on the basis of the new legal framework. However, the legal changes are relatively recent. During the next MER, it is hoped that the Greek authorities will be able to confirm the effective implementation of this Special Recommendation. Overall, this Special Recommendation has been sufficiently addressed. The remaining deficiency relating to corporate criminal liability should be addressed, but it should not form an obstacle to conclude that Greece improved its compliance with SRII to a satisfactory level.

10. Overall Greece has brought the level of compliance with these five core Recommendations up to a level equivalent to a LC.

Key Recommendations

11. On R3, Greece has updated all necessary legal provisions in the AML Law to strengthen the confiscation regime. This resolves all technical shortcomings. However, 3 years have passed since the adoption of the legal framework and there are few statistics available to prove improved effectiveness, and the sample that is available does not prove enhanced effectiveness to a sufficient level. This is a shortcoming that has a negative impact on the assessment of this Recommendation. Nevertheless, it is also promising that as a result of the difficulties that Greece encountered when trying to gather statistics for FATF, the Minister of Justice issued a new Ministerial Decision aimed to address this problem and introducing new, stricter rules and timelines for the efficient collection of confiscation data (1 June 2011, OGG B 1198). This is encouraging for the future, and it compensates somewhat for the lack of

comprehensive statistics to prove effectiveness. Overall for R3 as a whole, taking into account the good improvements in the legal framework against the inability to provide statistics, the final assessment is that Greece has raised compliance with R3, and that this may be to a level equivalent to an LC.

12. On R4 (financial secrecy), the AML Law (2008) removes bank secrecy during the FIU's investigations and audits. In combination with some other improvements, Greece has improved its compliance with R4 to a satisfactory level.

13. On R23 (supervision), Greece has generally addressed all issues related to R23. The shortage of staff for HCMC and PISC were never fully addressed; however, PISC was dissolved and integrated into BOG. For HCMC it is understood that the current economic climate makes it difficult for the government to justify hiring more staff. For the next mutual evaluation, the expectation remains that Greece has sufficient staff resources in place, also for HCMC. There are certain limitations when assessing the effectiveness of large sections of a supervisory regime. One of those limitations is that a paper based desk review can never fully confirm (the lack of) effectiveness. However, the structural move from PISC to BOG suggest that the authorities are serious about putting in place an effective system before the next FATF mutual evaluation takes place. On this basis, it is suggested that Greece has so far undertaken sufficient action to address the shortcomings related to R23 and that Greece reached a satisfactory level of compliance.

14. On R26 (FIU), the FIU has made important progress with regard to all of the shortcomings identified in the mutual evaluation report. Further improvement and work is needed with regard to deficiency 6 (annual report and statistics). However, Greece was rated NC for the FIU, and as is indicated in the body of this report, Greece had to start rebuilding its FIU from the start. In these circumstances, the work undertaken by the authorities is to be commended. Despite some remaining room for improvement, considering that the core function of an FIU (receiving, analysing, and disseminating STRs) has been established, and with the information available from the FATF ICRG process, it is reasonable to conclude that Greece has raised its compliance with R26 to a level equivalent to LC.

15. On R35 (international ML instruments), Greece has generally addressed most of the issues related to R35. Some minor elements remain, as is noted elsewhere in this report. Overall; however, Greece has sufficiently raised its level of compliance with this Recommendation.

16. On R40 (international co-operation), this report notes that international co-operation issues outside the framework of mutual legal assistance have been addressed by the FIU and by the BOG. No information is available in relation to the HCMC. Nevertheless, the overall compliance with R40 has been raised to a level equivalent to an LC.

17. On SRI (international TF instruments), compliance was improved to a level equivalent of LC. See the conclusions under R5, R13, SRIV and SRIII for substantive information.

18. On SRIII (freezing of terrorist assets), it is noted that SRIII was also subject to the ICRG process that Greece underwent. With the information available through the ICRG process and the additional information provided by the Greek authorities, it seems that Greece has taken sufficient measures to raise the level of compliance with SRIII to a level equivalent to LC. In particular, Greece is to be commended for not trying to repair the system that was in place during the mutual evaluation. Setting up a new system that is mostly in line with SRIII, including the establishment of a new authority responsible for SRIII, proves to be a positive step. An issue may remain in relation to DNFBPs and their awareness, as this could not be assessed in this desk review. Overall, compliance with SRIII has been raised to a level equivalent to an LC.

19. Overall Greece has brought the level of compliance with these eight key Recommendations up to a level equivalent to a LC.

Other Recommendations

20. Greece has also made progress in addressing deficiencies in other Recommendations. It should be noted, however, that since the decision of whether or not Greece should be removed from the regular follow-up process will be based solely on the decisions regarding the core and key Recommendations, this paper does not provide more detailed analyses regarding these other Recommendations.

Conclusion

21. The mutual evaluation follow-up procedures indicate that, for a country to have taken sufficient action to be considered for removal from the process, it must have an effective AML/CFT system in force, under which it has implemented all core and key Recommendations at a level essentially equivalent to C or LC, taking into account that there would be no re-rating.

22. Greece has made sufficient progress for all core and key Recommendations. Consequently, it is recommended that Greece is removed from the regular follow-up process, with a view to having it present its first biennial update in October 2013.

III. OVERVIEW OF THE GREECE'S PROGRESS

Overview of the main changes since the adoption of the MER

23. Since the adoption of the MER for Greece, Greece has focused its attention on the adoption of the AML Law, ratifying the Palermo Convention, setting up a new FIU and making other institutional changes. Together, these changes solve most of the shortcomings identified in the MER.

The legal and regulatory framework

24. Greece's legal system for AML/CFT is based on the AML Law of 2008, as subsequently amended. The most current version of the AML Law is annexed to this follow-up report.

25. As a member state of the European Union, Greece is bound by EU law. The AML Law is based on the 3rd EU ML Directive. As with all EU Directives, the 3rd ML Directive is required to be implemented in national law. Apart from EU Directives, Greece also relies on EU Regulations. EU Regulations normally do not require legal implementation measures at the national level, as the Regulations become directly part of the national legal system of each member state. For the implementation of the FATF Recommendations, the EU Regulations regarding SRIII (freezing of terrorist assets), SRVII (wire transfers) and SRIX (cash couriers) are particularly important.

IV. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE CORE RECOMMENDATIONS

Recommendation 1 – rating PC

R1 (Deficiency 1): The predicate offences for ML are limited by the threshold of EUR 15 000, and terrorist financing is inadequately criminalised as a predicate offence.

26. *Predicate offences:* Greece has opted for a combination of a list of predicate offences and a threshold approach. Certain categories of offences that were designated by the FATF to be covered as

predicate offences are not specifically included in the AML law (e.g., illicit arms trafficking, environmental crime not involving radiation, fraud, etc.) but are covered by the catch-all provision of Article 3.r) (“any other offence punishable by deprivation of liberty for a minimum of more than six months and having generated any type of economic benefit”). As recommended in the MER, the threshold of EUR 15 000 applicable to the predicate offences for ML has been repealed in the AML Law (2008).

27. Terrorist financing is also covered as a predicate offence. See conclusions in relation to SR11.

RI (Deficiency 2): The offence of ML effectively requires the prosecution to prove all the elements of the predicate offence.

28. Article 45.2 of the AML Law (2008) reads as follows: “criminal prosecution and conviction of the perpetrator of the predicate offence shall not be a precondition for prosecuting and convicting someone for money laundering”.

RI (Deficiency 3): Self-laundering is not clearly criminalised.

29. Article 45.1(e) of the AML Law (2008) states that “criminal responsibility for the predicate offence shall not exclude the punishment of offenders (the principal and his accomplices) for the offences referred to in items (a) (b) and (c) of this paragraph, if the circumstances of the ML acts are different from those of the predicate offence”. The Greek authorities explain the offence as follows: the criminal conduct in Article 2 for the ML offence refers either to the perpetrator of the offence or any third person knowing at the time of the commitment that the property emanated from criminal activity. Pursuant to the spirit of the law the criminal conduct refers to ‘whoever’ *i*) converts or transfers, *ii*) conceals or disguises, possesses or uses etc (art 2), thus including the perpetrator itself or third persons. In addition, Greece indicates that the Supreme Court already applied the offence of money laundering to persons who committed the predicate offence (see case-laws no 1231/2004, no 2458/2005(fraud) and no 570/2006 (bribery)).

RI (Deficiency 4): The limited data available indicates that the offence is not being effectively implemented, as shown by the very low number of convictions.

30. The MER stated that from 2001 to 2005, 210 cases had been prosecuted and ten convictions for ML had been obtained. Greece has provided the following statistics for 2008 – 2010:

ML statistics			
Year	Investigations	Prosecutions	Convictions
2008	247 ML cases under investigation (most cases are still pending in prosecution’s offices and courts and have been brought to prosecution before the year 2008)	42	34
2009 (first half)	267 ML cases under investigation (most cases are still pending in prosecution’s offices and courts and have been brought to prosecution before the 1st half of 2009)	85	43
2010	n/a	111	16

31. The figures indicate that 93 convictions were obtained in the three years from 2008 to 2010 (as compared to 10 convictions in five years from 2001 to 2005). Taken at face value, these statistics show a very significant increase in the number of convictions.

Recommendation 1, overall conclusion

32. The AML Law (2008) has introduced new provisions that successfully address the deficiencies identified in the MER and strengthen the ML offence. There remains a minor shortcoming in relation to TF (which is relevant for R1 as TF is a predicate offence for ML); however, the effect of this shortcoming for R1 is also limited. Overall, in general terms, Greece has significantly improved its compliance with R1 and has achieved a satisfactory level of compliance.

Recommendation 5 – rating PC

General issue 1 - Enforceability of the provisions issued by competent authorities

33. The AML Law (2008), as amended, defines “competent authorities” as follows (Article 6): the Bank of Greece (BOG), the Hellenic Capital Market Commission (HCMC), the Private Insurance Supervisory Committee (PISC, up to 30.11.2010⁵), the Accounting and Auditing Standards Oversight Board (ELTE), The Ministry of Finance (General Directorate for Tax Audits), the Gambling Control Commission of Law 3229/2004 (O.G.G.A38), the Ministry of Justice, Transparency and Human Rights and the Ministry of Regional Development and Competitiveness.

34. The authorities referred to above are given by the AML Law (2008) (Article 6.3) a series of tasks and powers, including to *i*) supervise the compliance of the obligated persons with the requirements imposed by this Law; *ii*) specify implementation details regarding the specific obligations of supervised persons; *iii*) issue appropriate instructions and circulars, providing guidance to the obligated persons on how to treat specific problems or on practices of conduct with respect to customers; *iv*) issue regulatory decisions specifying the necessary documents and information for the identification and identity verification carried out by the obligated persons during the application of standard, simplified or enhanced customer due diligence measures, or third party customer due diligence under Article 23 of the AML Law 2008 (*i.e.*, performance of CDD by third parties) and *v*) impose disciplinary and administrative sanctions on the obligated persons and their employees for any breach of the obligations arising from the Law, pursuant to Articles 51 and 52

35. Administrative sanctions to legal persons under Articles 51 of the AML Law (2008), as amended) apply where the offence of money laundering and any of the offences referred to Article 3 is committed with the purpose of providing a financial benefit to a legal person and at least one or more persons who manage or administer its business, knew or ought to have known that the benefit derived from such an offence (*i.e.*, the reporting entity commits a ML/TF offence) or were negligently unaware of the origin of the illegal assets of benefit. In these circumstances, competent authorities (as defined in Article 6 of the AML Law (2008), as amended), may impose sanctions (fines, prohibition to carry out business, exclusion from public benefits). On the other hand, administrative sanctions to legal persons, under Article 41 of Law 3251 of 2004, which apply where the terrorist financing offence is committed, do not require pursuing an economic benefit from the punishable terrorist financing affected by a legal person.

36. Article 52.1 states that “the competent authorities that supervise obligated legal persons impose on them, when they fail to comply with their obligations under this law, Regulation 1781/2006/EC and *the regulatory decisions*, cumulatively or alternatively, either the obligation to take concrete corrective measures within a specific time period, or one or more of the following sanctions (fines, removal of directors, temporary or permanent prohibition to carry out certain activities)”. The regulatory decisions issued by the BOG, the HCMC and the PISC spell out the AML obligations of obligated entities.

⁵ Following the abolition of the PISC in 2010, the Bank of Greece, has been assigned the task of supervising the insurance sector, including for AML/CFT purposes, as of December 2010.

37. Article 6.4 sets out that “decisions of the competent authorities may expand the obligations laid down in this Law for the obligated persons, taking account in particular their financial strength, the nature of their business activities, the degree of risk of committing or attempting to commit the offences of Articles 2 and 3 entailed by such activities and transactions, the legal framework governing the business activities of such persons and any objective inability of certain categories of obligated persons to apply some specific measures. The Bank of Greece, after evaluating the risks of money laundering and terrorist financing entailed by its own operations shall establish appropriate measures by a specific decision”. Article 6.5 adds the following: “decisions of the competent authorities may specify additional or stricter requirements further to those of the present Law, with a view to addressing risks of committing or attempting to commit the offences laid down in Articles 2 and 3”.

38. The BOG Decision of March 2009, as amended in August 2010, essentially sets out requirements with regard to customer identification and verification, record keeping and suspicious transactions reporting having regard to “the need to supplement the current regulatory framework according to the provisions of the AML Law (2008)”. A new BOG Decision issued in November 2009 addresses the issue of sanctions and other corrective measures applicable for breaching the obligations as set out in its Decision. These Decisions were amended in August 2010 to address specifically the obligations relating to the implementation of assets freezes. The HCMC Rule of April 2009 provides detailed requirements in relation to customer due diligence, suspicious transactions reporting, internal controls and sanctions (criteria for imposing sanctions established in the AML Law (2008)). The PISC Rule of August 2009, and Annexes, deals with customer identification/verification, suspicious transactions reporting, internal controls sanctions (criteria for imposing sanctions stipulated by Article 52 of the AML Law (2008)).

39. The BOG Decisions and the HCMC Rules have been considered in the MER as legally binding instruments. With regard to sanctions applicable for non-compliance with these implementation regulations, the AML Law (2008) expressly limits the application of the administrative sanctions under Article 52 to failures to implement the AML Law (2008), the EU Regulation 1781/2006/EC and *the regulatory decisions adopted by competent authorities*. The range of sanctions available for breaching the requirements under these legal instruments seems proportionate and adequate although some uncertainty remains with regard to the effectiveness of such sanctions as applied by the BOG, the HCMC and the PISC (see the conclusions of the report in relation to R23).

40. The AML Law (2008) draws a distinction between the *regulatory decisions* adopted by the HCMC, the BOG and the PISC on one hand and the other instructions or circulars on the other hand (see Article 6.3 above), giving to the notion of “regulatory decisions” a specific meaning (*regulatory decisions specify the necessary documents and information for the identification and identity verification carried out by the obligated persons during the application of standard, simplified or enhanced customer due diligence measures, or third party customer due diligence under Article 23 of the AML Law 2008 (i.e., performance of CDD by third parties)*). Legally speaking, this could be interpreted as indicating that the BOG or HCMC or PISC provisions that deal with non CDD related requirements (such as suspicious transaction reporting for instance) do not fall under this category of “regulatory decisions” and that Article 52 is not applicable for failing to implement them where such requirements differ from the ones set out in the law. However, the Greek authorities have indicated that in the case of sanctions imposed by the BOG, under the provisions of Article 52, for failing to report suspicious transactions and for other non-CDD requirements : *i)* in the BOG Legal Department’s opinion, such sanctions, most definitely, fall within the scope of Article 52 and that the term *regulatory decisions* is much the same as *decisions* (of competent authorities) used elsewhere in the AML Law and *ii)* where, these sanctions have been appealed against at the Council of

State, the appellants have in none of the cases brought before the Court⁶ challenges to the BOG's authority to include non-CDD requirements in its regulatory decisions issued under Article 6(3).

General issue 2 - Risk-based approach

41. The AML Law (2008) authorises competent authorities to perform AML/CFT inspections in accordance with the risk-based principle (Article 6.7). It also allows financial institutions to take a risk-based approach when carrying out certain CDD requirements (*e.g.*, obligated persons can apply risk-based due diligence measures to new and existing customers and shall take risk based and adequate measures to understand the ownership and control structure of the customer and risk based measures to verify the identity of the beneficial owner). Risk is essentially defined as the strong possibility of customer involvement in committing or attempting to commit the offences referred to in Articles 2 and 3 [of the AML Law (2008)]⁷. The Law itself identifies certain higher risk situations and customers. The HCMC, PISC and BOG provisions allow financial institutions to develop a risk-based approach in certain circumstances.

R5 (Deficiency 1): The requirement to conduct CDD does not extend to all sectors of the financial services sector (notably insurance brokers and agents).

42. Since the adoption of the AML Law (2008), insurance intermediaries (*i.e.*, insurance brokers and agents) fall under the scope of the AML/CFT regime (*cf.* Article 4.n).

R5 (Deficiency 2): The basic obligations, such as when to conduct CDD or measures to identify legal persons are not consistently set out in law or regulation.

43. The following requirements are set out in law or regulation:

- anonymous accounts or accounts in fictitious names (C.5.1): explicit provision in Article 15 of the AML law (2008). The BOG Decision with respect to CDD sets out requirements in that regard;
- situations where CDD must be conducted (C.5.2): see Article 12 AML law (2008);
- an obligation to identify the customer and verify the customer's identity (C.5.3): see Article 13.1a) AML law (2008);
- the identification and verification of beneficial ownership (C.5.5): see Article 13.1b AML law (2008);
- a determination of whether the customer is acting on behalf of another person (C.5.5.1): see Article 13.1b) AML law (2008);
- a determination of who are the natural persons that ultimately own or control the customer (C.5.5.2b): see Article 13.1b in combination with the definition of beneficial owner in Article 4.16) AML law (2008); and
- an obligation to conduct ongoing due diligence (C.5.7): see Article 13.1f) AML law (2008).

⁶ Final court rulings for such appeals have yet to be issued.

R5 (Deficiency 3): There are no secondary and more detailed requirements for the insurance sector.

44. In addition to the AML Law, the PISC has issued rules (applicable to both insurance companies and intermediaries) on the “Prevention of the use of the financial system for money laundering and the financing of terrorism” in August 2009 that deal with CDD obligations (see Articles 3 and 4).

R5 (Deficiency 4): The duty to conduct CDD is not extended to all of the situations required by the FATF Recommendations, notably where there is a suspicion of money laundering or terrorist financing, and where doubts arise as to previously obtained CDD information.

45. The BOG Decision 281/5/17.03.2009 sets out CDD requirements in relation to wire transfers (Article 11) in line with the EC Regulation 1781/2006. The other requirements (in relation to C.5.2) are set out in the AML Law (2008) (see Article 12 c) in cases of suspicion of ML/TF and Article 12 d) when there are doubts about the veracity, completeness or adequacy of previously obtained customer identification data.

R5 (Deficiency 5): Simplified due diligence measures in the general law appear to be unduly permissive.

46. The AML Law (2008) (see Article 17) provides for exemption from CDD requirements (including customer and beneficial owner identification and verification) where the customer is a credit or financial institution situated in the European Union or a third country which imposes requirements equivalent to those laid down in Directive 2005/60/EC and is supervised for compliance with those requirements (in line with the 3rd EU Directive). The obligated persons are not subject to the verification requirements in respect of certain customers (e.g., listed companies or Greek public companies). In the cases referred to above, obligated persons should gather sufficient information to establish if the customer qualifies for an exemption and shall decide on the basis of risk management procedures (for instance, the HCMC rule provides details on the type of information that must be collected in that respect). The Greek authorities believe that the above caveat (foreseen in Article 17, paragraph 3 of AML Law) is sufficient to address this concern since in order to comply with it, some verification measures are needed to a certain extent. In addition, according to the HCMC Rule, the CDD requirements are simplified only where the information on the identity of the customer and his beneficial owner is publicly available, or where adequate checks and controls exist elsewhere in national systems. However, as was already indicated in earlier FATF MERs and FURs of other EU member states, the exemption for EU FIs does present a shortcoming, albeit a minor one.

R5 (Deficiency 6): There is a lack of clarity in the simplified due diligence measures in the BOG Governor’s Act Annex 4.

47. BOG Decision 281/2009 amends previous provisions on simplified CDD and establishes rules in line with the provisions of the AML law (2008). According to paragraph 5.17 of the BOG Decision, the supervised institutions should gather sufficient information to establish if the customer qualifies for an exemption and decide on the basis of risk management procedures that shall comply with the provisions of the relevant chapters 4 and 5 (of the Decision 281/2009). In addition, the BOG clarifies, that the application of simplified CDD is without prejudice to obligation of supervised institutions to gather all the legal documents provided for in the table of paragraph 5.5.2, which are checked as a standard procedure by their legal departments prior to the commencement of a business relationship with a legal person (and are kept updated afterwards, on an on-going basis) .

R5 (Deficiency 7): The law, guidance and industry practice in relation to identifying legal persons is not in line with FATF requirements.

48. Article 13.1 of the AML Law (2008) imposes the following requirements: “Standard customer due diligence measures applied by obligated persons shall comprise: *i*) identifying the customer (natural or legal person) and verifying the customer’s identity on the basis of documents, data or information obtained from a reliable and independent source; *ii*) identifying, where applicable, the beneficial owner(s) of the corporate customer, updating the information and taking risk-based and adequate measures to verify his identity so that the obligated person is satisfied that it knows who the beneficial owner(s) is (are), including other natural or legal persons on behalf of whom the customer is acting”. Article 13 adds the following: “when the customer is acting on behalf of other persons, he should state so and, in addition to proving his own identity, shall prove the identity of the third party, natural or legal person, on whose behalf he is acting. In any event, obligated persons shall verify the accuracy of this information when the customer does not make the said statement, but there are serious doubts about whether he is acting on his own behalf or it is certain that he is acting on behalf of others”. The BOG and the HCMC rules set out specific requirements with regard to the identification of legal persons, especially for companies with bearer shares, offshore companies and non profit organisations. These requirements seem to be in line with the FATF standard.

R5 (Deficiency 8): The law and guidance in relation to ascertaining beneficial ownership is fragmented and inconsistent. The obligation for identifying the beneficial owners of legal persons is too limited and there is no obligation to take proactive steps to identify persons who exercise ultimate effective control of the customer.

49. The AML Law (2008) requires financial institutions to “identify the beneficial owner of the corporate customer and take risk-based and adequate measures to verify his identity” (Article 13.1b). The definition of “beneficial owner” is the one set out in the third EU Directive. The requirement to identify the beneficial owner seems to be in line with the FATF standard. With regards to trusts and legal arrangements, it seems that the AML Law (2008) focuses on measures to understand the ownership and control structure of the customer using a risk based approach, but not in determining who are the natural persons ultimately exercising effective control. Nevertheless, according to paragraph 5.15.5 of the BOG Decision 281/2009, which defines trusts as customers of Greek credit institutions as a high-risk category by default and sets out enhanced CDD requirements, supervised institutions: *i*) shall verify the name and date of establishment, the identities of trustors, trustees and beneficial owners, the nature, objects and activities of the trust, as well as the source of its funds, *ii*) shall obtain copies of the establishing documents of the trust and any other necessary information on the beneficial owners, and *iii*) shall keep the relevant data and information in the customer’s file.

R5 (Deficiency 9): No obligation to apply enhanced measures for high risk customers in the securities and insurance sectors.

50. The AML Law (2008) establishes requirements for high risk situations that apply to all obligated entities, including the securities and insurance sector (see Articles 20, 21, 22, PEPs, cross-border banking relationships, new products and technologies). The HCMC and the PISC have defined high risk situations or customers. In particular, the application of enhanced measures for high risk customers, is provided by paragraph 7 of Article 2 of HCMC Rule 1/506/8.4.2009 that reads: “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”. Paragraph 1 of Article 1 of the HCMC Rule 35/586/26.5.2011 specifies what kind of customers must at a minimum be categorised as high risk customers, and describes the obligation to apply enhanced measures.. The extent of measures applied for high risk customers is consistently checked during all on-site inspections. Moreover, the PISC

Rule of February 2008 deals with high risk customers, requiring companies to obtain additional documents that verify the scope of the business relationship and identity of the customer (Article 8 of the PISC Rule 154/5a/2009).

R5 (Deficiency 10): There are only limited requirements to conduct ongoing CDD for firms supervised by the HCMC and the MoD.

51. Article 13 paragraph 1(f) of the AML/CFT Law (2008) require obligated persons to “conduct ongoing monitoring of the business relationship, including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the obligated persons’ knowledge of the customer and of the beneficial owner, the business and risk profile, including, where necessary, the source of funds, according to criteria determined by the relevant authorities. The obligated persons ensure that the documents, data or information held are kept up-to-date”. This is in line with the FATF requirement. Ongoing due diligence is also provided for by Article 3 of the HCMC Rule on existing customers. Article 4.1 of the PISC Rule specifies the ongoing monitoring of the business relationships and transactions.

R5 (Deficiency 11): Allowing a period of 30 days to complete verification of the identity of two categories of high risk customers is not in line with FATF requirements.

52. The provision (Article 14) of the AML Law (2008) is in line with the FATF standards (C.5.13 and C.5.14). Paragraph 5.14 of the BOG Decision also brings BOG provisions in line with the FATF standards (the older provision that allowed financial institutions a period of up to 30 days to complete verification of the identity of particular categories of customers was repealed by virtue of Decision 257/4/22.02.2008 of the Banking and Credit Committee). The Greek authorities indicate that since new HCMC Rule (1/506/8.4.2009) came into force, HCMC Rule 23/404/22-11-2006 (with Article 5 paragraph 2, which allowed a maximum period of 30 days for specific cases to complete verification of the customer’s identity), was repealed.

R5 (Deficiency 12): There are limited requirements to conduct CDD in respect of existing clients in the AML Law and the securities and insurance sectors.

53. According to Article 13, paragraph 5 of the AML Law (2008), “obligated persons shall apply, at the appropriate time, risk-based due diligence measures not only to new, but also to existing customers. Decisions of the competent authorities may determine the criteria and the method of application of due diligence to existing customers.” PISC Rule (Article 5.4) states that: “Companies shall also apply the due diligence procedures to existing customers, on a risk-sensitive customer basis, periodically as well as extraordinarily at appropriate times. Appropriate times shall mean, inter alia, the following: *i*) when the customer is carrying out an important, with regard to his status, transaction; *ii*) when an important change in the customer’s data occurs; *iii*) when there are changes in the way the customer’s account operates; *iv*) when the Company acknowledges that information about an existing customer is insufficient”. Article 5.8 of the BOG Decision 2 reads: “Supervised institutions (SIs) shall apply, at appropriate times and on a risk-sensitive basis, CDD procedures not only to new, but also to existing customers, and shall ensure that their customers’ identity particulars are continuously updated throughout the business relationship. Specifically, they shall review, on a regular basis or whenever there are doubts about their validity, the data in their possession and, at least on an annual basis, the data on high-risk customers. The results of such examination shall be recorded and kept in the customer’s file. If the updating of the customer’s identity particulars is not achieved, the SI shall terminate the business relationship and consider submitting a report to the AML/CFT Commission”. Finally, in Article 3 of the HCMC Rule, the criteria and the method of application of due diligence to existing customers is determined as follows: “companies shall also apply the due diligence procedures to existing customers, on a risk-sensitive customer basis, from time to time as

well as exceptionally at appropriate times. Appropriate times shall mean, inter alia, the following: *i*) when the customer is carrying out an important, with regard to his status, transaction; *ii*) when an important change in the customer's data occurs; *iii*) when there are changes in the way the customer's account operates; *iv*) when the company realises that certain information about an existing customer is missing. It seems that the weakness identified in the MER has been properly addressed.

R5 (Deficiency 13): The requirement to ascertain the nature and purpose of the business relationship is not clearly set out in the AML Law or provisions issued by the competent authorities.

54. The new AML/CFT Law imposes this requirement, as, according to paragraph 1c of Article 13, CDD measures comprise, inter alia: “obtaining information on the purpose and intended nature of the business relationship or important transactions or activities of the customer or the beneficial owner”. Similar rules are set out in the BOG, HCMC and PISC Rules.

R5 (Deficiency 14): The BOG measures have just been adopted and there is very limited evidence that AML/CFT measures have been effectively implemented.

55. Five years have passed since the entry into force of the BOG measures, which have been further adjusted and strengthened after the entry into force of the AML Law 3691/2008 and the BOG Decision 281/2009. Supervised institutions have been examined off-site and on-site throughout this period and fines have been imposed in a number of cases (see R23 and 17 for details). The authorities have the impression that the measures of the BOG combined with the new AML Law had significantly strengthened the CDD measures of the supervised institutions. According to the authorities, this view is shared by the private sector.

Recommendation 5, overall conclusion

56. The new AML Law considerably strengthens the Greek regime with regard to customer identification and addresses most of the weaknesses identified in the MER (especially with regard to the situations where CDD must be conducted; identification and verification of beneficial owner; ongoing due diligence; timing to complete identity verification; CDD requirements applicable to existing clients; the requirement to ascertain the nature and purpose of the business relationship). CDD requirements have also been extended to insurance intermediaries. As with all EU member states, one issue remains with regard to the exemptions from CDD measures for FIs from other EU member states. However, this only presents a limited shortcoming, and overall Greece has improved its compliance with R5 to a satisfactory level.

Recommendation 13 – rating PC and Special Recommendation IV – rating PC

R13 and SRIV (Both deficiency 1): Insurance agents and brokers are not covered by the obligation to report.

57. Insurance agents and brokers are covered by the obligation to report (see Article 4.n) and Article 26 of the AML Law (2008)).

R13 (Deficiency 2): Not all predicate offences required in R1 are included in scope.

58. See comments under R1. Greece has opted for a combination of a list of predicate offences and a threshold approach. Certain categories of offences that were designated by the FATF to be covered as predicate offences are not specifically included in the AML Law (2008) but are covered by the catch-all provision of Article 3.1 (“any other offence punishable by deprivation of 6 months and having generated any type of economic benefit”).

59. As of April 2010, Greece added tax-related offences (as defined in Articles 17, 18 and 19 of law nr. 2523/1997) as a separate category of predicate offences for ML (Article 77, paragraph 1 of law nr. 3842/2010).

R13 (Deficiency 3) and SRIV (Deficiency 2): Not all the required aspects of terrorist financing are included in the scope of the reporting requirement.

60. Terrorist financing is also covered as a predicate offence and included in the scope of the reporting requirement. See conclusions in relation to SR11.

R13 (Deficiency 4) and SRIV (Deficiency 3): Industry practice would suggest that not all attempted transactions are reported.

61. The reporting of attempted transactions is required under the AML Law (2008) (see Article 26); however, this is a deficiency that is difficult to verify during a desk review. Greece did not report any data on reported attempted transactions.

R13 (Deficiency 5) and SRIV (Deficiency 4): The weaknesses in the STR system (especially low numbers in total and very low numbers of STRs outside the banking system) raise significant concerns in relation to the effectiveness of the reporting system.

62. The number of STR's per year is as follows:

2007	1 432
2008	2 899
2009	2 304
2010	2 982

63. The number of STRs is increasing over the longer term. The Greek authorities indicate that this increase is due to an increase of tax offences reporting. Greece provided statistics on the number of STRs per reporting entities. Although the banking sector in average reports about half of the STRs (2009: 46%), the number of STRs in the securities (2009: 5%) and bureaux de change / money remittance sectors (2009: 25%) is increasing. Other reporting entities for 2009 were government agencies (16%), other FIUs (7%), private individuals/companies (2%) and insurance companies (< 1%). There are indicators that the effectiveness of the reporting system is improving although this is not the case for all reporting entities (especially the insurance sector).

64. The FIU finalised in June 2009 a new reporting form for the banking and financial sector. The forms that are currently available⁷ are the reporting forms for banks, investments firms, insurance companies, money transfers, bureau de change and DNFBCs. Banks and investment firms can also report electronically, the software is available on the FIU website.

65. During the year 2010 the General Directorate for Tax Audits, as competent authority for the supervision of the obligated persons specified in Articles 5 and 6 paragraph 2e' of the AML/CTF Law

⁷ Source: Website FIU (www.hellenic-fiu.gr)

(Law nr. 3691/2008, Official Gazette nr 166A/2008), forwarded to the F.I.U. 322 reports concerning tax-related offences and 18 STRs for further investigation.

Recommendation 13 and Special Recommendation IV, overall conclusion

66. Greece has strengthened its suspicious reporting obligation (essentially all predicate offences are covered, the obligation applies to insurance intermediaries and attempted transactions are covered). Only one technical issue remains, relating to the minor shortcoming in SRII. There is some evidence that reporting obligation is more effective, at least in some parts of the financial sector (and especially in the securities area), but not for the insurance area. In general terms, Greece has improved its compliance with R13 and SRIV to a satisfactory level.

Special Recommendation II – rating PC

SRII (Deficiency 1): The scope of the offence is excessively narrow as it does not make it a crime to collect or provide funds or material support to terrorist individuals or for specific terrorist acts.

67. On 31 August 2010 the Greek Parliament ratified the Palermo Convention (Palermo Ratification Act), which also amended Article 187A paragraphs 3 to 9 of the Penal Code (L3875/OGG A158/20-9-2010). The new text of paragraph 6 of Article 187A of the Penal Code establishes that “*Whoever provides any kind of assets, tangible or intangible, movable or immovable or any kind of financial instruments, regardless of their mode of acquisition, to a terrorist organisation or an individual terrorist or for setting up a terrorist organisation or for someone to become a terrorist or whoever receives, collects or manages any such assets or instruments with reference to the above, irrespective of the commission of any of the offences referred to in paragraph 1, shall be punished with incarceration of up to ten years. With the same penalty is also punished whoever provides substantial information, with knowledge of such information being used in the future, to facilitate or support the commission by a terrorist organisation or an individual terrorist of any of the felonies referred to in par 1.*” The new offence has a sufficiently wide scope, which addresses the shortcoming identified in the MER.

SRII (Deficiency 2): Terrorist financing ought to be a stand alone offence for which prosecution is available, regardless of whether the group actually carries out or attempts a specific terrorist attack.

68. The updated paragraph 6 of Article 187A (see deficiency 1) is a standalone offence. This criminalisation applies regardless of whether or not an act is carried out.

SRII (Deficiency 3): The defence in Article 187A(8) is too broad and appears to undermine and negate the intentions of the provision.

69. Greece also abolished the defence provision in Article 187A(8), which was considered too broad (Palermo Ratification Act, Article 2, Paragraph 1).

SRII (Deficiency 4): It is unclear that Article 2.5 of the Terrorist Financing Convention is applicable in relation to the FT offence.

70. At the time of the mutual evaluation, there was no provision in the Penal Code that is equivalent to Article 2.5 of the Terrorist Financing Convention to cover ancillary offences such as participation in an offence, contribution, etc. No further provision has been adopted since the time of the evaluation; however, the Greek authorities established that ancillary offences were in hindsight already contained in detailed provisions in the Penal Code (chapter 3, Articles 12, 42-49). A translation of these Articles was provided. The provisions are in line with the FATF Standard, which means that this shortcoming is addressed.

SRII (Deficiency 5): Administrative liability with regard to the financing of terrorism is too restrictive.

71. The Palermo Ratification Act also includes amendments to Laws 3691/2008 (the AML/CFT Law) and 3251/2004 (European Arrest Warrant Implementation Act). The provisions (in Article 9 and 10 of the Palermo Ratification Act) widen the scope of administrative liability and the administrative sanctions available to the authorities. This had become necessary after Greece decided that it is not possible to implement corporate criminal liability in Greece because in Greece's view this would be against fundamental principles of Greek law (see deficiency 6 immediately following below). The new administrative provisions also dissociate the legal persons' liability from any economic benefit to be derived from the collection or provision of funds to terrorists or terrorist organisations and seem satisfactory (but the lack of corporate criminal liability remains).

SRII (Deficiency 6): Criminal liability does not apply to legal persons and there is no fundamental principle of law prohibiting it.

72. Greece has obtained expert opinions regarding the issue of corporate criminal liability. It is the opinion of the experts that it is not possible to implement corporate criminal liability in Greece because it is contrary to fundamental principles of the Greek civil law legal system. Greece considers this sufficient, and will not take any further steps regarding this issue.

73. This view is incompatible with the views expressed by the evaluation team, and with the MER as approved by the FATF Plenary. A follow-up report cannot overrule and dismiss the findings of an MER. Besides this, it should be noted that many civil law countries have introduced corporate criminal liability. It is therefore the conclusion of this report that this shortcoming is not addressed. However, if corporate criminal liability would be contrary to Greek law, Greece would need to introduce administrative sanctions. Greece has done just that (see deficiency 5 immediately above). Notwithstanding this positive approach, deficiency 6 remains as a minor shortcoming.

SRII (Deficiency 7): There have been no TF cases and it is too early to assess whether the offence is effectively implemented.

74. There have been no sentences for TF so far. However, the authorities informed about two TF cases currently under investigation with several persons involved. In addition, there are 18 cases with a relation to terrorism opened in Greece during the last 15 months. In nine out of these 18 cases, a TF aspect was identified and is currently being investigated. There is no TF aspect under investigation in the other nine cases taking into account that the perpetrators in these cases could not be identified. The FIU disseminated several STRs related to TF (around 50).

75. The Ministry of Justice co-operates with the school of judges to give a special training about TF. Furthermore, there are trainings by the Bank of Greece for reporting entities to inform them about TF and the obligation to file a STR.

Special Recommendation II, overall conclusion

76. Greece has addressed the majority of shortcomings identified in the MER. The lack of corporate criminal liability remains a minor shortcoming that should be addressed. TF investigations are taking place, although no prosecutions and convictions have taken place on the basis of the new legal framework. However, the legal changes are relatively recent. During the next MER, it is hoped that the Greek authorities will be able to confirm the effective implementation of this Special Recommendation. Overall, this Special Recommendation has been sufficiently addressed. The remaining deficiency relating to corporate criminal liability should be addressed, but it should not form an obstacle to conclude that Greece improved its compliance with SRII to a satisfactory level.

V. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE KEY RECOMMENDATIONS

Recommendation 3 – rating PC

R3 (Deficiency 1): Indirect proceeds cannot be confiscated.

77. Article 46 of the AML Law (2008) provides measures for confiscation of assets derived directly or indirectly from proceeds of crime.

R3 (Deficiency 2): Seizure does not extend to all property that is the proceeds of crime.

78. Article 4 of AML Law (2008) stipulates the meaning of “property”: “assets of every kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and documents or instruments in any form, including printed, electronic or digital, evidencing title to or interests in such assets. For the purpose of this law, property shall include “proceeds”. Article 46.1 of the AML Law (2008) sets out the following provisions: “assets derived from a predicate offence or the offences referred to in Article 2 or acquired directly or indirectly out of the proceeds of such offences, or the means that were used or were going to be used for committing these offences shall be seized and, if there is no legal reason for returning them to the owner according to Article 310(2) and the last sentence of Article 373 of the Code of Criminal Procedure, shall be compulsorily confiscated by virtue of the court’s sentence”.

R3 (Deficiency 3): Courts cannot void or prevent transactions from the time the crime has been committed.

79. Greece has provided the following information. By the time a case is brought before the judiciary, during the preliminary investigation proceedings, both the investigative judge and the courts have the power to void every transaction linked to the crime. Judicial authorities can issue orders for seizure in addition to any freezing orders that might have been issued of the Greek FIU, thus making sure that both the transactions have been void and the proceeds of crime have been seized and then confiscated.

R3 (Deficiency 4): There is insufficient evidence to indicate the current provisions have been effectively implemented and used.

and

R3 (Deficiency 5): Generally, there is a lack of uniformity when applying the confiscation provisions which raises issues of effective implementation

80. Since the mutual evaluation, the legal framework has been brought up to standard, as is explained above. Improved effectiveness is more difficult to measure through this desk-based review, other than through the analysis of statistics. As it appears in this case in relation to R3, generating sufficient statistics to prove that the new provisions have been effectively implemented proves to be a challenging task for the competent authorities. This lack of statistics could either point at a general failure of the authorities to record the effectiveness of the system (which would be a shortcoming under R32), or it could point at a general lack of effectiveness (which would be a shortcoming under R3). Within the limits of a desk review, it is not possible to determine which of the two is the case. As the onus to prove implementation in FATF mutual evaluation and follow-up reports is on the assessed country, the conclusion should be that the effectiveness shortcomings have not been addressed.

81. Despite all this, it should be noted that the Greek authorities were able to provide one sample of statistics. In this case, the sample covers six confiscation cases, covering the first six months of 2011,

collected by the Supreme Court, and for confiscation cases that were related to ML, and ML cases related to a predicate offence and ML at the same time. It is unknown what the amounts were that were confiscated, and if there are more confiscation cases. Still, six confiscation cases for the whole of Greece, even if this only covers six months, is insufficient prove of effective implementation of R3.

Recommendation 3, overall conclusion

82. Overall, Greece has updated all necessary legal provisions in the AML Law to strengthen the confiscation regime. This resolves all technical shortcomings. However, 3 years have passed since the adoption of the legal framework and there are few statistics available to prove improved effectiveness, and the sample that is available does not prove enhanced effectiveness to a sufficient level. This is a shortcoming that has a negative impact on the assessment of this Recommendation. Nevertheless, it is also promising that as a result of the difficulties that Greece encountered when trying to gather statistics for FATF, the Minister of Justice issued a new Ministerial Decision aimed to address this problem and introducing new, stricter rules and timelines for the efficient collection of confiscation data (1 June 2011, OGG B 1198). This is encouraging for the future, and it compensates somewhat for the lack of comprehensive statistics to prove effectiveness. Overall for R3 as a whole, taking into account the good improvements in the legal framework against the inability to provide statistics, the final assessment is that Greece has raised compliance with R3, and that this may be to a level equivalent to an LC.

Recommendation 4 – rating PC

R4 (Deficiency 1): It has not been clearly shown that bank secrecy has been fully lifted by the AML Law. The AML Law potentially only lifts bank secrecy for STRs in respect of money laundering.

83. The AML Law (2008) removes bank secrecy during the FIU's investigations and audits, *i.e.*, no provision requiring banking, capital market, taxation or professional secrecy is valid vis-à-vis the Commission (the FIU). The AML Law (2008) also states (Article 32) that the disclosure of information to the FIU or the public prosecutor by the obligated entities and their directors and employees shall not constitute a violation of the disclosure prohibition and shall not involve liability of any kind, unless they have not acted in good faith. The provision that raised some concern at the time of the evaluation has been repealed and the AML Law has been clarified in line with the recommendations of the MER.

Recommendation 4, overall conclusion

84. Greece has improved its compliance with R4 to a satisfactory level.

Recommendation 23 – rating PC

R23 (Deficiency 1): Market entry: absence of a licensing requirement for insurance agents.

85. A Presidential Decree of 14 September 2006 (Article 3) requires insurance intermediaries (including agents) to obtain a licence and be registered.

R23 (Deficiency 2): Market entry: fit and proper tests are not conducted for all directors of credit institutions.

86. With regard to credit institutions, the Greek authorities indicate that the Banking Law (Law 3601/1.8.2007) brought a number of significant changes that go beyond the fit and proper tests enshrined in the EU banking legislation (Directive 2006/48/EC), since, according to Article 5, apart from the members of the Board of Directors, the heads of the Internal Audit Unit, Compliance Unit (responsible for

AML/CFT issues) as well as of the Risk Management Unit have to be approved by the BOG. This seems in line with the recommendations made in the MER.

R23 (Deficiency 3): Supervisory programme and procedures BOG: the current supervisory programme adopted by the BOG raises important doubts in terms of effectiveness (lack of resources and qualified personnel, quality of inspections).

Supervisory programme and procedures – BOG

87. The Greek authorities indicate that the BOG has been implementing a risk based approach on AML/CFT supervision. The BOG Supervision Department was restructured in February 2008, *i.e.*, a new AML/CFT Division was set up comprising a Regulations Section and an Inspections Section. The Regulations Section follows European and international developments and institutional issues and elaborates AML/CFT guidelines addressed to the supervised institutions. Furthermore, it develops audit tools and assesses the adequacy of the procedures of the supervised institutions on an off-site basis. The Inspections Section carries out inspections of supervised institutions, including credit institutions, money remitters, bureaux de change, financial leasing and factoring companies. The new AML/CFT division works in close co-operation and carries out inspections along with the IT Auditing Section that examines the AML/CFT IT systems infrastructure of each institution.

88. The BOG reports that it completes each year, on the basis of the detailed annual AML/CFT reports as filed by supervised institutions, a 1-5 scale off-site rating process of institutions (the ratings have been updated in 2010). The rating of a bank is the average of the assessment of four areas of importance for AML/CFT, namely of AML/CFT systems and procedures, suspicious transactions reporting records, staff training and AML/CFT IT systems. During the off-site assessment, the annual internal audit report of the supervised entities, as well as the triennial external auditors report, are taken into account. The off-site rating is used to prioritise inspections in a focused, risk based manner or may trigger other enforcement actions. On-site examinations' and special off-site audits' findings are used to update existing ratings. A significant part of the inspections program is the examination of Greek banks' branches and subsidiaries in the Balkans and Eastern Europe. As a result of the on-site examination findings, sanctions, including corrective measures, follow up actions, fines and other penalties are imposed per type of deficiency identified and per liable person in accordance with BOG Decision 290/11/11/2009. The type of sanction or the amount of the fine is determined in accordance with the number and severity of the breaches identified as categorised in chapter A of the BOG Decision, also taking into account the criteria mentioned in chapter B (such as the off-site score, the size and market share of the entity etc).

89. On-site inspection visits are carried out both to the compliance departments of the supervised entities, and to a sample of branches/units, chosen on the basis of a number of factors such as the volume of transactions, the number of clients, geographical place, the risk of certain activities/products (*e.g.*, private banking services) etc. The objective of the inspections is to assess the essential requirement of supervised institutions to comply with the AML/CFT legal framework and the requirements of the BOG through the adoption of complete and effective AML/CFT procedures and policies, and to assess the implementation of the supervised institutions' adopted policies and procedures by their branches.

90. The authorities provided the following statistics:

BOG examinations (credit and financial institutions)	
Year	Number
2004	58 (source: MER)
2005	90 (source: MER)
2008	35
2009	31
2010	37
2011 (to August)	27

91. Although the measures described above indicate positive developments, the effectiveness of the supervision carried out by the BOG is difficult to establish. The BOG explained the reduced number of on-site inspections in the recent years (2008-2010) as follows: inspections are now carried out primarily at the central compliance functions (Central AML/CFT Units) of supervised institutions. Local branch/outlet audits are much fewer than in the past, are risk based and carried out for the purpose of establishing the effective application of group policies and procedures at key outlets at home and abroad. Prioritising of audits is based on the extensive off site review (see above). These central inspections take more resources than in the past and last longer as they intend to cover all areas and requirements of the BOG Decision 281/2009. In addition, 85% of the market of money remittance and bureau de change companies have been inspected.

92. According to the overview provided by the authorities, the total amount of fines imposed from 2009 to early 2011 was EUR 1 580 000 (to 21 supervised institutions), compared to the interest-bearing deposit sanction with an aggregate cost of EUR 805 000 that had been imposed in 2008. This signals an improvement in the BOG's sanctioning policy. With regard to the on-site examinations conducted later in 2011, corrective measures were sought from the supervised institutions and concerning fines and other penalties, the supervisory recommendations are currently considered by the Credit and Insurance Committee.

93. The number of dedicated AML examiners in BOG is currently 14, which are supplemented by 22 more examiners who perform AML audits as a part of their prudential examinations (the total staff of the Supervision Department is currently 126 employees). Training is still a priority and the examiners of the AML/CFT Division attend regularly external seminars, while in-house seminars are organised from time to time (in 2008-2010, 6 examiners of the AML/CFT Division attended eight external seminars and also international US-EU workshops and regional conferences. Overall however, while taking into account that a paper based desk review can never fully confirm (the lack of) effectiveness, BOG seems to have taken sufficient measures to put an effective supervisory system in place.

R23 (Deficiency 4): Supervisory programme and procedures HCMC: AML/CFT supervision of securities firms is very recent and effectiveness has not been demonstrated.

94. As for the securities supervisor (HCMC), Greece indicated no additional staff have been allocated as yet following a hiring freeze in the public sector (in line with requests from international partners). Greece provided additional information regarding the qualifications of current staff levels. While the shortcomings as identified in February 2010 did not question the quality and knowledge of the current staff – but just requested more such staff - it is also understood that in the current economic climate it would be difficult for the authorities to defend hiring additional staff.

95. The expectation for the long term (4th round of mutual evaluations) would be that Greece would hire additional AML/CFT staff at the HCMC.

96. Despite the shortage of staff, the HCMC has continued implementing its supervisory programme and procedures. The volume of compliance monitoring has increased significantly since the establishment of an independent AML/CFT Special Unit of HCMC. As a result of the increased monitoring activity, corrective measures were imposed and detailed recommendations were addressed to 65 supervised financial institutions.

97. The first round of on-site inspections to all investment firms currently operating in Greece was completed in January 2011. A second round of inspections has started in February 2011. In August and September 2011 the HCMC imposed penalties to two supervised entities totalling EUR 50 000.

98. Moreover, the submission to HCMC in June 2009 of the external auditors' evaluations on the completeness and effectiveness in the AML/CFT procedures of each financial institution, required by Article 9 of the HCMC Rule (1/506/8.4.2009) to be submitted every three years, increased the compliance monitoring even further. The HCMC reviewed the findings of the external auditors and took them into consideration, for the prioritisation of on-site inspections on a risk-based approach.

99. The first round of on-site inspections of all investment firms aimed at establishing the general compliance level of the largest category of market participants. Other supervised entities of lower risk, such as investment intermediaries have also been examined on a sample basis. The second round of on-site inspections is expected to be shorter (about 3 years) as well as more focused and risk-based, since supervised entities have already implemented the corrective measures imposed and have been appropriately risk rated.

100. The number of on-site audits conducted by the AML Unit of the HCMC is the following:

HCMC AML Unit examinations	
Year	Number
2008	15
2009	20
2010	34
2011 (to September)	29

R23 (Deficiency 5): Supervisory programme and procedures MOD/ID: there is no AML/CFT supervision of insurance companies

101. As of August 2010, the Greek authorities passed a law in Parliament that removed the insurance supervisory committee (PISC) and transferred its powers to the Bank of Greece (BOG). By December 2010 all the authorities of PISC were passed over to the BOG, in order to strengthen insurance sector supervision on all aspects and especially AML. Most of the staff of PISC were transferred to the BOG (29 insurance sector experts) and to the FIU. While the shortcomings as identified during the follow-up process did not question the quality and knowledge of the current staff – but just requested more such staff - it was also understood that in the current economic recession and the state of the Greece governance finances, it would be difficult for the authorities to defend hiring additional staff.

102. PISC had established an AML Supervision unit in 2009. The unit was responsible for the supervision of insurance intermediaries and life insurance companies. In 2009, 12 insurance companies were inspected (about 80% of market share), all of which had been instructed to amend their internal AML procedures and take certain corrective actions. Off site surveillance has also been conducted by means of annual reports submitted by the supervised entities, as well as external auditors' reports on the adequacy of AML procedures and policies in place. PISC submitted 4 STRs to the FIU in 2010. Following the transfer of supervision of the insurance sector to the BOG, four on-site inspections on insurance companies have been carried out, the findings of which, including the comments and views of the supervised institutions, are being considered by the Credit and Insurance Committee, which would make decision on possible sanctions or other measures. In addition, the annual AML reports of 2010 are being reviewed.

103. The effectiveness of supervision of the insurance sector is expected to benefit from the synergies of the AML Unit of the Banking Supervision Department which include the harmonisation of supervising policies and procedures of both the banking and insurance sectors, particularly since a substantial part of life insurance market is related to banking groups. On-site inspections carried out in 2011 included insurance undertakings belonging to banking groups in which cases Group AML systems have been analysed on the basis of the common banking and insurance supervision audit manuals and methodology. Moreover further harmonisation of supervisory practices in these two sectors have been made regarding internal control and IT systems requirements. All life insurers have been risk rated on the basis of their 2011 off-site reports and, where appropriate, of on-site inspections' results. The schedule for the latter includes another four entities to be inspected within 2011.

Recommendation 23, overall conclusion

104. Overall, Greece has addressed all issues related to R23. The shortage of staff for HCMC and PISC were never addressed; however, PISC was dissolved and integrated into BOG. For HCMC it is understood that the current economic climate makes it difficult for the government to justify hiring more staff. For the next mutual evaluation, the expectation remains that Greece has sufficient resources, also for HCMC. There are certain limitations when assessing the effectiveness of large sections of a supervisory regime. One of those limitations is that a paper based desk review can never fully confirm (the lack of) effectiveness. The structural move from PISC to BOG suggest that the authorities are serious about putting in place an effective system before the next FATF mutual evaluation takes place. On this basis, it is suggested that Greece has so far undertaken sufficient action to address the shortcomings related to R23 and that Greece reached a satisfactory level of compliance.

Recommendation 26 – rating NC*General remarks*

105. As is indicated in the introduction section to this report, follow-up reports are paper based desk reviews, and it is difficult to confirm effectiveness during such a review. However, as is also indicated in the same section, Greece has been subject to the review of the FATF ICRG process. As part of this process, the FATF undertook an on-site visit to Greece, including to the Greek FIU. The issues reviewed by the ICRG in relation to the FIU are mostly the same as the issues that have been identified in the mutual evaluation report in relation to R26. Where relevant, this report builds on the already approved ICRG report, which means that in certain specific areas, the follow-up report can confirm effective implementation.

R26 (Deficiency 1): The FIU is inappropriately structured to properly and effectively undertake its functions.

and

R26 (Deficiency 2): The current composition and functions of the Committee raise potential conflicts of interest when dealing with STRs that adversely affect the FIU’s operational independence and autonomy and potentially could lead to undue influence or interference.

106. Greece abolished the framework that was in place during the mutual evaluation, and an independent authority called “Anti Money Laundering, Counter Terrorist Financing and Source of Funds Investigation Authority” (hereafter “the Authority”) was established by L3932/A49/10-3-2011. The Authority enjoys administrative and operational independence and comprises of three independent Units, with separate responsibilities, staff and infrastructure, reporting to the President.

107. The FIU is one of the three Units set up under the umbrella of the Authority. The FIU replaces the former AML/CFT Commission and is currently operating under a new structure which was initiated in September 2010 upon the arrival of the new President of the FIU and has been further developed since that time. Art. 7C.7 of the law stipulates that a joint Ministerial decision of the Ministers of Justice, Transparency and Human Rights, Finance, Foreign Affairs and Citizen Protection on a recommendation of the President and the Board Members of the Authority shall lay down the details of the operation of the three Units, including the FIU. The President of the Authority is a Public Prosecutor of the Supreme Court who is full time seconded to the Authority and who is also the President of the three Units. The detailed rules on the operation of the three units is being drafted (as of May 2011).

108. The operational independence of the three Units, including the FIU, is also ensured by the individual and fully protected office spaces and the separate databases without any linkage to each other

109. The FIU’s preliminary investigation powers, which were criticised in the mutual evolution report, were abolished by the same new law.

110. Based on Article 7A.1(ii) of L3932/A49/10-3-2011 the functions of the Greek FIU are the collection, investigation and evaluation of STRs reported by the obligated persons. According to the new structure of the FIU and the explanations provided by Greece, it seems that these functions are fully in line with the core functions of an FIU as required by R26.

111. The FIU is headed by the President and seven Members of the Board. On the basis of consensus, they decide if case files (consisting of one STR or several related STRs) are disseminated to the judicial authorities or archived for the time being. The FIU is operating under a specific structure to ensure that the

core functions are taken care of and to allow the Board to take the final decisions with regard to the case files created upon receipt of an STR. The following departments are set up and are operational: the analytical department; the criminal intelligence investigations department, the international relations and research department, the administrative and financial affairs department and the IT department. For the management of these departments, the President is assisted by the Director of the FIU. The primary role of the criminal intelligence investigations department is to collect and analyse the information the FIU can obtain both directly and indirectly from the judicial authorities, the police, and the intelligence and customs services. This kind of information is collected for all case files. In addition, this department is also actively involved in the analysis of STRs. While the members of staff in this department are seconded from police and intelligence agencies, they are not involved in police investigations taking into account the absence of investigative powers in the FIU. While integrated parts of the FIU, the administrative and financial affairs department and the IT department also provide support to the Financial Sanctions Unit (FSU) and the Source of Funds Investigations Unit (SFIU) (the two other Units of the Authority).

112. L 3932/A49/10-3-2011 has created 50 posts in the FIU and 31 of them were staffed as of May 2011. The majority of the members of staff are seconded by the ministries/agencies represented on the Board of the FIU. Once seconded to the FIU, the personnel are bound to the strict confidentiality rules imposed by the law and these are equally applicable towards their parent organisation. The respective Board Members have no oversight role with regard to the staff seconded from their ministry/agency to the FIU and the staff members work under the direct leadership of the President and the Director of the FIU. The analytical department only has a staff of seven, which is low taking into account the important number of STRs received by the FIU (during 2010, an average number of 24 STRs was received per day while in 2011, this number amounted to 36. Greece, however, indicated that the criminal intelligence investigations department (eight staff) also plays an important role in the analysis of STRs, especially those in which a criminal background can be clearly established. Nevertheless, as analysis of STRs is the core function of any FIU, Greece should continue to ensure that sufficient staff is available to do this work.

R26 (Deficiency 3): Reporting forms and procedures have not yet been provided to all reporting entities.

113. Reporting forms for all reporting entities are available through the FIU site. Six forms are available for: banks, investment firms, insurance undertakings, money transfer entities, currency exchange offices and DNFBPs. These reports have been formatted for filling by e-mail. Feedback sent to reporting entities includes acknowledging receipt of an STR and, on a monthly basis, communicating to reporting entities the outcome of cases related to STRs sent (sent to prosecutor, or filled with the FIU).

114. The FIU has recently introduced an electronic STR creation/submission system which is currently only available for banks. Around 10% of the total number of STRs is now received electronically and these STRs represent 45% of the total number of STRs submitted by the banking sector. The extension of the system to securities companies, money exchangers, money transfer services and public services submitting reports to the FIU is envisaged for the near future (in the course of 2011). This electronic reporting tool is set up in a stand-alone environment without any direct connection with the FIU's database to fully protect the FIU's database.

R26 (Deficiency 4): The FIU does not have adequate and timely access to all the financial, administrative and law enforcement information it requires to properly perform its functions.

115. The Greek FIU has access to a wide range of information sources either directly or indirectly which allow it to undertake/support the analysis required as one of the core functions of the FIU. The FIU's analysts collect additional financial information from the following on-line databases: *i*) the Ministry of Finance taxation databases, including income tax, VAT, and other tax related data (TAXIS); the real estate properties database (ETAK) and the vehicle database; *ii*) the banking information database

containing information regarding customers “blacklisted” by the financial sector (TEIRESIAS); *iii*) the Down Jones watch list service; and *iv*) World Check, including the information regarding PEPs. In addition, penal and police information are also collected on-line through the criminal intelligence investigations department. In addition, this department ensures access to international electronic data for the exchange of information with the following authorities: *i*) Europol; *ii*) Interpol; *iii*) Eurojust; and *iv*) the Sustrans system.

R26 (Deficiency 5): There are insufficient physical and electronic security systems to securely protect the information held by the FIU.

116. Previous physical security issues have been resolved by the installation of monitors and the appointment of security officers. All departments within the FIU have their own office space which can only be accessed by the President, the Director and the members of staff of the relevant departments by using a specific access card. In addition, the IT room is secured by an even more advanced system and access is limited to the President, the Director and the IT staff. Finally, finalised case files (either disseminated to the judicial authorities or closed) are stored in a highly secured archive room. The ongoing cases are locked in cabinets either in the administrative department or the relevant departments in charge of the analysis.

117. It is also important to note that the FIU is also physically separated from the other two Units within the Authority. The premises of these Units, which are located on the same floor in the same building, are equally secured and the same secure access procedures apply.

118. The IT Department is the youngest department within the FIU and became operational, as an integral part of the FIU, in December 2009. Important investments in the IT system took place since early 2010 and the current IT system for tracking STRs in the Administration Department has been operational since March 2010. A case management tool has been created on the Oracle RDBMS on Intel Linux servers, the functionality of which allows users to effectively manage incoming and outgoing data related to case files opened upon the receipt of STRs. In April 2011, a Request For Proposal (RFP) for a more sophisticated IT system, including analytical software, was launched and it is expected that this new system will become operational in the course of 2012. The aim is to arrive at a cloud IT structure taking into account that the new system will need to cover the activities of the three units.

119. It is important to note that each Unit within the Authority has its own database and the President and the Greek authorities have assured that the servers are completely separate and the data are kept confidential, including between the three Units of the Authority.

R26 (Deficiency 6): The reports published by the FIU do not provide adequate information on statistics, typologies and trends.

120. Annual reports are available in Greek and English through the FIU’s website www.hellenic-fiu.gr. The FIU started only recently issuing an annual report (the first one was issued in 2010 with regard to the activities of 2009), the 2010 report (issued early 2011) focuses especially on the role and functions of the FIU, the reporting obligations, the obligated entities, and the other competent authorities (such as the supervisors). The report contains some statistics but they are rather general in nature and do not contain specific elements as for instance the predicate offences identified in the cases disseminated to the judicial authorities or the region where the suspicious transactions took place. The current FIU database does not allow for this information to be stored but these aspects as said to be included in the database which will be developed in the near future. In addition, the chapter on typologies is rather limited and the 2010 report only contains two concrete typologies. The Greek authorities explained that the reason for this can be

found in the fact that the Greek FIU was not fully operational for a longer period of time (as noted in the MER) and everything needed to be built up from the start.

R26 (Deficiency 7): In practice, there are real issues as to whether the Egmont principles are applied in relation to security of information and the FIU is not connected to the Egmont Secure Web thus impacting effective co-operation.

121. The information exchange with counterpart FIUs takes place in a fully secured way. The FIU is connected to both the Egmont Secure Web (ESW) and the FIU.NET (connecting the EU FIUs) and all requests for information are received via these secure channels. For each request received, a case file is created in the same way as for a STR received from an obligated entity.

122. The servers of both the ESW and the FIU.NET are located in the fully protected area with all the other IT equipments (see above) and not connected to the FIU's database or any other database. Access to these tools for international information exchange is restricted to the members of the international co-operation department. Taking into account that a case file is created for each incoming request, the same secure measures apply to these requests and the information sources available for the analysis of STRs are equally accessed for requests from foreign FIUs.

123. The President of the FIU decided that priority needs to be given to the requests from counterpart FIUs and during the first quarter of 2011, 50% of all incoming request were answered within a period of maximum seven days. The FIU keeps detailed statistics with regard to both incoming and outgoing requests for information and instances of spontaneous information exchange. These statistics also contain details regarding the information provided and the databases consulted to this end.

R26 (Deficiency 8): The lack of human resources, the paper based STR system, the lack of appropriate IT infrastructure and the current system for processing STRs has resulted in a serious lack of effectiveness in the FIU, which in turn impedes the overall effectiveness of the AML/CFT system.

124. As mentioned above, the issues at stake have been addressed as analysed in details in the previous paragraphs.

Recommendation 26, overall conclusion

125. The FIU has made important progress with regard to all of the shortcomings identified in the mutual evaluation report. Further improvement and work is needed with regard to deficiency 6 (annual report and statistics). However, Greece was rated NC for the FIU, and as is indicated above, Greece had to start rebuilding its FIU from the start. In these circumstances, the work undertaken by the authorities is to be commended. Despite some remaining room for improvement, considering that the core function of an FIU (receiving, analysing, and disseminating STRs) has been established, and with the information available from the FATF ICRG process, it is reasonable to conclude that Greece has raised its compliance with R26 to a level equivalent to LC.

Recommendation 35 – rating PC

R35 (Deficiency 1): Ratification of the Palermo Convention: Greece has not ratified the Palermo Convention.

126. On 31 August 2010, the Greek Parliament ratified the Palermo Convention (Palermo Ratification Act). The ratification law is in force since 15 September 2010. This law also addresses remaining issues related to SR II (see above)

R35 (Deficiency 2): Implementation of the Palermo Convention: the scope of the ML offence is too limited (see comments in relation to Rec.1).

127. See for this issue the comments under R1.

R35 (Deficiency 3): Implementation of the Palermo Convention: self-laundering is not properly criminalised in Greece, and this cannot be justified on the basis of its being contrary to the Greek fundamental law (see comments in relation to Rec.1).

128. See for this issue the comments under R1.

R35 (Deficiency 4): Implementation of the Palermo Convention: the penalties are not dissuasive and there are doubts about their effectiveness (see comments in relation to Rec.2).

129. For natural persons, the AML Law (2008) still attaches various terms of imprisonment to ML, depending on the type of the offence and the circumstances (see Article 45). The sentence for ML still cannot exceed the sentence for the predicate offence (Article 45.1.g). However, this principle does not apply in certain circumstances *i.e.*, for the commission of certain predicate offences (bribery) and where the perpetrator exercises such activities professionally or he is a recidivist or is part of a criminal or terrorist organisation (Article 45.1.h). However, it is not certain that this addresses the weakness identified in the MER since the issue remains with regard to misdemeanours. As a general principal, the sentence for ML should stand alone and should not be dependent upon the sentence of the predicate offence. See also for this issue the comments under R2 and SR11.

R35 (Deficiency 5): Implementation of Vienna Convention: the Greek provisions do not permit the confiscation of indirect proceeds (see comments in relation to Rec.3).

130. Article 46 of the AML Law (2008) provides measures for confiscation of assets derived directly or indirectly from proceeds of crime.

R35 (Deficiency 6): Implementation of the Terrorist Financing Convention: the penalties are not dissuasive and there are doubts about their effectiveness (see comments in relation to Rec.2).

131. This shortcoming only relates to legal persons, as the MER already determined that the 10 years imprisonment for natural persons is sufficiently effective, proportionate and dissuasive (although its effectiveness can still not be confirmed in the absence of any case). The lack of criminal corporate liability is discussed in SR11 and remains a shortcoming. Nevertheless, the provisions of Article 41 of Law 3251/2004 contain administrative sanctions against all implicated legal persons. These provisions do not require the legal person deriving a benefit from collecting or providing funds to a terrorist or terrorist organisation, being in compliance with international obligation.

R35 (Deficiency 7): Implementation of the Terrorist Financing Convention: the CDD requirements are inadequate and the implementation of STR reporting is not fully effective (see comments in relation to Rec.5 & 13).

132. See for this issue the comments under R5, R13 and SR14.

Recommendation 35, overall conclusion

133. Overall, Greece has addressed most of the issues related to R35. Some minor elements remain, as is noted elsewhere in this report. Overall; however, Greece has sufficiently raised its level of compliance with this Recommendations.

Recommendation 40 – rating PC

R40 (Deficiency 1): Due to a lack of personnel and technical resources and limited database access, there is an issue of effectiveness with regard to the information exchange of the FIU with foreign authorities on AML matters.

134. See for this issue the comments under R26.

R40 (Deficiency 2): There are no formal statistics to suggest that co-operation between financial supervisors and their counterparts in AML matters is effective and is provided in line with the FATF standards.

135. A multilateral MOU was signed, on high-level principles of co-operation and co-ordination, by banking supervisors of South Eastern Europe in July 2007 (the signing parties were the Bank of Albania, the Bank of Greece, The National Bank of the Republic of FYROM, The National Bank of Romania, The Bulgarian National Bank, The National Bank of Serbia and the Central Bank of Cyprus). Also, an MOU was signed with Bosnia and Herzegovina and Montenegro in February 2008. This MOU has been utilised since its adoption on a large number of bilateral co-operation and exchange of information for supervisory purposes. The Greek authorities indicate that, as a part of the effort to foster home-host AML/CFT supervision and co-operation, two on-site inspections were realised in common with the Central Bank of Cyprus, in 2008. Greece provided statistics on the number of formal requests for assistance received/sent by the BOG relating to or including AML/CFT and the number of requests (41 requests from April 2007 to April 2011), referred to on-site examinations of Greek banks subsidiaries or branches abroad, examinations of foreign banks establishments in Greece and other supervisory issues). Cooperation with foreign supervisory authorities has also taken place with regard to payments institutions, including their agents licensed in another EU member states and operating in Greece and exchanges of institutions specific data for supervisory purposes. The BOG has been participating in the AML Committee (EU joint 3L3 committee), which provides, inter alia, a forum for the exchange of experiences and networking between supervisory authorities, since its establishment.

Recommendation 40, overall conclusion

136. International co-operation issues outside the framework of mutual legal assistance have been addressed by the FIU (see under R26 above) and by the BOG. No information is available in relation to the HCMC; nevertheless, the overall compliance with R40 has been raised to a level equivalent to an LC.

Special Recommendation I – rating PC

SRI (Deficiency 1): Implementation of the Terrorist Financing Convention: the CDD requirements are inadequate and the implementation of STR reporting is not fully effective (see comments in relation to Rec.5 & 13).

137. See for this issue the comments under R5, R13 and SRIV.

SRI (Deficiency 2): Implementation of S/RES/1267(1999) and S/RES/1373(2001): the current process does not allow freezing of terrorist assets without delay (see comments in relation to SRIII).

138. See for this issue the comments under SRIII.

SRI (Deficiency 3): Implementation of S/RES/1267(1999) and S/RES/1373(2001): Greece has a limited ability to freeze funds in accordance with S/RES/1373(2001) of designated terrorists outside the EU listing system (see comments in relation to SRIII).

139. See for this issue the comments under SRIII.

Special Recommendation I, overall conclusion

140. Compliance with this Special Recommendation was improved to a level equivalent of LC. See the conclusions under R5, R13, SRIV and SRIII for substantial information.

Special Recommendation III – rating PC

SRIII (Deficiency 1): The definition of funds in the EC Regulations does not fully cover the terms in SR III and assets that are wholly owned or controlled by a listed entity are not covered.

141. Although Article 2 of EU Regulation 1286/2009 resolved one definitional issue in relation to the EU definition of funds. (“no funds or economic resources shall be made available, directly or indirectly, to, or for the benefit of, natural and legal persons, entities, bodies or groups listed in Annex I”), the issue of “owned or controlled” seems not to have been solved. This is, however, only a shortcoming in relation to freezing actions based solely on the EU Regulations. For freezing actions based on the Greek legal framework, pursuant to paragraph 1 (3) of Art 49a, the freezing of assets extends to the funds the listed persons have under their control or they own jointly with others.

142. To close the gap between the issuance of a UN designation and the entry into force of a subsequent EU designation (which can take some time), the Greek authorities can issue a general order to all obligated entities that requires the immediate freezing of assets of the designated entities and prohibiting the provision of financial services under Article 49a. Such an action also addresses the small deficiency in the EU Regulation relating to “owned or controlled” (as mentioned in the previous paragraph). Greece has displayed the capability to do this by providing an example of the authorities issuing a general order the morning after the UNSC posted additional names to the 1267 list on its website. However, it is unsure if this is done in all cases.

SRIII (Deficiency 2): Greece has a limited ability to freeze funds in accordance with S/RES/1373(2001) of designated terrorists outside the EU listing system.

143. A mechanism to freeze funds in accordance with S/RES/1373 (2001) has been established, by virtue of L. 3932/A49/10-3-2011 which amends the relevant provisions of the AML/CFT Law (L. 3691/2008). Specifically, in accordance with Article 49a of L. 3691/2008, a newly established entity, the Financial Sanctions Unit (FSU), assumes the task of designating terrorists in accordance with UNSCR 1373, outside the EU listing system. The FSU is part of the same Authority that the FIU is also part of, both units are; however, separated (see on R26). FSU is assigned the following competences:

- to designate natural or legal persons related to terrorist activities, either on the basis of information or evidence provided by domestic authorities or by foreign competent authorities requesting the asset freeze (paras 1 and 4);
- to notify all obligated persons requiring the identification on their part of funds or other assets owned or controlled by persons designated by the FSU and the freezing of the freezing of these assets without delay (paras 2 and 3);

- to keep the list of the above mentioned designated persons, and apply due process, which includes reviewing, de-listing and unfreezing procedures (paras 1 last indent, 11 and 12);
- to release certain funds in accordance with UNSCR 1452 (2002), for basic expenses and legal costs (para11);
- to issue guidelines to obligated persons including DNFBPs on the implementation of such asset freezes; and
- to co-operate with competent authorities, including for requesting the freezing of domestically designated terrorists' assets abroad (paragraph 4).

144. As regards to freezing actions under UNSCR 1373 initiated by Greece, the authorities explained that the FSU works with other competent authorities, such as the counter-terrorist agency and police authorities, in view of identifying targets for designation. To encourage this, two of the individuals seconded to the FSU are from the police authority and the two others from the Ministry of Foreign Affairs. As a first step, the Authority has already identified a possible pool of individuals that the FSU will further investigate in order to decide if such individuals should be designated by Greece. Although not stated in the law, the Authority explained that if the entity designated by the FSU did not have assets in Greece, the Authority would submit this designation proposal to the UN (if possible, *i.e.*, if the proposed entity meets the relevant UN listing criteria).

145. The law also allows for responding to freezing requests by other countries pursuant to S/RES/1373. The law states that it must be based on “serious reasons” which Greece explained to be ‘reasonable grounds’. There is no time limit for the duration of the asset freeze provided in the law, and the Greek authorities clarified that the freeze is indefinite.

SRIII (Deficiency 3): The current process for notifying ministries and the financial sector of entities on UN lists takes too long and therefore these entities would not be able to comply with freezing terrorist assets without delay.

146. Article 49 of L.3691/2008 has also been amended by L. 3932/A49/10-3-2011, so as to make the procedure for freezing internationally designated terrorist assets more expedient. To this effect, the FSU replaced Ministry of Finance as the competent authority for the control of the implementation of international (EU and UN) targeted financial sanctions, Hence a Ministerial Decision is no longer required to freeze assets in Greece of internationally designated persons. Instead, the FSU, as the competent authority for the implementation of targeted financial sanctions such as asset freezing, communicates to all obligated persons the relevant EU and UN decisions (including de-listing or unfreezing decisions), while at the same time issuing an executive order for the freezing without delay of all assets identified as owned or controlled by the designated persons (or releasing previously frozen assets, accordingly).

SRIII (Deficiency 4): Greece does not provide guidance to financial institutions as well as DNFBPs on freezing assets of listed entities without delay and does not monitor FIs and DNFBPs for compliance with measures taken under the Resolutions.

147. The FSU in implementing Art 49 and 49a of L3932/2011 has issued recently guidelines to all obligated persons with respect to the freezing of assets (in Greek only). The extent to which this makes Greek DNFBPs aware of their obligations remains unknown, as supervision of DNFBP (see R24) is nascent.

SRIII (Deficiency 5): There are no sanctions for failure to follow freezing requests.

148. Sanctions for non-compliance are provided for in the recent amendments to the AML/CFT legislation. Paragraph 1(h) of Art 49 establishes EUR 10 000 – 50 000 fine and imprisonment of up to 10 years for obligated natural persons or offices or employees. Para 16 of Art 49a explains that the sanctions of Art 49 (UN/EU sanctions) should apply mutatis mutandis to entities designated and sanctioned by Greek authorities. These sanctions have not yet been applied in practice. In addition, Para 3 (b) of Art 52 states that every competent authority needs to specify in its publicised decisions both the obligations and the degree of importance of the obligation with reference to possible sanctions for non-compliance. The BoG decision of July 28, 2010 as amended specifies the “failure to freeze these assets is classified as a ‘particularly serious’ offense.” The Bank of Greece stated that they do not need to be regulatory decisions in order to apply the sanctions. Instead, the BOG explained that all of the decisions were applicable and enforceable as authorised by article 52 para 3 of Law 3691/2008.

149. The BOG issued guidelines on May 4, 2011, on the implementation of financial sanctions to the AML compliance officers of its supervised institutions. The guidelines explained the revised framework on targeted financial sanctions and the establishment of ad hoc criminal sanctions as well as administrative sanctions to obligated persons, in accordance with Article 52 and Decision 290/12/11.11.2009. In addition, the April 20, 2011, FSU guidelines also articulated the type of sanctions that could be applied.

SRIII (Deficiency 6): Processes for de-listing and unfreezing funds are not publicly known and it is impossible to determine their effectiveness, if they exist at all.

150. Detailed processes for de-listing and unfreezing funds have been included in the amended Article 49 and the new Article 49a of Law 3691/2008, mentioned above. Obligated entities must immediately freeze and report back to the FSU on any funds detected, and then the FSU will issue “a specialised executive freezing order.” The FSU issued guidelines on April 20, 2011, clarifying that this specific freezing order “is by no means a prerequisite for the application of the asset freeze.” Instead, this order allows for the designated entity to appeal the decision. These measures also apply to UNSC Resolutions and EU Regulations other than those aimed at combating terrorism.

SRIII (Deficiency 7): Greece has no procedure in place for allowing payment of basic living expenses and fees in line with UNSCR 1452.

151. Both Article 49 (in paragraph 1f) and Article 49a (in paragraph 11), as formulated by L. 3932/A49/10-3-2011, allow the payment of basic living expenses and fees, in line with UNSCR 1452.

SRIII (Deficiency 8): Greece does not have appropriate procedures through which a person or entity whose funds have been frozen can challenge that measure before a court.

152. Both Article 49 (in paragraph 1e) and Article 49a (in pars. 9-11), as formulated by L. 3932/A49/10-3-2011, establish clear procedures through which a person or entity can challenge the freezing of their assets before a court. See also deficiency 6 above.

SRIII (Deficiency 9): Greek authorities should be able to freeze terrorist assets without first having to open a criminal investigation.

153. Under the new provisions, mentioned above, the opening of a criminal investigation is not a prerequisite for the freezing of terrorist assets.

SRIII (Deficiency 10): Greece does not have any measures in place to protect the rights of bona fide third party owners of property that may be involved in terrorist financing.

154. Under the new provisions, and under general Greek legal principles mentioned above, bona fide third parties have full rights to challenge the freezing of assets. Thus their rights are fully protected.

Special Recommendation III, overall conclusion

155. SRIII was also subject to the ICRG process that Greece underwent, and with the information available through the ICRG process and the additional information provided by the Greek authorities, it seems that Greece has taken sufficient measures to raise the level of compliance with SRIII to a level equivalent to LC. In particular, Greece is to be commended for not trying to repair the system that was in place during the mutual evaluation. Setting up a new system that is mostly in line with SRIII, including the establishment of a new authority responsible for SRIII, proves to be a positive step. An issue may remain in relation to DNFBPs and their awareness, as this could not be assessed in this desk review.

VI. REVIEW OF THE MEASURES TAKEN IN RELATION TO OTHER RECOMMENDATIONS RATED NC OR PC

Recommendation 2 – rating PC

R2 (Deficiency 1): Criminal liability does not apply to legal persons and there is no fundamental principle of law prohibiting it.

156. See for this issue the comments under SRII.

R2 (Deficiency 2): Taking all the relevant provisions into account, penalties are not sufficiently dissuasive (the sentence for money laundering cannot exceed the sentence for the predicate offence with regard to a misdemeanour).

157. For natural persons, the AML Law (2008) still attaches various terms of imprisonment to ML, depending on the type of the offence and the circumstances (see Article 45). The sentence for ML still cannot exceed the sentence for the predicate offence (Article 45.1.g). However, this principle does not apply in certain circumstances *i.e.*, for the commission of certain predicate offences (bribery) and where the perpetrator exercises such activities professionally or he is a recidivist or is part of a criminal or terrorist organisation (Article 45.1.h). However, it is not certain that this addresses the weakness identified in the MER since the issue remains with regard to misdemeanours. As a general principal, the sentence for ML should stand alone and should not be dependent upon the sentence of the predicate offence.

R2 (Deficiency 3): There are doubts about the effectiveness of the current administrative sanctions regime.

158. See for this issue the comments under SRII.

R2 (Deficiency 4): The limited data available indicates that the offence is not being effectively implemented, as shown by the very low number of convictions

159. See for this issue the comments under R1.

Recommendation 2, overall conclusion

160. Most shortcomings for R2 relate to shortcomings that are discussed in relation to other Recommendations. These have, in majority, been addressed.

Recommendation 6 – rating NC

R6 (Deficiency 1): The requirement to identify and conduct CDD on PEPs does not extend to the securities and insurance sectors.

161. Article 22 of the AML Law (2008) sets out new requirements for PEPs that apply also to the securities and the insurance sector. In addition, HCMC Rule 35/586/26.5.2011 (paragraph 1 of Article 1) specifies that PEPs must be categorised as high risk customers and describes the obligation to apply enhanced measures for these customers.

R6 (Deficiency 2): BOG Governor's Act applies the requirements relating only to PEPs from countries outside the EU.

162. This issue is implemented in accordance with EU law. Article 22 of the AML Law incorporates the provisions of the 3rd EU AML Directive aligning the PEP's framework with the rest of the EU. In this context, PEPs that reside in the EU are subject to standard CDD measures, while only the rest of the PEPs are subject to enhanced CDD measures. This is not line with FATF requirements regarding PEPs.

R6 (Deficiency 3): The nature and extent of the enhanced CDD measures required for PEPs are not clearly stated.

163. Article 22 of the AML Law explicitly lists the enhanced CDD measures for PEPs.

R6 (Deficiency 4): The requirement to identify a PEP's source of wealth is not explicitly stated.

164. Paragraph 6 of Article 22 of the AML Law imposes this specific requirement.

R6 (Deficiency 5): BOG Governor's Act does not require a SI to obtain senior management approval before setting up a business relationship with a PEP.

165. Paragraph 5.15.2 of the BOG Decision 281/2009 defines PEPs as a high risk category and specifies the required enhanced CDD measures, including the requirement for the SI to obtain senior management approval before setting up a business relationship with a PEP. A similar requirement is provided for in paragraph 6 of Article 22 of the AML Law.

R6 (Deficiency 6): The BOG measures have just been adopted and there is no evidence generally that AML/CFT measures have been effectively implemented.

166. Greece reports that four and a half years since the entry into force of the BOG measures, which have been further adjusted and strengthened after the entry into force of the AML Law 3691/2008 and the BOG Decision 281/2009, supervised institutions have been examined off-site and on-site, to ensure that the enhanced CDD measures with regard to PEPs have been effectively implemented.

Recommendation 6, overall conclusion

167. Most of the shortcomings related to R6 have been addressed, although it is difficult to ascertain through a desk review if the effectiveness of the implementation has improved.

Recommendation 8 – rating PC

R8 (Deficiency 1): There are no requirements for the securities or insurance sectors.

168. Apart from Article 20 of the AML Law (“*Transactions without the physical presence of the customer & Risks from new products and technologies*”) that applies also to the securities and insurance sector, paragraph 2(d) of Article 8 of the HCMC Rule (1/506/8.4.2009) provides that the compliance officer has, at a minimum, the duty 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. In addition, HCMC Rule (1/506/8.4.2009) provides in paragraph 6 of Article 2 that accounts opened without the physical presence of the client should be categorised as high risk under the risk based CDD approach. PISC Rule 154/5a/2009 Article 9 sets similar requirements.

R8 (Deficiency 2): There is no requirement for SIs to have measures to prevent misuse of technological developments.

169. Article 20 of the AML Law (2008) sets out the requirements to prevent the misuse of technological developments and obligations on non-face to face business relationships. These requirements seem to be line with R8 although it is not always certain that they apply in the context of ongoing due diligence (they seem to focus very much on measures to be taken when establishing the business relationship). Nevertheless, apart from the measures in Article 20 that were directly taken from the 3rd EU AML Directive, Article 20 also states that obligated persons have to pay special attention to any product or transaction which might favour anonymity (including non face-to-face transactions) and which, by nature or by virtue of information about the profile of the characteristic features of the customer, may be associated with money laundering or terrorist financing and take appropriate measures to avert this risk. In addition enhanced CDD measures are provided for in paragraph 5.15.8 of the BOG Decision 281/2009 (see next deficiency).

R8 (Deficiency 3): The means proposed for dealing with the risks of non face to face business issued by the BOG appears to be limited to customers having an account with a financial institution based in the EU.

170. Paragraph 5.15.8 of the BOG Decision 281/2009 lists the appropriate enhanced CDD measures of the specific high risk category of non face to face business. In this respect, on top of the measures provided for, in the 3rd EU AML Directive, further requirements were imposed, such as the verification of a distant customer’s full name, address and signature by a financial institution operating in his country of residence or establishment, or a recommendation from a third party who is subject to the CDD requirements of the AML Law.

Recommendation 8, overall conclusion

171. The shortcomings related to R8 seem to have been sufficiently addressed.

Recommendation 9 – rating PC

R9 (Deficiency 1): The BOG has introduced specific provisions for third party reliance but they are partially inconsistent and do not address all the requirements under Recommendation 9.

172. The current provisions for third party reliance that have been introduced by chapter 6 of the BOG Decision 281/2009 in accordance with the AML Law, limit the use of third party reliance, since: *i*) only credit institutions, investment firms, mutual fund management companies and insurance companies may be

relied upon as third parties; and *ii*) the scope of the reliance is limited to identification and verification of the identity of the customer and the beneficial owner (no reliance for gathering information on the purpose and intended nature of the business relationship).

173. Moreover, in addition to the identification and verification data provided by third parties, credit institutions have to receive directly from the customer or beneficial owner and/or third sources the necessary additional data and information to be able to maintain and update the customer's profile (on a risk based basis). This limits the use of third party reliance. There are further limitations, such as the nature and location of allowed third parties. For example, only Greek *i*) credit institutions; *ii*) investment firms; *iii*) mutual fund management companies; and *iv*) the insurance companies referred to in Article 4(3)(m) of Law 3691/2008 can act as a third party.

R9 (Deficiency 2): There is no provision for third party reliance in the general AML Law or the HCMC/MOD provisions.

174. Articles 23 and 25 of the AML Law (2008) address the requirements under R9, to quite some detail. In addition, the revised HCMC rule (1/506/8.4.2009) in Article 6 provides that *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*".

R9 (Deficiency 3): Insurance brokers/agents are not covered by the AML Law, and there is lack of clarity over the role they play in the customer due diligence process.

175. Insurance intermediaries (brokers/agents) are now covered by the AML Law 2008, and are supervised by BOG (formerly PISC).

Recommendation 9, overall conclusion

176. The shortcomings related to R9 seem to have been sufficiently addressed.

Recommendation 11 – rating PC

R11 (Deficiency 1): There is no specific requirement in the AML Law or guidance to monitor all complex, unusual large transactions unless they raise specific suspicions of ML or TF.

177. The AML Law 2008 imposes sufficient requirements to address this deficiency (see Articles 13.1d and Article 27.1.). In addition, paragraph 5.4.vi of the BOG Decision 281/2009 also provides for the specific requirement, including the obligation to record and file the results/ evidence of the examination for at least five years.

R11 (Deficiency 2): BOG guidance is not sufficiently clear and appears to suggest that certain findings need only be documented when consideration is given to submission of an STR.

178. The requirement imposed by the BOG Decision 281/2009 is a part of the overall CDD requirements of chapter 5, unconnected to STR requirements covered by chapter 8. The general record keeping requirements of chapter 7 are also relevant and assist FIs.

R11 (Deficiency 3): The provisions adopted by the HCMC limit the requirement to monitor transactions that could be connected with ML.

179. As with the BOG, HCMC has updated its requirements, however, the monitoring of transactions seem still to be connected to the reporting requirements (AML Law and HCMC circular (41/8.4.2009), paragraph A.I. 29 and HCMC rule (1/506/8.4.2009) Article 7). This last article states that companies must examine with special care any suspicious or unusual transaction during the CDD process, and requires that the outcome of monitoring for suspicious transactions has to be kept in writing or in electronic form for at least five years after the conclusion of business relationship together with all necessary documentation. According to article 13f of the AML Law, the monitoring of transactions is an important obligation for supervised entities, irrespective of whether it is connected or not to the reporting requirements.

R11 (Deficiency 4): The MOD/ID Circular does not contain any requirement for insurance companies as set out in R11.

180. In addition to the relevant AML Law provisions, the PISC Rule 154/5A/2009 includes in Annex 3, a requirement that unusual large transactions as transactions enhanced monitoring.

Recommendation 11, overall conclusion

181. While the AML Law and BOG measures rightly disconnect transaction monitoring from reporting suspicious transactions, the HCMC still makes the link between the two Recommendations. This needs to be improved.

Recommendation 12 – rating NC

R12 (Deficiency 1): Similar technical deficiencies in the AML Law relating to Rec. 5, 6 and 8-11 that apply to financial institutions also apply to DNFBPs (see comments and ratings in Section 3.2).

182. The AML Law does not distinguish between FIs and DNFBPs, where appropriate. This means that the improvements related to R5, R6, R8, R9, R10 and R11 that are noted in this follow-up report, also apply to DNFBPs (on the level of the AML Law, not on the level of the regulations). At the same time, the technical deficiencies identified in the AML Law for these Recommendations also apply to DNFBPs. It should be noted that the AML Law 2008 is an improvement over the old AML Law that was subject to the assessment.

183. All required DNFBPs are covered, and subject to control by the following organisations: *i)* the Ministry of Finance (General Directorate for Tax Audits,) for venture capital firms; companies providing business capital; tax consultants, tax experts and related firms; independent accountants and private auditors; real estate agents and related firms; auction houses; dealers in high value goods; auctioneers; and pawnbrokers; *ii)* the Gambling Control Commission for casino enterprises; casinos operating on ships flying the Greek flag; companies, organisations and other entities engaged in gambling activities; and betting outlets; *iii)* the Ministry of Justice for notaries and lawyers; and *iv)* the Ministry of Development for TCSPs and *v)* the Accounting and Auditing Supervisory Commission for chartered accountants and audit firms.

R12 (Deficiency 2): Although DNFBPs are technically subject to various provisions of the AML Law, practical application is extremely limited. This raises serious concerns in relation to the effectiveness of the measures in place.

184. Greece seems to have taken actions to make the DNFBPs aware of their AML/CFT obligations under the AML Law. The Ministry of Justice has issued a circular containing instructions for lawyers and

notaries regarding implementation details of their obligations laid down by the provisions of the AML Law.

185. ELTE issued a revised AML/CFT Regulation and Guidance in 2010, which was approved by the Ministry of Finance and became enforceable in April 2010. This Regulation specifies CDD, STR and certain other requirements of the AML Law in a more detailed manner for auditors and audit firms. The following measures are included: *i*) the requirement to adopt a written AML/CFT policy on a risk based basis along the lines of relevant FATF guidance in this area; *ii*) CDD and STR obligations need to be extended to all clients and to all professional activities and types of engagement carried out by audit firms and individual accountants; *iii*) the requirement to appoint an AML reporting officer (AMLRO) with adequate resources to implement their duties (with need of approval of ELTE); *iv*) detailed CDD obligations; *v*) staff training requirements; and *vi*) general supervisory reporting obligations from the AMLRO to the ELTE.

186. General Directorate for Tax Audits also issued a circular addressed to all obligated persons and entities, as well as to tax authorities (tax offices and audit centres), notifying them of their obligations laid down by the provisions of the AML/CTF Law, and providing guidance to assist in the implementation of these provisions. The General Directorate for Tax Audits has also issued a ministerial decision in accordance with the provisions of Article 6 paragraph 3 item d of the AML/CTF Law, determining the documents and information necessary for the identification and verification, by supervised obligated persons, of their customers' (natural or legal persons or entities) and beneficial owners' identity while conducting CDD. Finally the GDTA also issued a ministerial decision in accordance with Article 5 paragraph 1 item j of the AML/CTF Law, to determine the criteria whereby dealers in high value goods are subject to the obligations of the AML/CTF Law.

R12 (Deficiency 3): No AML/CFT measures apply to TCSPs.

187. The application of the AML Law (2008) has been expanded to the DNFBPs as defined by the FATF, including TCSPs.

R12 (Deficiency 4): Internet casinos are covered by law but there is no action taken in practice.

188. The law does not apply to internet casinos anymore since it seems that the establishment of internet casinos is now illegal in Greece.

R12 (Deficiency 5): It is unclear if casinos on Greek owned or operated vessels are covered by the AML Law.

189. The application of the AML Law (2008) has been expanded to the DNFBPs as defined by the FATF, including casinos operating on ships flying the Greek flag.

Recommendation 12, overall conclusion

190. Greece seems to have improved its compliance with R12 although the deficiencies identified in relation to R5, R6 and R8 to R11 must be taken into account. In addition, the implementation of the new requirements by the DNFBPs cannot be confirmed on the basis of this paper based desk review.

Recommendation 15 – rating PC

191. General observation: Article 41 of the new AML Law requires reporting entities to implement adequate and appropriate internal policies and procedures with respect to customer due diligence, reporting of suspicious transactions, record-keeping, internal control, risk assessment, continuous assessment of the

degree of compliance and internal communication. Article 42 introduces rules on staff's education and training. Article 44 sets out the obligation to appoint a compliance officer at the management level.

R15 (Deficiency 1): For FIs supervised by BOG: the requirements on internal controls (e.g., screening procedures) are not fully AML/CFT oriented and there are doubts about their proper implementation by SIs.

192. Apart from the existing general requirements on internal controls in the BOG Governor's Act, BOG Decision 281/2009 chapter 9 strengthens the links between existing regular internal control and AML/CFT, as it requires internal audit units and compliance officer units to carry out specialised controls to monitor the effective implementation of the supervised institution's AML/CFT policy and procedures and the adequate management of ML/FT risk. The nature and scope of these controls depend, inter alia, on the nature, scope and complexity of the supervised institution's operations; the differentiation of its activities, products and customers and the volume and size of the CI's transaction.

193. At the top level of an FI, the BOG Decision imposes on the board of directors the requirement to adopt and approve an effective AML/CFT policy, monitor and be responsible for its proper implementation through the FI's audit committee (as required by BOG decision paragraph 1.2, 1.3i and 9.1 of the decision). The results of the annual assessment of the adequacy and efficiency of the AML/CFT policy carried out by the audit committee are reported to the BOG, together with the AMLRO's annual AML/CFT report (BOG decision, paragraph 3.1).

194. At the AML/CFT officer's level, the BOG Decision requires the appointment by the board of directors of the officer to be based on fit and proper criteria, (including integrity, scientific background, experience in the relevant field and familiarity with the supervised institution's operations), and the BOG has the right to request a replacement if the officer does not meet the requirements and qualifications for performing his duties (BOG decision, paragraph 2.1.2).

R15 (Deficiency 2): For the FIs supervised by HCMC and in the insurance sector: existing requirements are either very general (on internal procedures and controls and screening procedures) or non-existent (on independent audit function and training).

195. The general HCMC Rule as referenced earlier sets out principles and procedures on internal controls, including on the audit function. Following the assignment of the insurance sector's supervision to the BOG, specific guidelines are currently being drafted along the lines of the banking supervision framework (see deficiency 2 above). However, there is already a requirement in place to report the internal audits on an annual basis, as a part of the insurance company's AML/CFT report to the BOG).

Recommendation 15, overall conclusion

196. Greece seems to have generally improved its compliance with R15. Work still needs to be done in the area of the insurance sector.

Recommendation 16 – rating NC

R16 (Deficiency 1): Similar technical deficiencies in the AML Law relating to Rec. 13, 15 & 21 that apply to financial institutions also apply to DNFBPs (see comments and ratings in Sections 3.6, 3.7 & 3.8).

197. The AML Law does not distinguish between FIs and DNFBPs, where appropriate. This means that the improvements related to R13, R14, R15, and R21 that are noted in this follow-up report, also apply to DNFBPs (on the level of the AML Law, not on the level of the regulations). At the same time, the

technical deficiencies identified in the AML Law for these Recommendations also apply to DNFBPs. It should be noted that the AML Law 2008 is an improvement over the old AML Law that was subject to the assessment.

R16 (Deficiency 2): Although DNFBPs are covered by the scope of the AML Law, in practice nothing has been done to implement the provisions within the DNFBP community, and thus practical application is extremely limited. This raises serious concerns in relation to effectiveness of the measures in place.

198. See also R12, deficiency 2. The GDTA has issued an explanatory circular (POL 1067/5-4-2011) addressed to supervised entities (natural and legal persons) and to tax authorities (tax offices and audit centres), giving specific guidance with regard to the obligation of reporting suspicious transactions to the FIU and the prohibition of disclosure of information.

R16 (Deficiency 3): No AML/CFT measures apply to TCSPs.

199. The application of the AML Law (2008) has been expanded to the DNFBPs as defined by the FATF, including TCSPs.

R16 (Deficiency 4): There are insufficient detailed requirements concerning the implementation of internal controls.

200. No specific information was provided by the authorities regarding this shortcoming.

Recommendation 16, overall conclusion

201. Greece has improved its compliance with R16 by extending the law to DNFBPs, although the information provided is limited and the deficiencies identified in relation to R13, R14, R15, and R21 must be taken into account. In addition, the implementation of the new requirements by the DNFBPs cannot be confirmed on the basis of this paper based desk review.

Recommendation 17 – rating PC

R17 (Deficiency 1): For FIs supervised by the BOG: (1) the current use of sanctions (non-interest bearing deposit) is neither sufficiently effective nor sufficiently dissuasive; (2) the range of sanctions imposed is not sufficiently broad and is not proportionate to the severity of a situation; (3) the implementation of sanctions to FIs directors or senior management is uncertain.

202. As far the BOG is concerned, it is worth noting that the much criticised non-interest bearing deposits with the BOG have been abolished as a form of sanction for breaching AML/CFT obligations and that rules have now been introduced to publicise BOG sanctions.

203. The range of sanctions is now broader (based on the new BOG decision); however, as part of a paper based desk review it remains difficult to assess the effective implementation of the new framework. Nevertheless, Greece did provide statistics that point at the right direction. From 2009 to early 2011, BOG imposed and publicly disclosed fines of EUR 1 580 000 on 21 supervised institutions, compared with the interest-bearing deposit sanction with an aggregate cost of EUR 805 000 that had been imposed in 2008.

204. The AML Law increased the range of administrative sanctions as well as the levels of fines (up to EUR 2 000 000 in the case of legal persons and EUR 100 000 in the case of natural persons) which are imposed notwithstanding any criminal or other sanctions (it should be noted that there is no criminal liability for legal persons). In addition, *Decision 290/12/11.11.2009 of the Banking and Credit Committee*

on the imposition of administrative sanctions on supervised institutions, sets the individual deficiencies per legal person, director/managers or other member of staff. Each one of these deficiencies, if considered as an infringement is liable to a minimum fine of EUR 20 000 in the case of the legal person or EUR 5 000 in the case of a natural person. Thus the total amount of fines would in the case of a larger number of serious infringements by an inspected supervised institution result in very high fines. It is reported by the Greek authorities that the entry into force of this Decision and the existence of severe sanctions for the supervised institutions' employees (even including front line staff), separately from the supervised institution, is expected to have a very dissuasive effect. Meanwhile, the Bank of Greece has also issued Decision 300/30/28.7.2010 which introduces sanctions for credit and financial institutions for failure to promptly apply freezing requests or respond without delay to orders to seek and identify suspected terrorist assets.

R17 (Deficiency 2): For FIs supervised by the HCMC: (1) based on the information available, there is insufficient evidence to show that the sanctions regime in place offers a sufficiently broad range of sanctions for failing to comply with AML/CFT requirements: (2) due to the very low volume of compliance monitoring carried out by the HCMC, the effectiveness of the sanctions regimes cannot be measured.

205. The information relating to the provisions of the AML Law also apply to HCMC supervised entities (see above deficiency 1). In August and September 2011 the HCMC imposed penalties to two supervised entities totalling € 50.000. Corrective measures are also being imposed. (2008: to 10 entities, 2009:13entities, 2010: 10 entities and 2011 up to September 11 entities). See ANNEX 1 and comments under R23.

R17 (Deficiency 3): For FIs supervised by MOD/ID: there is insufficient information to show that the MOD/ID has the authority to impose sanctions for non-compliance with the AML Law and MOD Circulars. No sanctions have been imposed for AML/CFT breaches.

206. Insurance supervision was moved from MOD/ID to PISC, and subsequently, to BOG. The information relating to the provisions of the AML Law also apply to insurance business (see above deficiency 1).

Recommendation 17, overall conclusion

207. The overall legal framework, the sanctioning policy and the fines imposed by BOG are all improved (law and implementation).

Recommendation 19 – rating NC

R19 (Deficiency 1): There is no evidence that Greece has considered implementing a system for reporting currency transactions across all regulated sectors.

208. Greece has not yet considered implementing a system for reporting currency transactions across all regulated sectors. The task will be given to the AML/CFT Strategic Committee created under Article 9 of the AML Law (2008).

Recommendation 19, overall conclusion

209. The level of Greece's compliance with R19 remains unchanged.

Recommendation 21 – rating NC

R21 (Deficiency 1): Absent an NCCT list, there are effectively no requirements for the securities sector.

210. Articles 24 and 33 of the AML Law (2008) introduce new requirements for all FIs, including the securities sector. In addition, HCMC rule (1/506/8.4.2009) in paragraph 3 of Article 7 provides that companies apply additional procedures of ongoing monitoring of business relationships and transactions with clients from countries characterised as non-cooperative by FATF or countries, or failing to apply FATF Recommendations. Also, HCMC issued specific guidance (circular 41/8-4-2009, paragraph E) for transactions with persons from countries which do not or insufficiently apply the FATF Recommendations, and lists information on its public website (in Greek).

R21 (Deficiency 2): There are no requirements for the insurance sector.

211. Articles 24 and 33 introduce new general requirements in the AML Law (2008) for all FIs, including the insurance sector. The PISC has also introduced new requirements in relation to R21, although the authorities did not report which one.

R21 (Deficiency 3): Banking sector guidance does not contain any directly relevant criteria pursuant to which SIs should examine with special attention countries that are not applying the FATF Recommendations.

212. Articles 24 and 33 of the AML Law (2008) introduce new requirements for all FIs, including the banking sector. In addition, all transactions with natural persons or legal entities from countries that do not apply the FATF Recommendations have to be examined with particular attention. Should any such examination give rise to doubts about the legitimate origin of fund, an STR has to be submitted to the AML/CFT Commission (see paragraph 5.15.10 of BOG Decision 281/2009).

213. BOG forwards FATF public statements and requires that appropriate measures be taken (counter measures, enhanced due diligence, vigilance or other, as appropriate) to implement the statements. The implementation of such measures is examined during on-site examinations.

R21 (Deficiency 4): Industry practice suggests that very limited measures are currently being taken and that there is no effective implementation.

214. This shortcoming is difficult to be reassessed as part of a paper based desk review.

Recommendation 21, overall conclusion

215. The AML Law and the BOG and HCMC guidance have raised the level of compliance with R21. The next mutual evaluation will have to show if industry practice has also changed.

Recommendation 22 – rating PC

R22 (Deficiency 1): The AML Law provisions are insufficient to address all the elements of R22.

216. Under the new AML Law, all types of financial institutions are now subject to the AML/CFT framework. The AML Law is generally in line with the requirements for R22, although the law does not explicitly state that R22 must be particularly observed in relation to branches and subsidiaries based in jurisdictions that do not, or insufficiently implement the FATF Recommendations. It is noted that the Greek AML Law is stricter in some ways than the 3rd EU AML Directive as it requires the application of the higher standard between the Greek law and the host country law. It is also noted that, according to

Article 13, paragraph 2 of the AML Law, credit and financial institutions, in particular, must also evaluate the customer's overall business portfolio maintained with them or with other companies in their group, in order to confirm that the transaction is consistent and compatible with such portfolio(s).

R22 (Deficiency 2): For FIs supervised by BOG: Greek provisions do not explicitly require branches and subsidiaries of Greek SIs located in third countries to apply the higher standard, to the extent that local laws and regulations permit.

217. According to Article 41 of the AML Law 2008, credit and financial institutions must ensure that the provisions of the law are also implemented by their subsidiaries as well as by their branches and representative offices abroad, unless this is wholly or partly forbidden by the relevant foreign legislation. In that case they must inform the Commission, the competent authority supervising them and the Central Coordinating Authority. In any case, they should apply the stricter law between the Greek law and the law of the host country, to the extent allowed by the law of the host country.

R22 (Deficiency 3): For the FIs supervised by HCMC and in the insurance sector: (1) the HCMC and MOD/ID provisions do not apply to subsidiaries; (2) there is no requirement applicable to the securities and insurance sectors to pay particular attention to situations where branches and subsidiaries are based in countries that do not or insufficiently apply the FATF Recommendations; (3) there is no explicit provision to require FSIs to inform their home country supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures because this is prohibited by local laws, regulations or other measures.

218. According to Article 41 of the AML Law 2008, credit and financial institutions must ensure that the provisions of the law are also implemented by their subsidiaries as well as by their branches and representative offices abroad, unless this is wholly or partly forbidden by the relevant foreign legislation. In that case they must inform the Commission, the competent authority supervising them and the Central Coordinating Authority. In any case, they should apply the stricter law between the Greek law and the law of the host country, to the extent allowed by the law of the host country.

Recommendation 22, overall conclusion

219. The level of Greece's compliance with R22 has improved, though there is no obligation in the AML Law (2008) for financial institutions to pay particular attention that the principle set out in R22 is observed with respect to branches and subsidiaries in countries which do not or insufficiently apply the FATF recommendations. Although Article 5.15.10 of BOG Decision 281/5/17.03.2009 classifies "countries that do not comply adequately with the FATF Recommendations" as high risk categories and supervised institutions are required to examine with particular attention transactions and conduct additional ongoing monitoring of business relationships and transactions with natural persons or legal entities in these countries. Nevertheless, this requirement does not seem sufficient to address the specific requirement under C.22.1.1. Overall, R22 seems to be largely implemented, although no assessment has been made of effectiveness.

Recommendation 24 – rating NC

R24 (Deficiency 1): Although most DNFBSs are now included within the scope of the AML Law, little, if any, effective supervision is currently taking place.

and

R24 (Deficiency 2): There is a lack of designed supervisors for some DNFBPs.

220. It seems that the supervisory activities are still in their early stages vis-à-vis the DNFBPs. The following supervisory authorities have been designated (see Article 5 of the AML law (2008)):

- the Accounting and Auditing Supervisory Commission for chartered accountants and audit firms;
- the Ministry of Finance (General Directorate for Tax Audits) for tax consultants, tax experts and related firms; independent accountants and private auditors; real estate agents and related firms; dealers in high value goods; auctioneers, auction houses, pawnbrokers;
- the Gambling Control Commission of law 3229/2004 (O.G.G. A 38) for casino enterprises; casinos operating on ships flying the Greek flag; companies, organisations and other entities engaged in gambling activities;
- the Ministry of Justice for notaries and lawyers; and
- the Ministry of Development for the TCSPs.

221. Greece reports that the majority of DNFBPs supervisors have taken measures (by issuing circulars, raising awareness) to implement the provisions of the AML/CFT legislation within their competence.

222. With regard to the Accounting and Auditing Standards Oversight Board (the public oversight authority of the auditing profession), AML/CFT compliance is monitored through the analysis of annual AML/CFT systems and procedures reports filed with ELTE by statutory auditors' firms. Moreover, annual on-site quality control inspections, have included, since 2010, an AML/CFT module.

223. Moreover, the General Directorate for Tax Audits has instructed tax offices, within the framework of their supervisory work (art. 53 of law nr. 3691/2008), to issue at least 2 audit orders each, concerning obligated persons and focusing on the fulfilment of their obligations according to the AML law. The aim is that 50 audits will have been completed by the end of the year 2011. Some of these audits have already been completed and their results have been forwarded to the GDTA. In addition and as regards the year 2012, there were 100 such audits included in the actions of the National Operational Plan against tax evasion.

R24 (Deficiency 3): The regime for supervision of DNFBPs is ineffective, as is demonstrated by the lack of awareness among firms.

224. Greece reports that the majority of DNFBPs supervisors have taken all the necessary measures (by issuing circulars, raising awareness etc) to implement the provisions of the AML/CFT legislation within their competence.

R24 (Deficiency 4): It is unclear whether ship casinos are covered by the AML/CFT Law.

225. See comments under R12 and R16, all casinos are now covered by the AML Law.

R24 (Deficiency 5): No AML/CFT measures apply to TCSPs.

226. See comments under R12 and R16, TCSPs are now covered by the AML Law.

Recommendation 24, overall conclusion

227. Although the AML Law provides for the legal framework, the supervision of DNFBPs is still nascent.

Recommendation 25 – rating NC

R25 (Deficiency 1): Very little feedback is given by the FIU or other competent authorities.

228. Feedback sent to reporting entities includes acknowledging receipt of an STR and, on a monthly basis, communicating to reporting entities the outcome of cases related to STRs (send to prosecutor, or filled with the FIU). Greece does not report any general feedback that would be given to reporting agencies.

R25 (Deficiency 2): BOG guidance on STRs is not sufficiently specific to cover the diverse sector it supervises

229. The BOG issued in July 2009 a sector specific typology of unusual or suspicious transactions (Decision 285/5/9.07.2009 of the Banking and Credit Committee). This typology, which takes into account respective typologies of foreign competent authorities, as well as FATF's analytical papers, has three sections: *i*) a general section in which many different patterns of unusual or suspicious transactions are grouped into twelve specific categories; *ii*) a specific section for bureaux de change and money remittance companies; and *iii*) a specific section for leasing and factoring companies.

R25 (Deficiency 3): Other BOG guidelines are very general and their relevance to certain SIs (e.g., money remitters and leasing companies) is limited.

230. The BOG has issued a set of guidelines, not only for banking institutions but also for bureaux de change, money remittance businesses and leasing and factoring companies (see in particular chapter 12 of BOG Decision 281/2009).

R25 (Deficiency 4): HCMC and MOD/ID guidelines are incomplete and generally too broad

231. In addition to the guidelines posted on the website of HCMC⁸, HCMC also issues HCMC Rule 1/506/8.4.2009 on *the Prevention of the use of the financial system for the purpose of ML/TF* and Circular 41/8.4.2009 on *Indicative typologies of STRs, ML/TF*. These guidelines relate to the AML Law, related rules and circulars, announcements, the FIU's STR reporting form, EU Regulations and Decisions and various Presentations. In addition, HCMC carried out a series of eight conferences on ML/TF between September 2006 and December 2010. The HCMC has also issued Rule 34/586/26.5.2011 on *the application of customer due diligence measures in case of outsourcing or representation* and HCMC Rule 35/586/26.5.2011, which modifies HCMC Rule 1/506/8.4.2009. The modifications of the second rule are related to the high risk customers and the enhanced CDD measures, CDD measures on customers which are legal entities, the reporting of assets of terrorists and the level of cooperation with the FIU. (See attached Rules 34/586/26.5.2011 and 35/586/26.5.2011.)

⁸ www.hcmc.gr/pages/category.asp?catID=24

R25 (Deficiency 5): With regard to DNFBPs, there is no current guidance issued by competent authorities on AML/CTF.

232. The General Directorate for Tax Audits, as competent authority for a number of DNFBPs (tax consultants and related firms, tax experts and related firms; independent accountants and private auditors; real estate agents and related firms; dealers in high value goods etc.), has issued an explanatory circular (POL nr. 1127/31.8.2010) addressed to the reporting entities (natural and legal persons) as well as to the tax authorities, notifying the provisions of the AML/CTF Law and subsequent amendments and providing guidance for their implementation. The Minister of Justice also reports to have issued guidance on the basis of its rules. In addition, the GDTA has issued an explanatory circular (POL 1067/5-4-2011) addressed to supervised entities (natural and legal persons) and to tax authorities (tax offices and audit centres), giving specific guidance with regard to the obligation of reporting suspicious transactions to the FIU and the prohibition of disclosure of information.

R25 (Deficiency 6): The FIU does not provide guidance/feedback to the DNFBPs

233. See comments under R26 and SRIII.

Recommendation 25, overall conclusion

234. All relevant authorities report to have started issuing guidance.

Recommendation 29 – rating PC

R29 (Deficiency 1): While appropriate supervision powers have been given to the BOG, there is limited capacity of the BOG to use them in an effective way.

235. For the effectiveness and resources of the BOG, see comments under R23. The risk based approach introduced also assists BOG in better allocating its (staff) resources.

R29 (Deficiency 2): The BOG has not used the full range of sanctions it has at its disposal.

236. The BOG has completely reset the sanctioning regime with Decision 290/11/11/2009 of the Banking and Credit Committee. The type of sanction or the amount of the fine are determined in accordance with the number and severity of the breaches identified as categorised in chapter A of the above Decision, also taking into account the criteria mentioned in chapter B (such as the off-site score, the size and market share of the SI etc). See for more information R17 above.

R29 (Deficiency 3): The HCMC has only recently started to use its supervision powers and there is insufficient evidence of effectiveness,

237. For the effectiveness and resources of HCMC, see comments under R23.

R29 (Deficiency 4): The MOD/ID has not used its supervision powers in the AML/CFT area

238. For the effectiveness and resources of the BOG, see comments under R23 (the MOD/ID powers were transferred to PISC, and subsequently to BOG).

Recommendation 29, overall conclusion

239. Overall, it seems that Greece has addressed the shortcomings related to this Recommendation, although effectiveness cannot be measures. See also under R17 and R23 above.

Recommendation 30 – rating NC

R30 (Deficiency 1): In relation to the FIU: the FIU is understaffed and critically lacks organisational and technical resources to fully and effectively perform its functions (in particular, there is no permanent financial analysts).

240. For the effectiveness and resources of the Greek FIU, see comments under R26.

R30 (Deficiency 2): In relation to the law enforcement authorities: insufficient resources are allocated to ML and FT investigations in the Hellenic Police and the Customs and the training in AML/CFT matters is generally insufficient.

Hellenic Police

241. A representative of the Hellenic Police participates as a member in the ‘Committee for Combating Money Laundering and Financing Terrorism’. Seven police officers, were seconded to the Committee supporting its investigative work. The police services have the obligation of informing the FIU of AML/CFT cases, and a circular to this effect was circulated within the police. By order of the public security division of the Hellenic police, every police division has a liaison officer for the Committee. The Hellenic police has provided access to the FIU to its data base.

242. The Hellenic Police has forwarded 51 cases in 2007, 114 cases in 2008, 103 cases in 2009 and 121 in 2010 (Q1/Q2 for further investigation. The police also foresees participation of an officer in the FIU and FSU Boards, as well the secondment of police staff to the FIU.

243. Greece has also established a new Economic Police Service (EPS) (Presidential Degree 9/2011). The EPS will be competent for all of Greece and fall directly under the jurisdiction of the Chief police officer of the Hellenic police and under supervision of the Public Prosecutor for organised crime.

244. The mission of the EPS is the prevention, investigation and the combating of economic crimes, with a focus on organised crime and crime against the state and national economy. The EPS will consist of four sections with separate competences: *i*) protection of public property; *ii*) economic protection; *iii*) tax police; and *iv*) social security police.

245. The EPS will be staffed by specialized personnel of approximately 100 new scientists (Branch of Informatics and Financial Studies), in co-operation with the also newly established cyber crime policing service. Staff will need theoretical and practical knowledge in financial matters.

Police training

246. Financial crime issues are now included in the curriculum of the police academies at all levels, and part of the annual training courses for police staff. All this is directed by the Hellenic police headquarters training division. Training is provided in Athens and Veria Imathia, and to Greek and foreign police officers. The training courses are inspired by the relevant training courses organised by organisations such as EUROPOL and INTERPOL. Greece also provided statistics related to the number of training courses, trainees and exact training subjects.

Customs

247. General Directorate of Customs and Excise Duties and specifically 33rd Division of Customs Law Enforcement – Section B, is, responsible for implementing the EU Regulation on cash couriers.

R30 (Deficiency 3): In relation to the prosecution authorities: insufficient resources are allocated to the over-worked public prosecutor service.

248. Greece did not provide any information in relation to this shortcoming.

R30 (Deficiency 4): In relation to BOG: the BOG lacks sufficient numbers of staff with specialist qualifications and expertise in AML/CFT matters to enable it to carry out its supervisory duties effectively.

249. For the effectiveness and resources of the BOG, see comments under R23.

R30 (Deficiency 5): In relation to HCMC: the HCMC dramatically lacks staff with relevant AML/CFT qualifications, skills and experience to carry out its supervisory powers.

250. For the effectiveness and resources of the HCMC, see comments under R23

R30 (Deficiency 6): In relation to MOD/ID: the MOD/ID dramatically lacks qualified staff to carry out its supervisory powers.

251. MOD/ID was abolished on 31 December 2007 and its powers and resources transferred to the Private Insurance Supervisory Committee (PISC). The PISC was then again dissolved, and on 1 December 2010 its competencies were transferred to the BOG. For the effectiveness and resources of insurance supervision, see comments under R23.

Recommendation 30, overall conclusion

252. The level of Greece's compliance with R30 appears to have improved somewhat in relation to the police and financial supervisory bodies. Insufficient information is available in relation to customs and the prosecution service.

Recommendation 31 – rating PC

R31 (Deficiency 1): Mechanisms for co-operation between the FIU, law enforcement, supervisors and other competent authorities are insufficient and ineffective to address the need for domestic AML/CFT co-ordination.

and

R31 (Deficiency 2): There is no regular review of the effectiveness of the AML/CFT system

253. Greece has set up a Central Coordinating Agency (Article 8 of the AML Law (2008)) in charge of monitoring all aspects the Greek AML/CFT policy and enhancing domestic co-operation and co-ordination in AML/CFT matters. A high level “Strategic Committee” (Article 9 of the AML Law (2008)) has also been set up (by Ministerial Decision no 37341/B/1908/23-7-2009) and operates regularly, with the participation of high level officials of the competent public authorities responsible for regulation, supervision and monitoring on the one hand and the Greek FIU and Law Enforcement Agencies on the other hand, under the presidency of the General Secretary of MoF. The aim of this Committee is to bring together the supervisory bodies, fostering a constructive dialogue among them and further shaping the policy on ML/FT issues over the country taking into account risk assessment studies. The Committees will be in charge of conducting regular review of the effectiveness of the Greek AML/CFT regime.

254. The AML Law (2008) has also created an “AML/CFT Consultation Forum” with the participation of high level representatives of the professional associations mandated by the reporting entities. This Forum will in particular ensure the co-operation and consultation between reporting entities, facilitate the exchange of expertise and knowledge of international developments, the study of specific problems and identification of sectors, activities and circumstances that are vulnerable to committing or attempting to commit the offences of Article 2 of the AML Law (2008) and give guidance to the various categories of obligated persons related to implementation issues in relation to the AML/CFT requirements.

Recommendation 31, overall conclusion

255. The level of Greece’s compliance with R31 has noticeably improved. The domestic co-ordination processes are new and their effectiveness will be judged during the next round of assessments.

Recommendation 32 – rating NC

General observation

256. Article 38 of the AML law (2008) obliges public authorities to collect, keep and process statistical data in line with the requirements under R32. Article 39 imposes similar requirements to the Ministry of Justice.

R32 (Deficiency 1): Review of the effectiveness of the AML/CFT system: Greece does not review its AML/CFT system on a regular basis.

257. For the review of the Greek AML/CFT regime, see comments under R31.

R32 (Deficiency 2): Collection of statistics in relation to the FIU: no statistics on the number of requests made or received by/from foreign FIUs, including whether the request was granted or refused, and on spontaneous referral made to foreign authorities.

258. Greece keeps statistics in this area. In 2010 the Greek FIU received 145 requests, and made 87 requests, in 2009 the Greek FIU received 157 requests, and made 80 requests, in 2008 the Greek FIU received 125 requests, and made 42. Greece provided the Secretariat with a breakdown per country for these figures.

R32 (Deficiency 3): Collection of statistics in relation to law enforcement authorities/MOJ: no statistics on ML/FT investigations, prosecutions and convictions, and on property frozen, seized and confiscated.

259. Greece keeps statistics in this area. See under Recommendations 1 and 3.

R32 (Deficiency 4): Collection of statistics in relation to mutual legal assistance: (1) no statistics on requests relating to freezing and confiscation made or received; (2) no statistics on requests relating to TF; (3) no statistics on requests relating to predicate offences; (4) generally no statistics on the nature of the request, whether it was granted or refused and the time to respond.

260. Greece did not indicate if it is keeping statistics in this area, and if so, what these statistics are.

R32 (Deficiency 5): Collection of statistics in relation to extradition: (1) incomplete statistics on requests relating to ML, TF and predicate offences; (2) no statistics on requests relating to predicate offences; (3) generally no data on the nature of the request, whether it was granted or refused and the time to respond.

261. Greece did not indicate if it is keeping statistics in this area, and if so, what these statistics are.

R32 (Deficiency 6): Collection of statistics in relation to the BOG: no statistics on the formal requests for assistance made or received by BOG, including whether the request was granted or refused.

262. Greece keeps statistics in this area. The BOG sent/received 41 requests from April 2007 to April 2011. These referred essentially to on-site examinations of Greek banks subsidiaries or branches abroad and examinations of foreign banks establishments in Greece respectively, as well as other supervisory issues.

Recommendation 32, overall conclusion

263. The level of Greece's compliance with R32 may have improved with the new requirements in the AML Law. Greece has provided some statistics, and those show a partial implementation of this Recommendation. Greece is also reviewing its AML system, as required by R32.

Recommendation 33 – rating NC

R33 (Deficiency 1): There is no requirement to collect or make available information on beneficial ownership and ultimate control of legal persons.

and

R33 (Deficiency 2): The system in place does not provide access to adequate, accurate and current information on beneficial ownership and ultimate control in a timely manner.

and

R33 (Deficiency 3): There is no appropriate measure to ensure transparency as to the shareholders of corporations that have issued bearer shares (unless the corporation is listed on a stock exchange).

264. No specific measures have been taken. A centralised registration system for all types of business entities (*Sociétés anonymes*, limited liability companies, limited and other partnerships, sale traders) became operational in 2011. This electronic registry includes relevant legal ownership information. The Greek authorities indicate that this system will include information on beneficial ownership, but no details are available.

Recommendation 33, overall conclusion

265. The level of Greece's compliance with R33 remains unchanged.

Special Recommendation VI – rating PC

SRVI (Deficiency 1): The lack of specialised, trained staff means that there are general concerns about the effectiveness of the BOG supervision programme as applied to MVT services.

266. The reorganisation of the BOG AML/CFT supervision (Decision of the General Council of the BOG on the 1st of February of 2008) aims to ensure that MVT services are supervised by the specialised AML/CFT examiners in the same way banks are supervised. Greece also relies on the new AML Law and the new provisions of the BOG that apply to money remittance companies to foster the effective implementation of relevant FATF Recommendations in the remittance sector.

267. The BOG indicates that both off and on site assessments of MVT have been carried out or have been carried out, covering 85% of the market.

SRVI (Deficiency 2): There was some evidence of informal transfer services, which were not applying AML/CFT measures and not being supervised.

268. The authorities did not report any follow-up action to this shortcoming.

SRVI (Deficiency 3): In general, Greece should take immediate steps to properly implement Recommendations 5-7, SRVII and other relevant FATF Recommendations and to apply them also to bureaux de change and money remittance companies.

269. See above (deficiency 1).

Special Recommendation VI, overall conclusion

270. The level of Greece's compliance with SRVI may have improved. However, it is difficult to assess the progress made by the BOG in supervising this sector and to evaluate the level of compliance of the sector with the requirements contained in the AML Law (2008).

271. Informal transfer services are not yet addressed, which is a worry when also taking into account the low number of intercepted cash couriers (see SRIX below). This means that it is comparatively easy for criminals to move funds in and out of Greece, which greatly undermines the efforts made by the financial sector.

Special Recommendation VII – rating PC

SRVII (Deficiency 1): The derogation set out in the EU regulation for wire transfers within the EU (classified as domestic transfers) is not in compliance with the FATF requirements under SRVII.

272. Since the adoption of the MER, the FATF has further clarified the definition of domestic transfers, and the measures taken in the EU to ensure that the derogation meets the requirements of SRVII. Therefore, this deficiency is considered to be non-applicable.

SRVII (Deficiency 2): There are currently no sanctions for non-compliance with the EU regulation, and the sanctions regime generally is not effective or dissuasive.

273. The EU Regulation (EC) No 1781/2006 on information on the payer accompanying transfers of funds (EU SRVII Regulation) has been in force since 1 January 2007. The regulation implements SRVII on an EU-wide basis and is directly applicable in Greece in accordance with the EU Treaty. The EU SRVII

Regulation was assessed in other FATF mutual evaluation reports (e.g., Austria, Germany) and considered sufficiently compliant with SRVII.

274. According to Article 52 of the new AML Law (2008), sanctions may be imposed on financial and credit institutions for non compliance with the 1781/2006/EC Regulation on wire transfers. BOG Decision 290/2009 categorises the obligation to comply with 1781/2006/EC Regulation as particularly important, both at the supervising institution and the employees' level. The range of administrative sanctions available is set out in Article 52 of the AML Law, in particular: *i*) a fine of EUR 10 000 to EUR 1 000 000 and, in case of recidivism, a fine of EUR 50 000 to EUR 2 000 000; *ii*) a fine of EUR 5 000 to EUR 50 000 on the members of the board of directors, the managing director, management officers or other employees of the legal persons who are responsible for the violations or exercise insufficient control or supervision of the services, the employees and activities of the legal person, taking into account the importance of their position and duties; in case of recidivism, a fine of EUR 10 000 to EUR 100 000 shall be imposed; *iii*) removal of the persons mentioned in item (ii), for a definite or indefinite time period and prohibition of assuming other important duties; *iv*) prohibition of the legal person from carrying out certain activities, establishing new branches in Greece or in case of “societes anonyms” prohibition of increasing its share capital; and *v*) in case of serious and/or repeated violations, final or provisional withdrawal or suspension of authorisation of the legal person for a specific time period or prohibition to carry out its business.

SRVII (Deficiency 3): In terms of effectiveness, there is insufficient evidence that the Regulation has been properly implemented, nor is there sufficient evidence of effective compliance monitoring of credit institutions with the requirements under the EU Regulation.

275. The introduction of sanctions for on-compliance (see deficiency 2 above), and the changes to the supervisory regime (see R23 above) should have a positive effect on the effectiveness of the implementation of SRVII in Greece. However, based on a desk review, the effectiveness of the implementation is difficult to fully confirm.

Special Recommendation VII, overall conclusion

276. With the measures Greece has taken on the domestic and EU level, compliance with SRVII has been improved. Through a desk review it is difficult to confirm that the implementation has also improved; however, with the introduction of sanctions could bring the legal system up to a level at a minimum of an LC.

Special Recommendation VIII – rating NC

SRVIII (Deficiency 1): Greece has not implemented the requirements set out in SR VIII.

277. Greece has made no progress in implementing SRVIII. The Greek authorities indicated in 2006 that the review of the NPO's sector in Greece would last 3 to 4 years and that the findings were not expected before early 2010. However; as of mid-2011, no information is available.

Special Recommendation VIII, overall conclusion

278. The level of Greece's compliance with SRVIII remains unchanged.

Special Recommendation IX – rating NC

SRIX (Deficiency 1): there is no system for declaring or disclosing cash or bearer negotiable instruments in line with SR IX.

279. The EU Regulation (EC) No 1889/2005 on controls of cash entering or leaving the community (the EC Regulation) entered into force on 15 July 2007. According to the regulation, there is an obligation to declare cash (including bearer negotiable instruments) for any natural person entering or leaving the European Community and carrying cash of a value of EUR 10 000 or more. This regulation is directly applicable in Greece.

280. Greece has taken the necessary additional measures, including legislative ones. Particularly, the Greek National Customs Code was amended in order to harmonise it with the EU Regulation and FATF Special Recommendation IX. Customs authorities are the competent authority for exercising cash controls carried by any natural person entering or leaving the Community (Article 3 of National Customs code as amended by Article 24 of L.3610/2007/OGG258A/22-11-2007).

281. Customs make use of the mandatory declaration system as it is provided for in Article 3 of Reg.1889/2005. They have the legal authority to impose sanctions – a fine equal to 25% of the amount not declared - in the event of not submitting a declaration or in case where the information provided is incorrect or incomplete (Article 147 paragraph 8 of National Customs Code). Furthermore, the customs offices may retain the cash or the bearer negotiable instruments in order to make further investigations for money laundering and terrorist financing. This means that if the funds are proved to have their origin from money laundering/terrorist financing or predicate offences, these are seized according to the AML/CFT Law. The abovementioned 25% fine is deducted from the cash and this sanction is not suspended during the time period of submitting an appeal or its submission. In case of failure to comply with the obligation to declare cash, the competent customs office will detain the cash in order to carry out further investigation. Cash cannot be detained for time period exceeding the three (3) months without prejudice of specific provisions against ML/TF. Circular T409/6/B0019 issued in January 2008 was sent to customs offices with instructions for the implementation of the EC Regulation and SR IX (mandatory declaration, the declaration form, the controls, the sanction regime etc.).

282. Greece has also taken some non-regulatory measures. Leaflets to inform travellers and specific posters designed by the Greek customs administration have been sent to customs offices in all ports of entry. Customs officers (including customs officers of the Athens International Airport) participate in the EU cash controls working group (*i.e.*, TAXUD) where information, special investigative techniques and best practices are exchanged for the application of Reg.1889/2005. Moreover, Greece uses the declaration form designed by the above- mentioned group.

283. The relevant Division sends every three months statistical data of these declarations to TAXUD.

SRIX Statistics			
	Number of declarations	Cases of illegal transport of cash	Total administrative fines
2008	2 157	7	EUR 216 043
2009	2 737	6	EUR 275 717
2010	2 700	17	EUR 243 215
2011 (mid September)	N/A ⁹	67	EUR 920 802

⁹ These data are collected annually.

284. Greek Custom's 33rd Division collects the cash declarations and sends them to the Greek FIU. In cases of illegal cash movement the FIU is to be informed immediately. The 33rd Division exchanges information with other (inter)national enforcement services (SIS, Interpol, Europol) and other foreign customs administrations in the light of the framework of Reg.515/97 (for EU member states) and of bilateral and multilateral agreements (for the third countries).

285. The Directorate General of Customs Law Enforcement uses the Integrated Customs information System (ICIS) in which all the fraud cases (name and data of the suspect, amounts, competent customs office) have a special code. Customs, Customs Inspectors ELYT and Special Investigation Units have access to the system. Furthermore, Directorate General of Customs and Excise Duties intends to purchase special machines for detection of cash and a trained dog to support its work.

286. Finally, in 2010, a detailed operational plan, with guidelines and risk indicators as far as the organisation and conduction of cash controls are concerned, was issued and communicated to all the border customs offices. Every three months, an updated plan with different kinds of targeted controls, including cash controls, that must be held, is also being sent to all the customs offices. As a result, an even more significant rise in detecting cases of illegal trafficking of cash should be noticed for the future.

Special Recommendation IX, overall conclusion

287. The above provides a summary of the efforts undertaken by Greece to implement SRIX. Greece has improved compliance with SRIX, and the statistics show an increase in effectiveness. However, the number of cases should be further raised.

ANNEX I

GOVERNMENT GAZETTE OF THE HELLENIC REPUBLIC

LAW 3691/2008 AS AMENDED BY L. 3875/2010, L.3932/2011 AND L.3994/2011

5 AUGUST 2008

Prevention and suppression of money laundering and terrorist financing and other provisions

Prevention and suppression of money laundering and terrorist financing and other provisions

CHAPTER A

Purpose, subject matter, predicate offences, definitions, obligated persons

Article 1

Purpose

This Law aims at reinforcing and improving the legislative framework on the prevention and suppression of money laundering and terrorist financing. To this end, it transposes into legislation the provisions of Directive 2005/60/EC of the European Parliament and of the Council “on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing” (Official Journal of the European Union L 309/15/25.11.2005) and certain provisions of Directive 2006/70/EC of the European Commission (Official Journal of the European Union L 214/29/4.8.2006) and replaces relevant provisions of Law 2331/1995 (Government Gazette 173 A), as currently in force.

Article 2

Subject matter

1. The subject matter of this law is the prevention and suppression of money laundering and terrorist financing, as defined below, as well as the protection of the financial system from the risks entailed by such offences.

2. The following conduct shall be regarded as money laundering, i.e. legalisation of proceeds from the criminal activities listed in Article 3:

a) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in criminal activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person involved in the commission of such activity to evade the legal consequences of his action;

b) the concealment or disguise of the truth, with any manner or means, as it concerns the disposition, movement, use or the place where the property was acquired or is at present, or the ownership of the property or rights with respect to it, knowing that such property is derived from criminal activity or from an act of participation in such activity;

c) the acquisition, possession, administration or use of property, knowing, at the time of receipt or administration, that such property was derived from criminal activity or from an act of participation in such activity;

d) the utilization of the financial sector by placing therein or moving through it proceeds from criminal activities for the purpose of lending false legitimacy to such proceeds;

e) the setting up of organisation or group comprising two persons at least, for committing one or more of the acts defined above under a to d and the participation in such organisation or group.

3. Money laundering shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another country, provided that they would be a predicate offence if committed in Greece and are punishable according to the law of such other country.

4. Terrorist financing is the offence defined in paragraph 6 of in Article 187A of the Penal Code,

5. Knowledge, intent or purpose required as an element of the activities mentioned in paragraphs

2 and 3 may be inferred from objective factual circumstances.

Article 3

Criminal activities – Predicate offences

“Criminal activities” shall denote the commission of one or more of the following offences (hereinafter referred to as “predicate offences”):

- a) participation in an organized criminal group (Article 187 of the Penal Code);
- b) terrorist activities and terrorist financing (Article 187A of the Penal Code);
- c) passive bribery (Article 235 of the Penal Code);
- d) active bribery (Article 236 of the Penal Code);
- e) bribery of judges (Article 237 of the Penal Code);
- f) trafficking in human beings (Article 323A of the Penal Code);
- g) computer fraud (Article 386A of the Penal Code);
- h) sexual exploitation (Article 351 of the Penal Code);
- i) the offences provided for in Articles 20, 21, 22 and 23 of Law 3459/2006 re: “Codified Law on narcotic drugs” (Government Gazette 103 A);
- j) the offences provided for in Articles 15 and 17 of Law 2168/1993 re: “Weapons, ammunition, explosives etc.” (Government Gazette 147 A);
- k) the offences provided for in Articles 53, 54, 55, 61 and 63 of Law 3028/2002 re: “Protection of antiquities and cultural heritage in general” (Government Gazette 153 A);
- l) the offences provided for in Article 8, paragraphs 1 and 3, of Legislative Decree 181/1974 re: “Protection from ionised radiation” (Government Gazette 347 A);
- m) the offences provided for in Article 87, paragraphs 5, 6, 7, and 8, and Article 88 of Law 3386/2005 re: “Entry, residence and social integration of non-citizens on Greek territory” (Government Gazette 212 A);
- n) the offences provided for in the third, fourth and sixth Articles of Law 2803/2000 re: “Protection of the financial interests of the European Communities” (Government Gazette 48 A);
- o) bribery of a foreign civil servant and facilitation or concealment of the commission of such crime, as provided for in Articles 2 of Law 2656/1998 : “Ratification of the Convention on Bribery

of Foreign Public Officials in international business transactions” (Government Gazette 265 A);

- p) bribery of employees of the European Communities or of the European Union Member States, as provided for: a) in Articles 2, 3, and 4 of the Treaty on Combating bribery of employees of the European Union or of European Union Member States, which was ratified by the first article of Law 2802/2000 (Government Gazette 47 A) and b) in the third and fourth article of Law 2802/2000;
- q) the offences provided for in Articles 29 and 30 of Law 3340/2005 re: “Protection of the capital market from actions by persons holding privileged information and from actions of market manipulation” (Government Gazette 112 A);
- r) any other offence punishable by deprivation of liberty for a minimum of more than six months and having generated any type of economic benefit.

As from 23/4/2010, tax-related offences (described in articles 17, 18 and 19 of law nr. 2523/1997, as it is in force) constitute a separate category of predicate offences for money laundering, according to the provisions of article 77, paragraph 1 of law nr. 3842/2010 (Official Gazette issue nr. 58A / 23-4-2010).

Article 4

Definitions

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

1. “Property”: assets of every kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and documents or instruments in any form, including printed, electronic or digital, evidencing title to or interests in such assets. For the purpose of this law, property shall include proceeds.
2. “Credit institution” :
 - a) an undertaking whose main business is to receive deposits or other repayable funds from the public and to grant loans or other credit for its own account;
 - b) an electronic money institution, in the sense of paragraph 19 of Article 2 of Law 3061/2007 (Government Gazette 178 A);
 - c) non-incorporated branches or representative offices in Greece of non-resident credit institutions. Any number of branches in Greece of the same foreign credit institution shall be deemed a single credit institution.

For the purposes of this Law, the concept of “credit institution” shall include the Deposits and Loans Fund and the Bank of Greece.

3. “Financial institution”:
 - a) leasing companies;
 - b) factoring companies;
 - c) bureaux de change;
 - d) intermediary companies in funds transfers;
 - e) credit companies;
 - f) postal companies to the extent they act as intermediaries in funds transfers;
 - g) portfolio investment companies;
 - h) mutual funds management companies;
 - i) mutual funds management companies investing in real estate;
 - j) mutual funds management companies of venture capital;
 - k) investment firms;
 - l) investment intermediary firms;
 - m) insurance companies providing life insurance and/or investment services;
 - n) insurance intermediaries, as defined in Article 2, paragraph 5, of Presidential Decree 190/2006 (Government Gazette A 196), providing life insurance and/or investment services, with the exception of affiliated insurance intermediaries, as defined in Article 2 paragraph 7, of the said Presidential Decree;
 - o) non-incorporated branches or representative offices in Greece of financial institutions seated in another country;
 - p) undertakings other than credit institutions whose business is to acquire shares or other financial instruments or carry out one or more of the activities referred to in Article 11, paragraph 1, points b to l, of Law 3601/2007 (Government Gazette A 178). Other activities may be included in the undertakings of this category by decision of the Minister of Economy and Finance, following an opinion of the Governor of the Bank of Greece.

4. “Financial Group”: a group of companies from those listed in paragraphs 2 and 3 of this article, consisting of a parent company located in Greece, its subsidiaries and undertakings in which the parent company or its subsidiaries have a qualifying holding (holding companies), undertakings affiliated with the parent company, the subsidiary or the holding company, within the meaning of Article 42e, indent 5, points b, c or d, of Codified Law 2190/1920 (Government Gazette 37 A) and undertakings on which the parent company, the subsidiary or the holding company have effective control even where they may have no equity participation or with which

they have any other close links or with which they are under common management even without a contractual or statutory arrangement to this effect. For the meaning of “parent company-subsidiary”, “qualifying holding” and “close links”, the definitions of Article 2 of Law 3601/2007 (Government Gazette 178 A) shall apply.

The group’s largest company is the one with the largest asset size as per the closing balance sheet for the preceding financial year.

5. “Authority”: The Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority referred to in Article 7 of this law.”

6. “Person”: any natural or legal person.

7. “Electronic funds transfer”: any transaction that is initiated by electronic means through a credit institution or financial institution and includes an order to transfer an amount of money (cash or credit) to another credit or financial institution; the initiator and the beneficiary may be the same person.

8. “Cross-border funds transfer”: a funds transfer where the credit institution or financial institution receiving the order from the initiator is subjected to a legal regime in another than that in which the credit institution or financial institution paying the funds to the beneficiary is subjected.

9. “Financial sector”: the sector of the economy consisting of legal and natural persons supervised by the Bank of Greece, the Capital Market Commission, the Private Insurance Supervisory Committee and the Accounting Standards and Audits Committee.

10. “Shell bank”: a credit institution, or an institution engaged in equivalent activities, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a financial group that meets the regulatory and supervisory requirements of Community legislation or at least equivalent requirements.

11. “Politically exposed persons”: natural persons who are or have been entrusted with prominent public functions and immediate family members, or persons known to be close associates of such persons, as specified in Article 22 hereof.

12. “Payable through accounts”: correspondent accounts with Greek credit institutions, which are used directly by third parties to transact business on their own behalf.

13. “Suspicious transaction or activity”: any transaction or activity which is estimated to provide significant signs or suspicions of possible attempt or commission of the offences referred to in Article 2 hereof or of the involvement of the person concerned or the beneficial owner in criminal activities, on the basis of the evaluation and assessment of the circumstances and facts of the transaction (nature of transaction, type of financial instrument, frequency, complexity and amount, use or non-use of cash) and the person (occupation, financial status, transaction or business behaviour, reputation, personal record, other important aspects).

14. “Unusual transaction or activity”: any transaction or activity which is inconsistent with the transaction, business or professional behaviour or the financial status of the person or has no apparent economic, business or personal purpose or motive.

15. “Business relationship”: a business, professional or commercial relationship which connects the customer with the obligated persons, in the context of the latter’s activities, which is expected, at the time when the relationship is established, to have an element of duration.

16. “Beneficial owner” means the natural person(s) who ultimately owns or controls the customer and/or the natural person of whose behalf a transaction or activity is being conducted. The beneficial owner shall at least include:

- a) in the case of corporate entities:
 - (i) the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, other than a company listed in a regulated market that is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards; a percentage of 25% plus one share shall be deemed sufficient to meet this criterion;

- (ii) the natural person(s) who otherwise exercises control over the management of a legal entity;

- b) In the case of legal entities, such as foundations, and legal arrangements, such as trusts, which administer and distribute funds:

- i) where the future beneficiaries have already been determined, the natural person(s) who is the beneficiary of 25% or more of the property of a legal arrangement or entity;

- ii) where the individuals that benefit from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;

- iii) the natural person(s) who exercises control over 25% or more of the property of a legal arrangement or entity.

Article 5

Obligated persons

1. Obligated persons that are subject to the requirements of this Law shall be the following:

- a) credit institutions;
- b) financial institutions;
- c) venture capital companies;
- d) companies providing business capital;
- e) chartered accountants, audit firms, independent accountants and private auditors;
- f) Tax consultants and tax consulting firms;
- g) Real estate agents and related firms;
- h) Casino enterprises and casinos operating on ships flying the Greek flag, as well as public or private sector enterprises, organisations and other bodies that organize and/or conduct gambling and related agencies and agents;
- i) Auction houses;
- j) Dealers in high-value goods, only to the extent that payments are made in cash in an amount of EUR 15,000 or more, whether the transaction is executed in a single operation or in several operations which appear to be linked. A joint decision of the Minister of Economy & Finance and the Minister of Development shall lay down criteria for classification under this category;
- k) auctioneers;
- l) pawnbrokers;

- m) notaries and other independent legal professionals, when they participate, whether by acting on behalf of and for their clients in any financial or real estate transaction, or by assisting in the planning and execution of transactions for the client concerning the:
- i) buying and selling of real property or business entities;
 - ii) managing of client money, securities or other assets;
 - iii) opening or management of bank, savings or securities accounts;
 - iv) organisation of contributions necessary for the creation, operation or management of companies;
 - v) creation, operation or management of trusts, companies or similar structures.

The provision of legal advice continues to be subject to professional secrecy, unless the lawyer or notary participates in money laundering or terrorist financing activities or if his legal advice is provided for the purpose of committing these offences or if he is aware that his client seeks legal advice in order to commit such offences.

- n) Natural or legal persons providing services to companies and trusts (trust and company service providers) -except the persons under items j and m of this articles- which by way of business provide any of the following services to third parties:
- forming companies or other legal persons;
 - acting as or arranging for another person to act as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons or arrangements;
 - providing a registered office, business address, correspondence or administrative address and any other related services for a company, a partnership or any other legal person or arrangement;
 - acting as or arranging for another person to act as a trustee of an express trust or a similar legal arrangement;
 - acting as or arranging for another person to act as a nominee shareholder for another person other than a company listed on a regulated

market, within the meaning of Article 17, paragraph 2, point a, hereof, that is subject to disclosure requirements in conformity with Community legislation or subject to equivalent international standards. A decision of the Minister of Development will specify the requirements for the incorporation, authorization, registration and the pursuit of business or profession referred to in this subparagraph, by natural or legal persons.

2. A joint decision of the Minister of Economy and Finance and the Minister of Justice may specify further categories of obligated persons and the corresponding competent authorities within the meaning of Article 6 hereof.

CHAPTER B

Competent authorities and other bodies

Article 6

Competent authorities

1. "Competent authorities" shall mean the public authorities which supervise the compliance of obligated persons with the provisions of this Law.
2. The competent authorities are:
 - a) the Bank of Greece for:
 - credit institutions;
 - leasing companies;
 - factoring companies;
 - bureaux de change;
 - intermediaries in funds transfers;
 - credit companies;
 - the undertakings of point jf of paragraph 3 of Article 4 hereof; and
 - postal companies, only to the extent that they act as intermediaries in funds transfers. The Bank of Greece, in supervising these companies, cooperates with the Ministry of Transport and Communications and the National Telecommunications and Post Commission;
 - b) the Hellenic Capital Market Commission for:
 - portfolio investment companies in the form of a société anonyme;

- management companies of mutual funds;
 - management companies of mutual funds investing in real estate;
 - management companies of mutual funds for venture capital;
 - investment firms and
 - investment intermediary firms.
- c) the Private Insurance Supervisory Committee for insurance companies and insurance intermediaries;
- d) the Accounting and Auditing Supervisory Commission for chartered accountants and audit firms;
- e) The Ministry of Economy and Finance (General Directorate for Tax Audits) for:
- venture capital firms;
 - companies providing business capital;
 - tax consultants, tax experts and related firms;
 - independent accountants and private auditors;
 - real estate agents and related firms;
 - auction houses;
 - dealers in high value goods;
 - auctioneers; and
 - pawnbrokers;
- f) the Gambling Control Commission of law 3229/2004 (O.G.G. A 38) for:
- casino enterprises;
 - casinos operating on ships flying the Greek flag;
 - companies, organisations and other entities engaged in gambling activities; and
 - betting outlets;
- g) the Ministry of Justice for notaries and lawyers;
- h) the Ministry of Development for the persons referred to in point n of paragraph 1 of Article 5; and
- i) for branches in Greece of financial institutions having their register office abroad, the competent authority shall be the corresponding authority responsible for domestic financial institutions conducting activities similar to those of such foreign financial institutions.
3. The authorities referred to in paragraph 2 hereinabove shall have the following tasks and powers:
- a) to supervise the compliance of the obligated persons with the requirements imposed by this Law and issue the relevant individual and regulatory administrative acts;
- b) to specify implementation details regarding the specific obligations of supervised persons in accordance with paragraph 4 of this Article;
- c) to issue appropriate instructions and circulars, providing guidance to the obligated persons, whether generally or to certain obligated persons, on how to treat specific problems or on practices of conduct with respect to customers, the selection of appropriate IT systems and the adoption of internal procedures for detecting any suspicious or unusual transactions or activities potentially linked to the offences of Articles 2 and 3;
- d) to issue regulatory decisions specifying the necessary documents and information for the identification and identity verification carried out by the obligated persons during the application of standard, simplified or enhanced customer due diligence measures, or third party customer due diligence under Article 23 hereof;
- e) to inform the obligated persons of any country data and information on its compliance or not with Community legislation and FATF (Financial Action Task Force) recommendations;
- f) to prepare and distribute to the obligated persons typology lists with data on new methods and practices used in Greece or abroad to commit the offences of Article 2. To this end, they should cooperate with other competent authorities, the Central Coordinating Authority, the Commission of Article 7 and possibly similar foreign authorities, they closely monitor the typology-related work at international fora and update the aforementioned typology lists;
- g) to ensure through educational programmes, seminars, meetings or otherwise, the continuous training and education of their employees, especially auditors, as well as of the obligated persons and employees thereof;
- h) to conduct regular or extraordinary inspections, including on-site examinations at the obligated persons' head offices or other establishments, as well as at branches and subsidiaries located or operating in Greece or abroad, without prejudice to the legislation of the host country, in order to assess the adequacy of measures and procedures in place;
- i) to request from the obligated persons all evidence or data, of any nature or form, as may be necessary for the performance of their supervisory and auditing tasks;

j) to take appropriate measures to ensure that the obligated persons manage properly and maintain records directly or indirectly related to transactions or activities potentially linked to the offences of Articles 2 and 3, as well as that such persons observe confidentiality;

k) to impose disciplinary and administrative sanctions on the obligated persons and their employees for any breach of the obligations arising from this Law, pursuant to Articles 51 and 52 and

l) any other task or power envisaged by the provisions of this Law.

4. Decisions of the competent authorities may modify the obligations laid down in this Law for the obligated persons, taking account in particular of their financial strength, the nature of their business activities, the degree of risk of committing or attempting to commit the offences of Articles 2 and 3 entailed by such activities and transactions, the legal framework governing the business activities of such persons and any objective inability of certain categories of obligated persons to apply some specific measures. The Bank of Greece, after evaluating the risks of money laundering and terrorist financing entailed by its own operations shall establish appropriate measures by a specific decision.

5. Decisions of the competent authorities may specify additional or stricter requirements further to those of the present Law, with a view to addressing risks of committing or attempting to commit the offences laid down in Articles 2 and 3.

6. The Bank of Greece, the Hellenic Capital Market Commission, the Private Insurance Commission, the Accounting Standards and Audit Committee and the General Directorate for Tax Audits of the Ministry of Economy and Finance shall each set up special units, adequately staffed with at least three full-time employees, having as their task to assess the compliance of the obligated persons under their supervision with the requirements of this Law. Such units shall be assisted by other staff members of the aforementioned authorities and especially by employees involved directly or indirectly in the supervision and controls of the obligated persons.

7. The competent authorities referred to in paragraph 2 hereinabove shall submit on a biannual basis a detailed report to the Central Coordinating Authority on their activities, regulatory decisions and circulars, the outcome of supervisory inspections and assessments of obligated persons and any measures or sanctions imposed. The competent authorities which supervise a large number of obligated persons, particularly natural persons, perform checks in

accordance with the risk-based principle. Such reporting by the competent authorities to the Central Coordinating Authority is effected by way of derogation from any general or specific provision on banking, capital market, tax or professional secrecy.

8. The competent authorities, in the context of their cooperation with each other under Article 40, may enter into bilateral or multilateral memoranda of understanding (M.O.U.) for the exchange of confidential and other information, conducting and facilitating joint inspections and examining ways and methods to achieve convergence of supervisory practices.

“Article 7

Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority

1. An “Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority” shall be established (hereinafter referred to as the “Authority”). The object of the Authority shall be to take and implement the necessary measures to prevent and combat money laundering and terrorist financing, as well as to conduct audits of source of funds declarations submitted by obligated natural persons that are mentioned in Article 1 (1) (f)-(o) of Law 3213/2003 (Government Gazette 309 A’).

1. The Authority shall enjoy administrative and operational independence. It shall be based in Attica Prefecture, in headquarters determined by decision of the Minister of Finance. The budget of the Authority shall be a part of the budget of the Ministry of Finance. The Authority may decide to establish and operate offices in other cities in Greece.

3. The courts of Athens shall have exclusive jurisdiction on any administrative or civil dispute arising out of the operation of the Authority.

4. The Authority shall consist of a President and eleven (11) Board Members, as well as an equal number of alternates, who shall have the same capacities and qualifications. In the exercise of their duties, the President and the Members shall enjoy personal and operational independence, and shall only be bound by the law and their conscience. Their term shall be three years, renewable only once.

5. By decision of the Supreme Judicial Council, a senior acting Public Prosecutor, fluent in English, shall be appointed President of the Authority with his alternate. The President of the Authority

shall serve on a full-time basis. Within fifteen (15) days from service of the Supreme Judicial Council's decision, the appointment shall be endorsed by decision of the Minister of Justice, Transparency & Human Rights.

6. The Board Members of the Authority shall be appointed by joint decision of the Minister of Justice, Transparency & Human Rights and the Minister of Finance, on a recommendation from the Ministers of Justice, Transparency & Human Rights, Finance, Foreign Affairs and Citizen Protection, the Governor of the Bank of Greece and the Board of Directors of the Hellenic Capital Market Committee, which shall select the Members from among persons of solid scientific background, moral integrity, professional competence and experience in the field of banking, finance, law or business, in line with the requirements of the Authority's Units. The appointment of the regular Board Members follows an opinion of the Permanent Parliamentary Committee on Institutions and Transparency on the suitability of the recommended persons. For this purpose the procedure of Article 49A (3)-(5) of the Regulation of Parliament is applied, on the initiative of the Minister of Justice, Transparency and Human Rights.

Article 7A

Units and Responsibilities of the Authority

The Authority shall comprise of three independent Units, with separate responsibilities, staff and infrastructure, reporting to the President. The Units shall hold meetings legally provided that the President or his alternate and at least half their members or their alternates are present, and shall decide by an absolute majority. In the event of a tie, the President shall have a casting vote. The Units and their responsibilities shall be as follows:

1 The Financial Intelligence Unit (FIU)

i. In addition to the President, the FIU shall comprise seven (7) Board Members, fluent in English, namely: (a) an official from Financial Crime Investigation Office and an official from the General Directorate of Economic Policy of the Ministry of Finance, to be nominated by the competent Minister; (b) an official from the Ministry of Justice, Transparency & Human Rights, to be nominated by the competent Minister; (c) an official from the Bank of Greece, to be nominated by its Governor; (d) an official from the Hellenic Capital Market Committee, to be nominated by its Board of Directors; (e) an official from the Hellenic Police Headquarters, to be nominated by the Minister of Citizen Protection; and

(f) an official of the Hellenic Coast Guard Headquarters, to be nominated by the Minister of Citizen Protection.

ii. The FIU shall be staffed and supported independently by administrative and ancillary personnel, as well as specialised scientific personnel with expertise and experience in money laundering, terrorist financing or other financial crimes of equal gravity, preferably fluent in English. To this end, fifty (50) posts shall be established, twenty-five (25) of which for scientific personnel. These posts shall be filled by secondment of personnel from the Agencies represented in the FIU's Board, as well as from the Accounting and Auditing Standards Oversight Board. Secondments shall be of three-year duration and renewable. Up to two (2) posts of scientific personnel may be occupied by persons outside the public sector with exceptional scientific or professional qualifications and at least five-year experience in the subject matter of the FIU. These personnel shall be hired on three-year private-law employment contracts, renewable only once.

iii. The FIU's staff shall collect, investigate and evaluate suspicious transaction reports filed with the FIU by obligated persons, as well as information transmitted to the Authority by other public or private agencies or brought to the Authority's attention through the mass media, the internet or any other source, concerning business or professional transactions or activities potentially linked to money laundering or terrorist financing. Likewise, they shall investigate and evaluate any such information transmitted to the Authority by foreign bodies, and shall cooperate with them for the provision of every possible assistance. The FIU shall provide guidelines to obligated persons and the above bodies concerning the management of any case within its scope of authority.

iv. In emergencies, the President shall order the freezing of the assets of investigated natural or legal persons, according to the provision of Article 48(5). After the completion of the investigation, the FIU shall decide whether to archive the case or to refer it, together with a reasoned findings report, to the competent Public Prosecutor, provided that the data collected are deemed sufficient for such referral. An archived case may be revived at any time in order for the investigation to be resumed or for the case to be correlated with any other investigation of the Authority.

v. The Unit shall participate in international fora for the exchange of information between similar authorities, in particular in the EU Financial Intelligence Units Network (FIU-Net) and the

Egmont Group. It shall attend their proceedings and participate, if possible, in working groups of these bodies.

vi. At the end of each year, the FIU shall submit an activities report to the Institutions and Transparency Committee of the Hellenic Parliament and the Ministers of Finance, Justice, Transparency & Human Rights and Citizen Protection.

2 *The Financial Sanctions Unit (FSU)*

i. In addition to the President, the FSU shall comprise two (2) Board Members of the Authority, fluent in English, namely: (a) an official from the Hellenic Police Headquarters, to be nominated by the Minister of Citizen Protection; and (b) an official from the Ministry of Foreign Affairs, to be nominated by the competent Minister.

ii. The FSU shall be staffed and supported independently by administrative and ancillary personnel, as well as specialised scientific personnel with expertise and experience in terrorism, preferably fluent in English. To this end, five (5) posts shall be established, two (2) of which for scientific personnel. These posts shall be filled through secondment of personnel from the originating agencies of the Units' Members. Secondment shall be of three-year duration and renewable.

iii. The Unit's staff shall collect and evaluate any information forwarded to it by the police and prosecutorial authorities, or coming to the Authority's attention in any other way, concerning the commission of the offences described in Article 187A of the Criminal Code. Likewise, they shall investigate and evaluate any such information transmitted to the Authority by foreign competent authorities, and shall cooperate with them for the provision of every possible assistance.

iv. The President and the Board Members of the FSU shall be responsible for taking the actions described in Article 49 hereof in respect of the freezing of assets imposed by the United Nations Security Council Resolutions, and EU Regulations and Decisions. The Unit shall also be responsible for designating natural or legal persons as related to terrorism or terrorist financing and freezing their assets in accordance with the provisions of Article 49A.

v. At the end of every year, the Unit shall submit an activities report to the Ministers of Foreign Affairs, Justice, Transparency & Human Rights and Citizen Protection.

3 *The Source of Funds Investigation Unit (SFIU)*

i. In addition to the President, the SFIU shall comprise two (2) Board Members of the Authority, namely: (a) an official from the General Secretariat of Information Systems of the Ministry of Finance nominated by the competent Minister; and (b) an official from the Bank of Greece nominated by its Governor.

ii. This Unit shall be staffed and supported independently by administrative and ancillary personnel, as well as specialised scientific personnel with expertise and experience in wealth audit and investigation of financial transactions. To this end, fifteen (15) posts shall be established, seven (7) of which for scientific personnel. These posts shall be filled through secondment of personnel from the originating agencies of the Units' Members, as well as from Registries of Courts and Public Prosecutors' Offices. Secondment shall be of three-year duration and renewable.

iii. The SFIU shall receive the source of funds declarations of natural persons required to disclose the origin of their assets and property, other than those referred to in Articles 1 (1) (a)-(e) and 14 of Law 3213/2003 and those of the President, the Board Members and the staff of the Authority. Moreover, it shall investigate and evaluate information transmitted to it or otherwise sent to the Authority concerning failure to disclose or making false or inaccurate declarations by obligated persons, by conducting sampling or targeted audits of obligated persons' statements at its discretion. In addition to verifying the submission and the accuracy of returns, such audit shall also include, in any event, verifying whether the any acquisition of new assets or expenditure to increase the value of existing ones can be justified by the accumulated income of obligated persons net of their living and similar expenses. The SFIU can summon the persons under audit to provide clarifications or to submit additional evidence within a specific time limit.

iv. After the completion of an investigation, the Unit shall decide whether to archive the case or to refer it, together with a reasoned findings report, to the competent Public Prosecutor under Article 10(1) of Law 3213/2003, provided that the data collected are deemed sufficient for such referral. If any pecuniary penalty should be assessed against the obligated person under Article 12 of Law 3213/2003, the findings report shall also be transmitted to the General Commissioner of State at the Court of Auditors. If it is necessary to investigate matters falling within the scope of a tax or other authority,

the findings report shall also be transmitted to such authority. An archived case may be revived at any time in order for the investigation to be resumed or for the case to be correlated with any other investigation of the Authority.

v. At the end of every year, the Unit shall submit an activities report to the Institutions and Transparency Committee of the Hellenic Parliament and the Ministers of Finance and Justice, Transparency & Human Rights.

Article 7B

Powers of the Units of the Authority

1. The Units of the Authority shall have access to any records of public authorities or organisations that process data, including Tiresias S.A.

2. During their audits and investigations, the Units may request cooperation and information from natural persons, judicial or investigating authorities, public services, legal persons in public or private law and organisations of any nature. The Units shall acknowledge, in writing or by secure electronic means, receipt of information sent to it and provide the sender of such information with any further input, without prejudice to the confidentiality of investigations or the performance of their own tasks. The Units may also carry out special field reviews, in cases that they consider to be serious, at any public service, organisation and enterprise, if necessary in co-operation with the competent authorities.

3. The Units may request the obligated persons to provide all information required for the performance of their duties, including grouped information about certain categories of transactions or activities of domestic or foreign natural or legal persons or entities. Moreover, they may conduct field reviews in the premises of obligated persons, as appropriate, without prejudice to Articles 9(1), 9A and 19(1) of the Constitution, and shall inform the competent authorities of any failure of obligated persons to comply with their obligations hereunder or where cooperation with them is not satisfactory.

4. During such investigations and audits, no provision requiring banking, capital market, tax or professional secrecy shall be applicable vis-à-vis the Units, without prejudice to the provisions of Articles 212, 261 and 262 of the Code of Criminal Procedure.

5. The Units may cooperate and exchange information with the bodies referred to in Article 40 and keep statistics according to Article 38.

6. In performing their duties, the President, the members and the staff of the Authority shall respect the principles of objectivity and impartiality and refrain from examining cases where a conflict of interest may arise or cases involving familiar persons. They shall also keep confidential any information obtained during the performance of their duties. The latter obligation shall continue to apply after their voluntary or involuntary withdrawal from the Authority. Any person who is found guilty of a breach of the confidentiality requirement shall be punished with imprisonment of no less than three months.

Article 7C

Staff and Operation of the Units of the Authority

1. The secondments of staff to the Authority, as well as extensions of their term, shall be effected by way of derogation from the provisions in force, on a recommendation from the President of the Authority. More specifically, such secondments shall be effected as follows:

(i) with respect to secondments from Ministries or Registries of Courts and Public Prosecutor's Offices, by joint decision of the Minister of Finance and the competent Minister as appropriate; and

(ii) by decision of the Minister of Finance, on an opinion from the Governor of the Bank of Greece, the President of the Hellenic Capital Market Committee or the President of the Accounting Standardisation and Audit Committee, with respect to secondments from the respective bodies.

2. The above Ministries and bodies shall ensure the adequate staffing of the Authority and see to it that their employees on secondment are persons who have the required scientific background, linguistic fluency, official experience and skills to take up specific positions in the Units, as well as an impeccable service record.

3. The emoluments of the President and the Members of the Authority and any additional remuneration of the seconded staff shall be specified, by way of derogation from any other provision, by decision of the Minister of Finance. Staff on secondment to the Authority shall receive from the originating agency the full wages and benefits of their original post that are not directly connected to their active duties, as

well as the aforementioned additional remuneration and any overtime pay. Such additional remuneration shall not be subject to deductions on behalf of third parties.

4. Staff from the private sector shall be hired to the FIU, according to the provisions of Laws 2190/1994 (Government Gazette A28) and 3812/2009 (Government Gazette A234) as in force. The employees so hired shall withdraw *ipso jure* upon the expiry of their labour contracts, and service at these posts shall not give rise to any right of compensation or other claim. A decision of the Minister of Finance shall regulate, by way of derogation from any other provision, matters concerning the compensation and termination of the contracts of such staff.

5. The President of the Authority shall decide on the assignment of cases and determine in which cases it is necessary for two and/or all the Units to be involved in the investigation. At the end of every year, he/she shall prepare a report on the performance and conduct of every seconded employee of the Authority and forward it to the originating agency. He/she may also request the replacement of any employee if he/she considers the performance or conduct of such employee unsatisfactory. In such case, secondment shall be discontinued and the originating agency shall replace the said employee.

6. The President and the Board Members of each Unit shall ensure the improvement of the training and the continued education of its staff; coordinate, supervise and evaluate its work; and take measures to make the operation of the Unit more effective.

7. A joint decision of the Ministers of Justice, Transparency & Human Rights, Finance, Foreign Affairs and Citizen Protection, on a recommendation from the President and the Board Members of the Authority, shall lay down the details of the operation of the Units of the Authority, notably their organigram, bylaws, the tasks specific to the President, the Board Members and their staff, the handling of cases and their cooperation with other national and foreign authorities.

8. The President, Board Members and the employees of the Authority committing a breach of their duties and obligations under this law by wilful misconduct may be held disciplinarily liable, in addition to being criminally liable. Disciplinary proceedings against the President shall be instituted by the competent organs under the Constitution and the Judiciary Code. Disciplinary proceedings against the Members of the Authority shall be instituted by the Minister of Justice, Transparency & Human Rights before the

Disciplinary Council referred to in Article 18(3) of Law 2472/1997 (Government Gazette 50A), which shall decide at first and final instance whether to acquit the accused or remove him/her from the Authority. Disciplinary proceedings against employees of the Authority shall be heard by the competent disciplinary bodies of the originating agencies, following a report by the President of the Authority.

9. The President, the Board Members and the employees of the Authority shall submit every year to the Committee referred to in Article 21 of Law 3023/2002 (Government Gazette 146A) the wealth disclosure statement required under Law 3213/2003, as in force from time to time.”

“Article 8

Central Coordinating Agency

1. The Ministry of Finance shall be the Central Coordinating Agency with respect to the implementation of the AML/CTF provisions of this law, the assessment and reinforcement of the effectiveness of AML/CTF mechanisms and the coordination of the competent authorities. In this context, it shall have the following tasks:

(a) to evaluate and assess the effectiveness of measures applied to different categories of obligated persons, as well as the compliance of such persons with their obligations hereunder;

(b) to review, analyse and compare the biannual reports submitted to it by the competent authorities in accordance with Article 6(7) and recommend appropriate measures to increase their supervisory effectiveness;

(c) to analyse the number, quality and trends of suspicious or unusual transaction or activity reports submitted to the FIU, by category of obligated persons;

(d) to seek to continually improve the level of cooperation between competent authorities and between competent authorities and the Authority, especially in areas such as exchange of information, conduct of joint audits, adoption of common supervisory practices and provision of harmonised instructions to obligated persons, taking into account any differences between such persons in terms of structure, economic scale and size, operational capacity or business, commercial and professional activities;

(e) to hold meetings, conferences and seminars, with the participation of representatives of the competent authorities, the Authority and obligated persons, in order to discuss and address specific issues and to inform participants about developments in international organisations and fora concerning the prevention and suppression of the offences referred to in Article 2;

(f) to coordinate the preparation of studies and set up working groups to examine specific issues and submit proposals for revision of the current legislative and institutional framework, in consultation with the Strategy Committee referred to in Article 9, the Authority and the competent authorities;

(g) to act as central representative of Greece in international organisations and bodies in relation to matters within its scope of authority, being responsible for the preparation and coordination – including, where necessary, invitations to experts or specialised staff from other services and agencies – of the participation in conferences, meetings and working groups of international organisations and bodies dealing with AML/CTF issues of which Greece is a member, notably the European Union, the Council of Europe and the Financial Action Task Force (FATF); respond to questionnaires of, and submit comments or suggestions to, these organisations and bodies, as well as prepare and submit Action Plans and coordinate responses to Greece’s assessments by international organisations and bodies, in co-operation with the Authority, the competent authorities and the representatives of obligated persons; keep abreast of developments in other international organisations and bodies in which the competent authorities, the Authority or the representatives of certain categories of obligated persons may participate, and ensure the dissemination of relevant information to all such authorities and persons;

(i) to fully brief the Chairman of the Strategy Committee referred to in Article 9, so as to ensure greater operational effectiveness of this Committee ; and

(j) to communicate with, and provide every possible information and support to, the forum referred to in Article 11 below and to evaluate its proposals and recommendations.

2. The foregoing tasks and powers shall be exercised by the General Directorate of Economic Policy of the Ministry of Finance, in cooperation, if required, with the other services of the said Ministry.”

Article 9

Committee for the Elaboration of a Strategy and Policies to deal

with Money Laundering and Terrorist Financing

1. A committee is hereby established in the Ministry of Economy and Finance, by the name “Committee for the Elaboration of a Strategy and Policies to combat Money Laundering and Terrorist Financing” (hereinafter referred to as “Strategy Committee”).

2. The composition of such committee is specified by a decision of the Minister of Economy and Finance published in the Government Gazette and comprises the following persons:

- a) a Chairman, who is the General Secretary of the Minister of Economy and Finance, and members, who are senior staff appointed by:
- b) The Ministry for Interior Affairs (Hellenic Police Headquarters);
- c) The Ministry of Economy and Finance (General Directorate of Economic Policy);
- d) The Ministry of Foreign Affairs;
- e) The Ministry of Justice;
- f) The Ministry of Merchant Marine, Aegean and Island’s Policy;
- g) The Anti-Money Laundering and Anti-Terrorist Financing Commission;
- h) The Bank of Greece;
- i) The Hellenic Capital Market Commission;
- j) The Private Insurance Supervisory Committee ;
- k) The Accounting and Auditing Supervisory Committee;
- l) The Gambling Supervision and Control Committee;
- m) The Special Control Service; and
- n) The General Directorate for Tax Audits of the Ministry of Economy and Finance.

3. Before the Strategy Committee meets for the first time, its members should inform the Chairman of their substitutes in case of impediment.

4. Depending on the issues to be examined, the Strategy Committee may invite to its meetings, as appropriate, representatives of other public or private authorities and bodies. Such authorities and bodies include in particular the Ministry of Development, the General Directorate of Customs of the Ministry of Economy and Finance and the Hellenic Bank Association.

5. The Chairman's office provides secretarial support to the Strategy Committee and is adequately staffed in this connection.

6. The Strategy Committee has the following tasks:

a) to prepare and design policies specifically tailored to address identified weaknesses in the overall national anti-money laundering and anti-terrorist financing mechanism;

b) to study and design the necessary legislative, regulatory and organisational measures to improve the supervisory framework and ensure the compliance of Greece with international standards and requirements;

c) to be aware of the studies conducted by the Central Coordinating Authority, the Directorate of International Relations and Studies of the Commission, the competent authorities and any other authorities or bodies and to examine and evaluate such studies;

d) to examine ways to increase the effectiveness of the Commission, notably by providing for the secondment of expert staff, the deepening of its cooperation with the competent authorities, the increase of the number, and the improvement of the quality, of suspicious and unusual transaction reports via the reinforcement of the supervisory effectiveness of competent authorities and the activation and involvement of other public bodies in reporting to the Commission;

e) to monitor developments in international organisations and fora, notably in the European Union, the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures (Moneyval Committee), the International Monetary Fund (IMF) and the Financial Action Task Force (FATF). The Central Coordinating Commission, as a representative of Greece in international organisations and fora, the competent authorities and the consultation forum provided for in Article 11 should provide it with all information relevant to this task;

f) to monitor the degree of compliance of Greece with international anti-money laundering and anti-terrorist financing standards and ensure rapid and effective implementation of United Nations Security Council resolutions and of the EU and other international organisations and bodies' decisions dealing with money laundering and terrorist financing;

g) to ensure ever-growing cooperation between the authorities, bodies and ministries listed in paragraph 2 hereinabove and promote the conclusion of bilateral or multilateral memoranda of understanding;

h) to develop initiatives for cooperation with the private sector in order to exchange experiences and examine the need for adjustments so as to increase

the contribution of natural and legal persons of the private sector to countering the offences set out in Article 2;

7. The Strategy Committee meets regularly once every two months or extraordinarily on the Chairman's initiative. The Chairman may invite to an extraordinary meeting only some members competent for specialised subjects and/or may entrust the examination of such subjects to relevant sub-committees. The Strategy Committee prepares its own Operating Rules, approved by the Minister of Economy and Finance. The Operating Rules specify the formulation of the agenda for the meetings, the decision-making process, the organisation of secretarial and scientific support and other relevant issues.

8. The Strategy Committee prepares and submits to the Institutions and Transparency Committee of the Greek Parliament an annual report, stating its actions and activities and proposing policies and specific measures to continually increase the effectiveness of the national mechanism for preventing and suppressing the offences laid down in Article 2. The first such report shall be submitted by the Strategy Committee in January 2009.

9. The information exchanged in the context of the operations of the Strategy Committee are deemed confidential.

Article 10

Other public authorities

1. The administrative units of the Ministry of Economy and Finance which are responsible for collecting and maintaining information and documentation in respect of any type of real estate transaction, or collecting taxes and levies related to such transactions, take all necessary organizational measures to identify possible cases of the commission of the offences of Articles 2 and 3 hereof via such transactions. Such measures are supplementary to "origin of wealth" measures applying to prospective real estate buyers and provide for risk assessment procedures involving a classification of transactions and parties to transactions, legal or natural persons, which entail a higher risk and require enhanced control. A decision of the Minister of Economy and Finance should specify the units responsible, their respective tasks, the modalities for their cooperation with their foreign counterparts, as well as the procedures and technical details for the implementation of the above measures.

2. The competent customs and tax authorities and the Special Control Service of the Ministry of Economy

and Finance take all necessary organizational measures to prevent and suppress the use of cross-border and domestic trade for the purpose of committing the offences of Articles 2 and 3 of this Law. Such measures shall provide for risk assessment procedures depending on the type and quantity of transported commodities and goods, the country of origin or destination, the consistency of these data with the financial status and the business, commercial or professional activities of the persons involved in such transactions, the reliability of transport companies and any other relevant element. The aforementioned authorities cooperate and cross-check data and information with other domestic or foreign public agencies and bodies, as well as with credit institutions carrying out, either directly or indirectly, transactions related to the aforementioned commercial operations or maintaining business relationships with persons involved in such transactions. A decision of the Minister of Economy and Finance specifies the units responsible, their respective tasks and the procedures and technical details for the implementation of the above measures.

3. The competent tax authorities and the Special Control Service of the Ministry of Economy and Finance, in cooperation with the competent authorities of the Ministry of Development and other ministries or public bodies, which keep registers of companies of any legal form, containing information about the establishment, operation, any amendments to the articles of associations or the constituting documents, founding members, partners or shareholders, or approve share capital increases or have other related tasks with respect to such companies, take all necessary measures to prevent and suppress the use of companies or company vehicles for the purpose of committing the offences laid down in Articles 2 and 3 hereof. Such measures include in particular:

- a) checking the reliability and credibility of partners and shareholders, board members or managers;
- b) laying down procedures to verify the lawful origin of initial and subsequent capital, especially during increases of the share capital of sociétés anonymes, whether listed or not on a regulated market;
- c) providing increased supervision with respect to the proper and lawful use of national and Community subsidies, grants and other financial assistance to companies and other corporations or natural persons;

Joint ministerial decisions of the Minister of Economy and Finance and the Minister of Development or other competent ministers, and by decisions of supervisory public authorities and bodies specify the units responsible, their respective tasks and the procedures and technical details for specific actions and measures, based on a assessment of risks

and the cost-benefit aspects of the imposition of additional obligations on companies or additional controls on the part of the relevant authorities and units, so as to ensure the effective implementation of the above measures.

4. Joint decisions of the Minister of Economy and Finance and the Minister competent for the licensing, registration, subsidisation or control of corporations, institutions, organisations, associations and other types of non-profit organizations, should specify methods, measures and procedures aimed at preventing the use of such entities for committing the offences of Articles 2 and 3 hereof. Such measures include in particular maintaining a register of the above entities by the competent authority for the respective type of entity, the requirement that their main transactions be effected through credit institutions and the conduct of risk-based random checks in such entities by the competent public authorities.

5. The administrative units of the Ministry of Foreign Affairs responsible for the supervision and subsidisation of non-profit institutions or non-governmental organisations should take all necessary measures to ensure the proper management of subsidies, grants or financial assistance of any type, especially if such funds are allocated to programmes of any kind in countries with high levels of corruption or criminality or vulnerable to terrorism.

6. The ministries, the competent authorities and units and other public agencies referred to in paragraphs 1 to 5 of this Article shall promptly report to the Commission any case for which there may be evidence or suspicions of committing or attempting to commit the offences of Articles 2 and 3 hereof, independently from any other action they are entitled to take.

Article 11

Anti-money laundering and anti-terrorist financing consultation forum

1. By a decision of the Minister of Economy and Finance, a special entity shall be established, bringing together representatives of the various categories of obligated persons, by the name “Anti-money laundering and anti-terrorist financing consultation forum” (hereinafter referred to as “the AML/ATF Forum”).

2. The General Secretary of the Hellenic Bank Association is appointed as the Chairman of the AML/ATF Forum. The members of it are proposed by the representatives of the various categories of

obligated persons. The foregoing persons are appointed for a renewable term of three years.

3. The AML/ATF Forum is located at the premises of the Hellenic Bank Association meets regularly at least thrice a year and extraordinarily on the Chairman's initiative. At the first meeting the Chairman and the members of the AML/ATF Forum shall designate their alternates.

4. The Chairman may invite only some of the members to an extraordinary meeting to discuss specific issues of relevance to these members only.

5. The Plenary of the AML/ATF Forum prepares its own Operating Rules, approved by the Minister of Economy and Finance. The Operating Rules specify the procedure for calling a meeting, the keeping of records of discussions, the preparation of the agenda for the meetings, secretarial support and other technical issues and details.

6. The Operating Rules state the activities of the AML/ATF Forum, including but not limited to:

- a) cooperation and consultation between participants to ensure the effective fulfillment of their obligations under this Law;
- b) exchange of expertise and knowledge of international developments, the study of specific problems and identification of sectors, activities and circumstances that are vulnerable to committing or attempting to commit the offences of Article 2;
- c) giving guidance to the various categories of obligated persons on how to deal with certain technical issues, in accordance with this Law and the regulatory decisions of the competent authorities;
- d) dissemination of information contained in typology lists from Greek and international organisations, studies and analyses of such reports and proposals to the competent authorities in respect of arising issues;
- e) setting up working groups to discuss topics of relevance to all or some of the participants, in particular referring to the effectiveness and improvements in applicable procedures, measures and practices for the detection of suspicious or unusual transactions or activities, with a view to ensuring more effective compliance by the obligated persons with their obligations under this Law;
- f) organisation of training seminars, workshops or conferences and production of information brochures and educational material aimed at raising awareness among the obligated persons of threats that the offences of Article 2 could pose to the society and to their trustworthiness and reputation and warning

them of any disciplinary, administrative or criminal liability entailed by their non-compliance.

7. In the context of country examinations carried out by international organisations and regarding Greece's compliance with international standards against the offences of Article 2, the AML/ATF Forum and the representatives of the obligated persons cooperate with the competent authorities and notify on time the Central Coordinating Authority any useful information.

8. The AML/ATF Forum prepares within the first two months of each year a report on its past year's activities and submits it to the competent authorities, the Commission the Central Coordinating Authority and the Strategy Committee. The report must be available on the website of the Hellenic Bank Association. The first such report shall be submitted in 2009.

9. Information of a confidential nature may not be communicated to the public. The Chairman of the Body may propose to the Plenary the criteria and categories of confidential information.

CHAPTER C

Customer due diligence

Article 12

Cases of application of due diligence measures

Obligated persons apply customer due diligence measures:

- (a) when establishing a business relationship;
- (b) when carrying out occasional transactions amounting to 15.000 € or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
- (c) when there is a suspicion that an offence referred to in Article 2 has either been committed or attempted, regardless of any derogation, exemption or threshold pursuant to paragraph 10 of Article, paragraphs 2 and 3 of Article 14 and paragraphs 1, 2 and 5 of Article 17;
- (d) when there are doubts about the veracity, completeness or adequacy of previously obtained identification data about the customer, other persons on behalf of whom the customer is acting and the beneficial owner(s) of the customer.

Article 13

Standard due diligence measures

1. Standard customer due diligence measures applied by obligated persons should comprise:

(a) identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source;

(b) identifying, where applicable, the beneficial owner(s) of the corporate customer, updating the information and taking risk-based and adequate measures to verify his identity so that the obligated person is satisfied that it knows who the beneficial owner(s) is (are), including other natural or legal persons on behalf of whom the customer is acting. As regards other legal persons, trusts and similar legal arrangements, obligated persons shall take risk-based and adequate measures to understand the ownership and control structure of the customer. "Risk" denotes the strong possibility of customer involvement in committing or attempting to commit the offences referred to in Articles 2 and 3;

(c) obtaining information on the purpose and intended nature of the business relationship or of important transactions or activities of the customer or the beneficial owner;

(d) examining with special attention any transaction or activity which, by nature or by virtue of the customer's personal circumstances or capacity, could be associated with money laundering or terrorist financing. These transactions comprise especially complex or unusually large transactions and any unusual kind of transaction that is conducted with no apparent economic or lawful purpose;

(e) taking any other appropriate measure, including refraining from the transaction and refusing to provide services or carry out activities, unless the customer identification requirements are met;

(f) conducting ongoing monitoring of the business relationship, including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the obligated persons' knowledge of the customer and of the beneficial owner, the business and risk profile, including, where necessary, the source of funds, according to criteria determined by the relevant authorities. The obligated persons ensure that the documents, data or information held are kept up-to-date.

2. Credit and financial institutions, in particular, must also evaluate the customer's overall business portfolio maintained with them and/or with other companies in their group, in the sense of Article 32, paragraph 2, in order to confirm that the transaction is consistent and compatible with such portfolio(s).

3. When the customer is acting on behalf of other persons, he should state so and, in addition to proving his own identity under para.1, shall prove the

identity of the third party, natural or legal person, on whose behalf he is acting. In any event, obligated persons shall verify the accuracy of this information when the customer does not make the said statement, but there are serious doubts about whether he is acting on his own behalf or it is certain that he is acting on behalf of others.

4. If, during the business relationship, the obligated person questions whether the customer is acting on his own behalf or it is certain that he is not acting on his own behalf, the obligated person should take the required measures to obtain information about the true identity of the persons on whose behalf he is acting.

5. Obligated persons apply, at the appropriate time, risk-based due diligence measures not only to new, but also to existing customers. Decisions of the competent authorities may determine the criteria and the method of application of due diligence to existing customers.

6. In the case of jointly held accounts of deposits, securities or other financial products, the co-holders should be considered as customers and due diligence shall also apply to all of them.

7. Decisions of the relevant competent authorities may specify further details on the provisions of Regulation 1781/2006/EC of the European Parliament and of the Council (L 345/8.12.2006) on information on the payer accompanying transfers of funds.

8. Where an obligated natural person performs his professional activities as an employee of an obligated legal person, the obligations under this law shall apply to that legal person rather than to the natural person. When an obligated natural person performs his professional activity as an employee or associate, under any type of contract or agreement, of a non-obligated legal person, that natural person shall meet the obligations under this law, in accordance with the decisions of the competent authority which is the supervisor of the relevant category of persons.

9. Where two or more credit institutions, financial institutions or other obligated persons participate in any way whatsoever in a transaction or a series of related transactions, each of them shall apply due diligence measures, without prejudice to the provisions of Chapter D. This shall be the case, in particular, with insurance policies, purchases and sales of shares, derivatives, bonds or other financial products and transactions with cards of any type.

10. Obligated persons shall apply the customer due diligence requirements set out in paragraph 1, but may determine the extent of such measures on a risk-based basis depending on the type of customer, his economic status, business relationship, product or transaction, in compliance with the relevant decisions of competent authorities made pursuant to para.4 of Article 6. Obligated persons should be able to demonstrate to the competent authorities that the extent of the measures is appropriate in view of the risks of offences referred to in Article 2, that they apply such measures consistently and effectively and that they comply with the decisions of the competent authorities.

Article 14

Time of application of due diligence

1. The identification and verification of the relevant data of the customer and the beneficial owner and other person(s) on whose behalf the customer is acting, should take place before the establishment of a business relationship or the carrying out of a transaction.

2. By way of derogation from paragraph 1, the verification of the identity of the persons referred to in paragraph 1 above, could be allowed to be completed during the establishment of a business relationship if this is necessary not to interrupt the normal conduct of business and where there is little risk of money laundering or terrorist financing occurring. In such situations, these procedures should be completed as soon as practicable after the initial contact.

3. By way of derogation from paragraphs 1 and 2, in relation to life insurance contracts, the verification of the identity of the insured person and/ or the beneficial owner and the real owner under the policy, could be allowed to take place after the business relationship has been established. In that case, verification shall take place the soonest possible, and, in any case, before the beneficial owner or the insured person makes any transaction, especially before exercising rights vested under the policy. Verification should also take place in the case of Article 17, paragraph 5, point (a), second sentence.

4. Where the obligated person is unable to comply with paragraph 1 of this article or of points (a) to (c) and (f) of paragraph 1 of Article 13, it may not carry out the transaction or establish a business relationship and could terminate the business relationship, considering the necessity of submitting a report to the Commission. The previous sentence does not apply to lawyers when they are in the course of ascertaining the legal position of their client or performing their task of defending or representing that client in or

concerning judicial proceedings, including advice on instituting or avoiding proceedings.

Article 15

Anonymous accounts

Credit and financial institutions must not keep secret, anonymous or identified-by-number accounts or anonymous passbooks or accounts in fictitious names or accounts without the full name of their holder, in accordance with the identity certification documents.

Article 16

Casinos

1. Casinos operating in Greece must verify the identity of their customers on entry in the gambling facilities and take appropriate measures to identify suspicious cases that might relate to the offences referred to in Article 2. They should examine, in particular:

a) customers who place large amounts to any type of gambling, when, according to the information available to the casino, the customer does not have or does not appear to have the corresponding economic means; and

b) customers who win large amounts in casino gambling and there is evidence of commission of the offences referred to in Article 2.

2. When casinos keep records on winnings and payments of chips in the names of customers, these records shall be maintained for at least five years pursuant to the procedures stipulated in the decisions of the competent casino authority mentioned in paragraph 4 hereof. This information shall be made available to the competent authority and the Commission for inspection.

3. The provisions of this article apply also to casinos operating on ships flying the Greek flag.

4. Decisions of the relevant authority may further specify the above measures and other obligations of casinos under this law.

Article 17

Simplified customer due diligence

1. By way of derogation from points a, b and d of Article 12, paragraph 1 of Article 13 and paragraph 1 of Article 14, obligated persons are not subject to the requirements provided for in those provisions where the customer is a credit or financial institution situated in the European Union or a third country which imposes requirements equivalent to those laid down in Directive 2005/60/EC and is supervised for compliance with those requirements.

2. By way of derogation from points a, b and d of Article 12, paragraph 1 of Article 13 and paragraph 1 of Article 14, obligated persons are not

be subject to the identity verification requirements in respect of:

a) listed companies whose shares are admitted to trading on a regulated market within the meaning of Article 43 of Law 3606/2007 (Government Gazette A 195) in one or more Member States and listed companies from third countries which are subject to disclosure requirements consistent with the provisions of Directive 2004/39/EC (L145/30.4.2004);

b) companies operating as undertakings for collective investment in transferable securities pursuant to Article 2 of Law 3283/2004 (Government Gazette A 210) and companies that operate as undertakings for collective investment in transferable securities, are based in the European Union and operate in consistency with the provisions of Directive 85/611/EEC (L 375/31.12.1985, p.3), as currently in force;

c) Greek public authorities or legal persons of public law or enterprises or organisations in which the State has a participation of at least 51%;

d) public authorities or public bodies that fulfil all of the following criteria:

i) they have been entrusted with public functions pursuant to the Treaty on the European Union, the Treaties on the Communities or Community secondary legislation;

ii) their identity is publicly available, transparent and certain;

iii) their activities, as well as their accounting practices are transparent;

iv) either they are accountable to a Community institution or to the authorities of a Member State, or appropriate check and supervising procedures exist ensuring control of their activity.

3. In the cases referred to in paragraphs 1 and 2, obligated persons should gather sufficient information to establish if the customer qualifies for an exemption as mentioned in these paragraphs and shall decide on the basis of risk management procedures. Decisions of the competent authorities may specify the sufficient information to be gathered.

4. The Ministry of Economy and Finance, as the Central Coordinating Authority informs the European Commission and the relevant Ministries of the other Member States of cases where it considers that a third country meets the requirements of paragraphs 1 or 2 hereof, as well as of cases where it considers that the technical criteria established in accordance with Article 40(1)(b) of Directive 2005/60/EC are met.

5. By way of derogation from points a, b and d of Article 12, paragraph 1 of Article 13 and paragraph 1 of Article 14, obligated persons are not be subject to the identity verification requirements in respect of:

a) life insurance policies, where the annual premium is no more than EUR 1,000 or the single premium is no more than EUR 2,500. When the premium payable within a year increases to more than EUR 1,000, the insured's identity shall be verified;

b) a pension, superannuation or similar scheme that provides retirement benefits to employees, where contributions are made by way of deduction from wages and the scheme rules do not permit the assignment of a member's interest under the scheme;

c) insurance policies for pension schemes concluded on the basis of employment contracts or of professional activities of the insured, provided that there is no surrender clause and the policy can not be used as collateral;

d) electronic money, as defined in Article 14(3) of Law 3148/2003 (Government Gazette A 136), where, if the device cannot be recharged, the maximum amount stored in the device is no more than EUR 150, or where, if the device can be recharged, a limit of EUR 2,500 is imposed on the total amount transacted in a calendar year. When an amount of EUR 1,000 or more is redeemed in that same calendar year by the bearer as referred to in paragraph 6 of Article 14 of Law 3148/2003, identity verification should be conducted.

6. The competent authorities may issue decisions specifying the details and criteria for the determination of the foreign financial institutions referred to in paragraph 1 and the public authorities referred to in paragraph 2, point d.

Article 18

Non-reliable third countries

Where the European Commission adopts a decision pursuant to Article 40(4) of Directive 2005/60/EC, obligated persons shall be prohibited from applying simplified due diligence to the legal persons referred to in Article 17(1) and (2)(a) that are situated in the third country referred to in the said decision of the European Commission.

Article 19

Enhanced Customer Due Diligence

Obligated persons shall apply, on a risk-based basis, enhanced customer due diligence measures, in addition to the measures referred to in Articles 13 and 14, paragraph 1 hereof. More specifically, without prejudice to Article 14, paragraph 2, when obligated persons find that there are increased risks, they shall:

a) apply in a consistent and effective manner the measures defined in Articles 20, 21 and 22, in the cases referred to in such Articles;

b) take any other appropriate measure decided by the competent authority supervising them to prevent the commission of the offences mentioned in Article 2, including the careful examination of the total portfolio(s) of the customer, the beneficial owner, the person(s) on whose behalf the customer is acting, the relatives, the spouses, partners and close associates of those persons for at least the three preceding calendar years.

Article 20

Transactions without the physical presence of the customer –

Risks from new products and technologies

1. Obligated persons take specific and adequate measures to counter the higher risk in cases where the customer is not physically present for identification purposes, mainly by applying one or more of the following measures:

a) ensuring that the customer's identity is verified by additional documents, data or information;

(b) taking supplementary measures to verify or certify the documents supplied, or requiring confirmatory certification by a credit or financial institution based in the European Union;

(c) ensuring that the first payment of the operations is carried out through an account opened in the customer's name with a credit institution based in the European Union.

Decisions of the competent authorities specify the measures referred to in this paragraph and determine procedures for their effective application.

2. Obligated persons pay special attention to any product or transaction which might favour anonymity and which, by nature or by virtue of information about the profile of the characteristic features of the customer, may be associated with money laundering or terrorist financing and take appropriate measures to avert this risk.

3. The competent authorities take appropriate measures to ensure that obligated persons implement organizational, functional and technological procedures to prevent the risks associated with technological advances or new financial products.

Article 21

Cross-border correspondent banking

1. In respect of cross-border correspondent banking relationships of greek credit institutions with respondent institutions from third (non-European Union) countries, credit institutions should:

a) gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from

publicly available information the reputation of the institution and the quality of supervision on it;

b) assess the respondent institution's anti-money laundering and anti-terrorist financing controls;

c) provide for the approval from senior management before establishing new correspondent banking relationships;

d) document the respective responsibilities of each party to the corresponding banking agreement;

e) with respect to payable-through accounts, be satisfied that the respondent credit institution has verified the identity of and performed ongoing due diligence on the customers having direct access to accounts held in the correspondent and that it is able to provide relevant customer due diligence data to the correspondent institution, upon request.

2. Credit institutions are prohibited from entering into or continuing a correspondent banking relationship with a shell bank and shall not engage in or continue correspondent banking relationships with a bank that is known to permit its accounts to be used by a shell bank. The Bank of Greece shall ensure credit institutions' compliance with the above obligations and may define which of these requirements are applicable to correspondent banking relationships with credit institutions authorized in European Union member countries.

Article 22

Politically exposed persons

1. For the purposes of this Article, "politically exposed persons who are or have been entrusted with prominent public functions" include the following natural persons:

a) heads of State, heads of government, ministers and deputy or assistant ministers;

b) members of parliaments;

c) members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;

d) members of courts of auditors;

e) members of the boards of central banks;

f) ambassadors and chargés d'affaires;

g) high-ranking officers in the armed forces;

h) members of the administrative, management or supervisory bodies of State-owned enterprises.

None of the categories set out in points (c) to (h) shall be understood as covering middle ranking or more junior officials.

2. The categories set out in points b to g of paragraph 1 include positions at Community and international level.

3. For the purposes of this Article, “immediate family members” include the following:

- a) the spouse;
- b) any partner considered by national law as equivalent to the spouse;
- c) the natural or adopted children and their spouses or partners;
- d) the parents.

4. For the purposes of this Article, “persons known to be close associates” include the following:

- a) any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a person referred to in paragraph 1;
- b) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in paragraph 1.

5. Without prejudice to the application, on a risk-sensitive basis, of enhanced customer due diligence measures, where a person has ceased to be entrusted with a prominent public function within the meaning of paragraph 1 for a period of at least one year, obligated persons are not be obliged to consider such person as politically exposed.

6. As regards transactions or business relationships with politically exposed persons, obligated persons must:

- a) have appropriate risk-based procedures to determine whether the customer is a politically exposed person;
- b) have senior management approval for establishing business relationships with such customers;
- c) take adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or transactions;
- d) conduct enhanced ongoing monitoring of the business relationship.

7. The competent authorities may specify by decisions the manner of implementation of the above obligations.

8. Politically exposed persons do not include persons resident in Greece. Standard due diligence measures shall apply to such persons.

CHAPTER D

Performance of customer due diligence by third parties

Article 23

Eligible third parties and their obligations

1. The obligated persons referred to in paragraph 5 of this Article may rely on third parties to meet the requirements laid down in points a and b of paragraph 1 of Article 13. Such third parties must recommend or introduce persons only from among their own customers and must always conduct customer due diligence in accordance with this Law. However, the ultimate responsibility for meeting the aforementioned requirements shall remain with the obligated person which relies on the third party.

2. For the purposes of this Law, "third parties" shall mean:

- a) credit institutions;
- b) investment firms;
- c) mutual funds; and
- d) insurance companies only in respect of insurance intermediaries, which are located in a Member State of the European Union or in a FATF member third country. Where obligated persons rely on a third party, they must always identify the customer, any third person on behalf of whom the customer may be acting and the beneficial owner.

3. Persons relying on a third party must also ensure that such third party

- a) can make immediately available, upon request, any information obtained while applying the customer due diligence measures in respect of the customer, any third person on behalf of whom the customer may be acting and the beneficial owner; and
- b) can forward immediately, upon request, any copy of identification and identity verification documentation obtained while applying the customer due diligence measures in respect of the persons mentioned in (a).

4. If the third party’s business relationship with their customer ends for any reason whatsoever, the obligated person shall verify the identity of the customer and apply the complete customer due diligence measures.

5. The obligated persons covered by this Law may rely on third parties only if they are credit or financial institutions. If not, their respective competent authorities may set out the criteria and requirements for the supervised natural and legal persons to be able

to do so, in conformity with the provisions of this Article.

Article 24

Status of third countries

1. The Ministry of Economy and Finance, as the Central Coordinating Authority, informs the other Member States and the European Commission of cases where it considers that a third country meets the conditions laid down in paragraph 1(b) of article 15 of Directive 2005/60/EC. It shall also receive assessments by other Member States and shall notify accordingly the appropriate competent authorities, which shall then convey the relevant information to the obligated persons, with instructions on how to handle such information. Such assessments by other Member States are not binding.

2. Where the European Commission adopts a decision pursuant to Article 40(4) of Directive 2005/60/EC, the obligated persons may not rely on third parties from the third country concerned in order to meet the requirements laid down in paragraph 1 of Article 23. The Ministry of Economy and Finance should inform the competent authorities of any such decisions.

Article 25

Exemptions and decisions by competent authorities

1. Article 23 does not apply to outsourcing or agency relationships where, on the basis of a contractual arrangement, the outsourcing service provider or agent is to be regarded as part of the obligated person.

2. The competent authorities may specify details for the implementation of the provisions of this Chapter.

CHAPTER E

Reporting obligations and prohibition of disclosure

Article 26

Reporting of suspicious transactions to the Commission

1. The obligated persons and their staff, including managers, must:

a) promptly inform the Commission, on their own initiative, where they know, suspect or have reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted; and

b) promptly furnish the Commission or other anti-money laundering and anti-terrorist financing

authorities, when requested, with all necessary information, in accordance with the procedures established by the applicable legislation.

2. The persons referred to in points e, f and m of paragraph 1 of Article 5 hereof shall not be subject to the requirements of the preceding paragraph in respect of information received from or regarding any of their clients while they are in the course of ascertaining the legal position for their client or representing that client in or concerning judicial proceedings, including advice on instituting or avoiding proceedings, irrespective of whether the information is received before, during or following the proceedings.

3. Foreign branches and representative offices of Greek credit and financial institutions should forward the information referred to in paragraph 1 above to the foreign equivalent of the Commission – whether a body, a unit or other authority of the host country – and to their respective parent company, notwithstanding Article 32(2) and (4) below.

4. Suspicious transaction reporting to the Commission by credit and financial institutions and financial groups is effected in accordance with the provisions of Article 44.

Article 27

High-risk transactions - Refraining from executing suspicious transactions

1. In the cases of high-risk transactions as described in point d of paragraph 1 of Article 13 and provided that an officer has been appointed under paragraph 1 of Article 44, such officer should be promptly informed, a report shall be prepared and the need for reporting to the Commission shall be examined.

2. The obligated persons must refrain from carrying out transactions, engaging in activities or providing any services, which they know or suspect to be related to the offences set out in Article 2, unless refraining in such manner is impossible or likely to frustrate efforts to pursue the customers, the beneficial owners or the persons on behalf of whom the customers may be acting; in the latter case the obligated persons shall execute the aforementioned operations and simultaneously inform the Commission.

Article 28***Reporting obligations of competent authorities and market operators***

1. The competent authorities must promptly inform the Commission if, in the course of inspections carried out in the obligated persons, or in any other way, they discover facts that could be related to the offences set out in Articles 2 and 3.

2. Operators of markets for stocks, bonds, other financial instruments, financial derivatives and foreign exchange must have in place adequate mechanisms and procedures for the prevention and immediate detection of possible cases of committing or attempting to commit the offences set out in Articles 2 and 3, and report to the Commission without delay all cases where they reasonably suspect that any of the above may be happening, also providing all the relevant information and data and any assistance as necessary for the investigation of such cases. Included in the above markets are the Electronic Secondary Securities Market (HDAT), the Multilateral Systems for Trading in financial instruments provided for in Law 3606/2007 (Government Gazette A 195), as well as in-house markets for financial instruments operating within a credit institution or an investment firm.

3. The supervisory bodies which oversee the markets referred to in paragraph 2 above take all appropriate measures to ensure market operators' compliance with their obligations, the effective operation of their systems and the adequate training of their employees.

Article 29***Reporting obligations in relation to offences against tax or customs legislation***

Where predicate offences consist in offences against tax or customs legislation or other offences that fall within the fields of responsibility of the Special Audits Service (YPEE), the following procedure applies:

a) The YPEE is authorised to bring to justice any cases of money laundering relating to smuggling, tax evasion and cases that fall within its other fields of responsibility, after having prepared a conclusive report. The report is submitted to the competent Public Prosecutor and is immediately communicated to the Central Service of the YPEE, 3rd Directorate of Special Cases, Department B - Special Economic Cases, and to the Commission. The YPEE may refer to the Commission any cases for which it has not prepared a conclusive report, and cooperate with it, including by joint investigations into cases for which they have a shared responsibility.

b) For the aforementioned cases that are examined by the Internal Revenue Offices or the Local and Regional Tax Audit Centers or Customs Offices, reports should be submitted to the Commission and the YPEE, through the relevant General Directorates of Tax and Customs Controls.

c) The obligated persons must report to the Commission any suspicious transactions which are likely to be related to the above offences. An exception is made for lawyers who may report such transactions to the special committee provided for in Article 34.

Article 30***Protection of reporting employees***

A joint decision of the Minister of Economy and Finance and the Minister of Justice may specify measures to protect the obligated persons' employees and obligated natural persons reporting, either internally or externally to the Commission or the Public Prosecutor, suspected cases of committing or attempting to commit the offences set out in Article 2, form threats or hostile acts.

Article 31***Prohibition of disclosure***

The obligated persons and their directors and employees must not disclose to the customer concerned or to other third persons the fact that information has been transmitted or shall be transmitted to the Commission or other public authorities or has been sought by them or that an investigation is being or shall be carried out in relation to the offences of Article 2 and 3 hereof. The above also applies to the Chairman, the board members and staff of the Commission, managers and staff of the competent authorities, as well as to other public servants who may be aware of the facts referred to in the preceding sentence. Natural persons who intentionally violate their duty to observe secrecy are punished by imprisonment for not less than three months and a pecuniary penalty.

Article 32***Exemptions from the prohibition of disclosure***

1. The disclosure of information provided for in Articles 26 to 29, either internally to the competent structure of the legal person or externally to the Commission or the Public Prosecutor, by the persons referred to in Article 31 shall not constitute a violation of the disclosure prohibition imposed by Article 31 or by any other legislative, regulatory, administrative or contractual provision and shall not involve these persons and the relevant legal persons in liability of any kind, unless they have not acted in good faith.

2. The prohibition laid down in Article 31 shall not prevent the exchange of information between credit or financial institutions situated in Greece or in another Member State and belonging to the same group as defined in paragraph 4 of Article 4. This also applies to the exchange of information between credit or financial institutions situated in Greece and similar institutions of the same group which are situated in a third country that imposes requirements at least equivalent to those laid down herein and which are subject to supervision of their compliance with those requirements.

3. For the obligated persons referred to in points e, f and m of paragraph 1 of Article 5, the prohibition laid down in Article 31 shall not prevent disclosure between persons operating in Greece and persons resident in another Member State, or in a third country which imposes requirements at least equivalent to those laid down herein, provided that they perform their professional activities, whether as employees or not, within the same legal person, financial group or network. For the purposes of this Article, a "network" means the larger structure to which the legal persons belong and which share common ownership, management or compliance control.

4. The obligated persons referred to in points a, b, e, f and m of paragraph 1 of Article 5 which are situated or conduct their business in Greece may exchange information with persons from the same professional category regarding the same customer and the same transactions or activities involving two or more of the above persons. The foregoing shall also apply to the exchange of information between resident obligated persons and natural or legal persons from the same professional category situated or conducting their business in another Member State or in a third country that imposes requirements at least equivalent to those laid down herein, provided that such persons are from the same professional category and are subject to at least equivalent obligations as regards professional secrecy and personal data protection. The information exchanged is used exclusively for the prevention and suppression of the offences of Article 2.

5. Where lawyers and notaries seek to dissuade a client from engaging in illegal activity, this does not constitute a violation of the prohibition laid down in Article 31.

6. Decisions of the competent authorities may further specify the provisions of this Article and requirements for the exchange of information.

Article 33

Non-reliable third countries

Where the European Commission adopts a decision pursuant to Article 40(4) of Directive 2005/60/EC, it shall be prohibited the disclosure of any information between the obligated persons referred to in paragraphs 2, 3 and 4 of Article 32 hereof and legal or natural persons situated, operating or conducting their business in the third country concerned.

Article 34

Committee of lawyers

A committee of lawyers, composed of five members, appointed for a three-year term by the Plenary of the National Federation of Bar Associations, located at the premises of the Athens Bar Association, is established with the task to receive lawyers' reports on suspicious or unusual activities or transactions, to assess their compliance with the provisions herein and forward them without delay to the Commission. A decision of the Minister of Justice, following consultation of the above Plenary, shall specify the operating procedures of the committee, the procedure for its receiving lawyers' reports from all over Greece, as well as the procedure for its cooperation and communication with the Commission.

CHAPTER F

Record keeping and statistical data

Article 35

Record and data keeping by obligated persons

1. Obligated persons shall keep the following documents and information for use in investigations into any possible attempt or actual commission of any of the offences referred to in Article 2 by the Commission, the competent authority supervising them or any other competent public authority, including the prosecutorial and judicial authorities:

a) the customer identification information and data on its verification, upon the conclusion of any agreement, for a period of at least five years after the business relationship with the customer has ended;

b) the authorization documents, the photocopies of documents on the basis of which the identity of the customer was certified and verified, and the originals or copies of the documentation of all kinds of transactions, for a time period of at least five years following the end of the business relationship or the execution of each transaction;

c) the internal documents concerning approvals or verifications or proposals in cases related to investigations into the above offences or cases reported or not reported to the Commission, for a

time period of at least five years following the end of the business relationship with the customer involved in the above cases;

d) data on business, commercial and professional correspondence with customers, as these may be specified by the competent authorities.

2. All the data and documents referred to in subparagraphs (a), (b), (c) and (d) of paragraph 1 shall be kept in writing or in electronic form, for the time period referred to in these subparagraphs, unless a longer time period is required by another provision of law or regulatory decision.

3. The above data shall be kept in such a way as to enable the obligated person to respond promptly to any request of the Commission, the competent authority or any other competent public authority without delay for the establishment of audit trails.

Article 36

Record and data keeping by subsidiary companies and branches in other countries

1. Credit and financial institutions shall apply in their subsidiary companies, within the meaning of para. 4 of Article 4, and in their branches in other countries, measures which are at least equivalent to those referred to in article 35 on record and data keeping. Where the legislation of a non-EU country does not allow the implementation of such measures, wholly or partly, the above persons shall inform to this effect the Commission, the competent authorities and the Central Coordinating Authority.

2. The Central Coordinating Authority shall inform the European Commission on any situations where the legislation of a non-EU country does not permit, wholly or partly, the application of the measures referred to in Article 35.

3. Credit and financial institutions shall, where the legislation of a non-EU country does not permit the application of the measures required under article 35, take additional measures to effectively manage the risk of commission of the offences referred to in Article 2. The competent authorities may specify these additional measures by their decisions.

Article 37

Application of procedures and systems

1. Credit and financial institutions shall have in place procedures and systems enabling them to respond fully and rapidly to any request or enquiry by the Commission, the competent authority supervising them or any other competent public authority, as to

whether they maintain or have maintained, during the previous five years, a business relationship with specific natural or legal persons, the nature of this relationship and any other relevant transaction.

2. By decisions of the competent authorities supervising obligated persons other than credit and financial institutions, obligations of these obligated persons similar to those referred to in para. 1 can be specified on an *ad hoc* basis.

Article 38

Collection, keeping and processing of statistical data by public authorities

1. All public authorities involved, including the Ministry of Justice, the Commission, the competent and judicial authorities, the prosecutorial, police and tax authorities and services, shall keep complete and updated statistical data relating to areas or matters falling within their scope of authority. These data shall be collected by the Central Coordinating Authority every calendar semester.

2. These statistics shall cover at least:

a) The number of reports of suspicious or unusual transactions or activities submitted to the Commission, the classification of these reports according to sender, the number of findings reports submitted to the Public Prosecutor for investigation, the number of archived cases, and data on the international cooperation of the Commission with foreign peers;

b) the collection, classification and processing of the data referred to in Article 39;

c) the statistical data referred to in paragraph 7 of Article 6 which are included in the half-yearly reports of the competent authorities; and

d) the statistical data mentioned in the regulatory decisions of the competent authorities.

3. The Ministry of Justice, the Commission and the competent authorities shall publish aggregated statistics in order to inform the public fully and adequately.

Article 39

Collection of judicial data and information

1. A decision of the Minister of Justice shall lay down the procedure and the technical details for the collection, classification and processing of statistical data on the cases that come before the courts of any degree of jurisdiction and concern the offences referred to in Article 2, the number of cases investigated and the number of persons prosecuted, the relevant court judgments or decrees, and any

property confiscated or seized. The same decision shall also lay down the procedure for monitoring the judicial progress of the reports submitted by the Commission to the competent Public Prosecutor.

2. The services of the Ministry of Justice shall also ensure the collection, registration and processing of data similar to the above on the most important categories of predicate offences, requesting information from the secretariats of Public Prosecutors' Offices and Courts and from police services.

CHAPTER G

Implementation measures

“Article 40

Cooperation and Exchange of Confidential Information

1. The Authority may forward and exchange confidential information with the competent prosecutorial authorities or other authorities with investigating or auditing powers, as well as the competent authorities referred to in Article 6, where such information is deemed useful for their tasks and the performance of their legal duties. Moreover, it may request information on the results of any investigation that has been carried out by the aforementioned authorities, as well as any information provided for in Article 7 of this law.

2. The competent authorities may also exchange confidential information on the performance of their obligations under this law and inform each other on the results of the relevant investigations. Bilateral or multilateral memoranda of understanding may specify the modalities for such exchange of information.

3. The above authorities may carry out joint investigations into cases of common interest and responsibility, for the fulfilment of their obligations under this law.

4. For the purposes of the implementation of the provisions of this law, confidential information shall mean any information about the business, professional or commercial behaviour of legal or natural persons or entities, data on their transactions and activities, tax records and information on criminal offences and breaches of tax, customs or other administrative laws and regulations. Confidential information shall also include any information which the transmitting or exchanging agencies have obtained in the context of their international cooperation with their foreign

counterparts, provided that this is permitted by the terms and conditions of such cooperation.”

Article 41

Internal procedures

1. The obligated persons should apply adequate and appropriate policies and procedures with respect to customer due diligence and the actual beneficial owner, reporting of suspicious transactions; record-keeping; internal control; risk assessment; continuous assessment of the degree of compliance and internal communication, in order to prevent transactions and activities that may be associated with the offences referred to in Article 2.

2. Credit and financial institutions ensure that the provisions of this law are also implemented by their subsidiaries, within the meaning of paragraph 4 of Article 4, provided that the latter are obligated persons, as well as by their branches and representative offices abroad, unless this is wholly or partly forbidden by the relevant foreign legislation. In that case they must inform the Commission, the competent authority supervising them and the Central Coordinating Authority. In any case, they should apply the stricter law between the Greek law and the law of the host country, to the extent allowed by the law of the host country.

3. The competent authorities supervising obligated persons other than credit and financial institutions may further specify by decisions the obligations referred to in paragraph 1, taking into account the factors referred to in paragraph 4 of Article 6, in particular the distinction between obligated natural persons and obligated legal persons.

Article 42

Education and Training

The obligated persons take appropriate measures so that their employees are informed about the provisions of this law and the relevant regulatory decisions. These measures include, *inter alia*, the competent employees' participation in special training courses that help them identify activities that may be associated with the offences referred to in Article 2 and train them to take proper action in such cases.

Article 43

Conditions of incorporation, operation and registration

1. Without prejudice to the provisions governing the authorisation of incorporation, operation or registration, the competent authorities shall refuse to authorise the incorporation, operation or registration

of obligated legal persons unless they are convinced that the persons holding a substantial stake in the capital or controlling or actually managing the undertakings of such persons or their actual beneficial owners are appropriate and honourable persons.

2. In order to pursue their business activities, payment institutions referred to in Directive 2007/64/EC on payment services in the internal market shall obtain authorisation of operation from, be registered and supervised by, the competent authority.

Article 44

Compliance officers – Obligations of financial groups

1. Each credit or financial institution appoints a management officer (the compliance officer) to whom all other management officers and employees should report any transaction they consider as unusual or suspicious and suggestive of an attempt at, or commission of, the offences referred to in Article 2, and any event of which they are aware in the context of their duties that could be an indication of such acts. In branches or special departments or units, such events shall be reported directly to the manager of the branch or department or unit, who shall report them immediately to the compliance officer, provided that he shares the suspicions. If the manager or his alternate is unavailable or refuses or shows negligence or does not share the suspicions of the reporting employee, then the employee may report to the compliance officer. The latter shall inform the Commission by phone or a confidential document or secure electronic medium, providing any useful information or data, if after an examination he judges that the information and existing data justify such report. The provisions of this paragraph shall also apply to other obligated legal persons, determined according to the criteria laid down by the relevant decisions of the competent authorities.

2. Every financial group shall appoint a management officer from the largest company in the group as coordinator responsible for ensuring compliance with the requirements of this law by the group's companies. To this end, this officer cooperates and exchanges information with the management officers of the group's companies defined in paragraph 1; is informed about any reports made by them to the Commission; and may submit reports to the Commission himself, providing data from all the companies of the group.

Decisions of the competent authorities supervising the largest company of each group may lay down procedures and obligations to be complied with by groups and the companies of each group.

CHAPTER H'

Criminal and administrative sanctions, seizure and confiscation of assets

Article 45

Criminal sanctions

- 1.a) Persons who have committed money laundering shall be punished with imprisonment of up to 10 years and a pecuniary penalty of €20,000 to €1,000,000.
- b) The perpetrator of the offence referred to in (a) above shall be punished with imprisonment (i.e. a term from 5 to 20 years) and a pecuniary penalty of €30,000 to €1,500,000 if he acted as an employee of an obliged legal entity or the predicate offence is included in the offences referred to in Article 3(c), (d) and (e) above, even if a term of imprisonment of less than 5 years is envisaged for these offences.
- c) The perpetrator of the offence referred to in (a) above shall be punished with imprisonment of at least 10 years and a pecuniary penalty of €50,000 to €2,000,000 if he engages in these activities professionally or out of habit or he is a recidivist or has acted on behalf of, for the benefit of, or as a member of a criminal or terrorist organisation or group.
- d) An employee of an obliged legal entity or any other person obliged to report suspicious transactions shall be punished with a term of imprisonment up to 2 years if he intentionally fails to report to the competent authorities suspicious or unusual transactions or activities or provides false or misleading data, in breach of the relevant legal, administrative or regulatory provisions and rules, provided that his act is not punishable with heavier criminal sanctions.
- e) Criminal responsibility for the predicate offence shall not exclude the punishment of offenders (the principal and his accomplices) for the offences referred to in items (a), (b) and (c) of this paragraph, if the circumstances of the ML acts are different from those of the predicate offence.
- f) If the envisaged penalty for the predicate offence is a term of imprisonment up to 5 years, offender shall be punished for the ML offence with a term of imprisonment of at least 1 year (up to 5 years) and a pecuniary penalty of €10,000 to €500,000. The same sanction shall apply to any ML perpetrator who is not an accomplice to the predicate offence if he is a lineal relative of the perpetrator of the predicate offence by blood or affinity, or a collateral relative of up to second

degree, or a spouse, adoptive parent or adopted child thereof.

- g) If the perpetrator of the predicate offence was convicted for this offence, imposed on him or a third person of those referred to in the second sentence of item (f) for committing ML of the illicit proceeds generated by the same predicate offence, may not exceed the penalty imposed for the commission of the predicate offence.
- h) The provisions of items f' and g' shall not apply to the circumstances of item c' above and to the predicate offences referred to in case b' of this article.
- i) If the envisaged sanction for the predicate offence is a term of imprisonment up to 5 years and the illegal gains do not exceed €15,000, the penalty for money laundering shall be a term of imprisonment of up to 2 years. If the circumstances referred to in item (c) apply to the perpetrator of the predicate offence or to a third person, the penalty for money laundering shall be a term of imprisonment of at least 2 years and a pecuniary penalty from €30,000 to €500,000.

2. Criminal prosecution and conviction of the perpetrator of the predicate offence shall not be a precondition for prosecuting and convicting someone for money laundering.

3. When the respondent's criminal liability is rejected by the Court, he is acquitted because the act is no longer prosecutable or because the person who suffered damage has obtained satisfaction for the predicate offence (provided that under the law satisfaction may bring about this result), criminal liability shall also be eliminated or the offender shall be acquitted of the relevant ML acts. This provision shall not apply where criminal liability has been eliminated due to prescription.

4. Where this article provides for cumulative custodial sentences and pecuniary penalties, Article 83(e) of the Criminal Code shall not apply.

5. The felonies provided for by Article 2 shall be tried by the Three-Judge Court of Appeal for Felonies¹⁰.

¹⁰ Felonies are serious criminal offences punishable by a term of imprisonment of at least 5 years.

Article 46

Confiscation of assets

1. Assets derived from a predicate offence or the offences referred to in Article 2 or acquired directly or indirectly out of the proceeds of such offences, or the means that were used or were going to be used for committing these offences shall be seized and, if there is no legal reason for returning them to the owner according to Article 310(2) and the last sentence of Article 373 of the Code of Criminal Procedure, shall be compulsorily confiscated by virtue of the court's sentence. Confiscation shall be imposed even if the assets or means belong to a third person provided that such person was aware of the predicate offence or the offences referred to in Article 2 at the time of their acquisition. The provisions of this paragraph shall also apply in cases of attempts to commit the above offences.

2. Where the assets or proceeds referred to in para. 1 above no longer exist or have not been found or cannot be seized, assets of a value equal to that of the said assets or proceeds as at the time of the court sentence shall be seized and confiscated according to the conditions of para. 1. Their value shall be determined by the court. The court may also impose a pecuniary penalty up to the value of the said assets or proceeds if it rules that there are no additional assets to be confiscated or the existing assets fall short of the value of the said assets or proceeds.

3. Confiscation shall be ordered even where no criminal proceedings have been initiated because of death of the offender or where prosecution was terminated or declared inadmissible. In these cases, confiscation shall be ordered by a decree of the competent judicial council or the court decision terminating prosecution or declaring prosecution inadmissible. If no criminal proceedings have been instituted, confiscation shall be ordered by a decree of the council of misdemeanours¹¹ court judges having competence *ratione loci*. The provisions of Articles 492 and 504(3) of the Code of Criminal Procedure shall also apply by way of analogy to this case.

4. The provisions of Article 310(2) and the last sentence of Article 373 of the Code of Criminal Procedure shall also apply by way of analogy where confiscation has been ordered against the assets of a third person who was not tried or summoned to the trial.

¹¹ Misdemeanours are criminal offences punishable by a term of imprisonment from one to five years.

Article 47***Compensation of the State***

1. The State may, on an opinion from the State Legal Council, raise a claim before a civil court against anyone convicted to imprisonment of an offence referred to in Articles 2 and 3 above, in order to receive any other assets acquired by him through another offence referred to in Articles 2 and 3, even if no criminal proceedings were instituted for such offence because of death of the offender or if prosecution was terminated or declared inadmissible.

2. If the assets referred to in paragraph 1 have been transferred to a third person, the convicted person shall be liable to compensation equal to the value of the assets as at the time of the hearing of the action. The above claim may also be raised against a third person who acquired assets without consideration, provided that at the time of acquisition such person was a spouse or lineal relative by blood or a brother/sister or adopted child of the convicted person, as well as against any third person who acquired assets after the institution of criminal proceedings against the convicted person for the above crime, provided that at the time of acquisition he was aware of the initiating of criminal proceedings against the convicted person. The third person and the convicted person shall be severally liable.

Article 48***Freezing and prohibition of sale of assets***

1. During a regular investigation for the offences referred to in Article 2, the investigating judge may, with the consent of the public prosecutor, freeze any accounts, securities or financial products kept at a credit or financial institution, as well as any safe deposit boxes of the accused, including those owned jointly with any other person, provided that there are well-founded suspicions that these accounts, securities, financial products or safe deposit boxes contain money or things derived from the commission of the offences referred to in Article 2. The same shall apply when a predicate offence is investigated and there are well-founded suspicions that the accounts, securities, financial products or safe deposit boxes contain money or things derived from the commission of the above offence or are subject to confiscation according to Article 46 above. In case of a preliminary examination or investigation, freezing of accounts, securities, financial products or safe deposit boxes may be ordered by the judicial council. The order of the investigating judge or the decree of the judicial council shall have the power of a seizure report and shall be issued without prior summoning of the accused or third person. It is not necessary that the order mentions any specific account, security, financial product or safe deposit box and shall be served upon the accused and a

management officer of the credit or financial institution referred to in Article 44, paragraph 1 above or to the manager of the branch where the investigating judge or the public prosecutor is based. In case of jointly owned accounts, securities, financial products or safe deposit boxes, it shall also be served upon the third person.

2. The freezing referred to in the preceding paragraph shall apply from the time of service of the order of the investigating judge or the decree of the judicial council upon the credit or financial institution. From this time, the safe deposit box may not be opened and any withdrawal of money from an account or any sale of securities or financial products shall be null and void against the State. Any management officer or employee of the credit or financial institution who intentionally violates the provisions of this paragraph shall be punished with a term imprisonment up to 2 years and a pecuniary penalty.

3. If the conditions of paragraph 1 of this article are met, the investigating judge or the judicial council may prohibit the sale of a specific real estate of the accused. The order of the investigating judge or the decree or the judicial council shall have the power of a seizure report, shall be issued without prior summoning of the accused and served upon the accused and the competent registrar, who shall make a note in the appropriate books the same day and file the document served upon him. A decision of the Minister of Justice shall specify the details for the implementation of this provision. Any juridical act, mortgage, attachment or other act registered by the mortgage registry after the registration of the above note shall be null and void against the State.

“4. The accused, the person suspected of committing the offences referred to in Articles 2 and 3 and the third person shall have the right to demand the revocation of the investigating judge’s order or of the judicial council’s indictment, by an application addressed to the competent judicial council and filed with the investigating judge or the public prosecutor within 20 days from service of the order or indictment. The investigating judge may not be a member of the judicial council. The submission of the application and the relevant time limit shall not suspend the enforcement of the order or indictment. The order or indictment may be revoked if new evidence surfaces.

5. Where the FIU conducts an investigation, in emergencies, the President of the Authority may order the freezing of accounts, securities, financial products or safe deposit boxes, or the prohibition of sale or transfer of any asset, subject to the conditions of paras. 1-3 of this article. The data concerning such freezing and the case file shall be transmitted to the

competent Public Prosecutor. This shall not prevent the continuation of the investigation by the Authority. Any person affected by such freezing shall have the rights provided for in para. 4 of this article.”

6. The provisions of this article shall apply by way of analogy, in addition to credit and financial institutions, also to the other obligated persons referred to in Article 5.

“Article 49

Enforcement of Sanctions Imposed by International Organisations

1. When, in order to combat terrorist financing, the freezing of assets of natural and legal persons or entities and the prohibition of provision of financial services to them is imposed by Resolutions of the United Nations Security Council or by Regulations or Decisions of the European Union, the following procedure shall apply after the transposition of the above Resolutions, Regulations or Decisions into Greek law, where necessary, in accordance with the legal provisions in force and:

(a) The above Resolutions and Regulations or Decisions, as well as the Resolutions, Regulations or Decisions amending or revising them, shall be forwarded immediately upon their issuance by the Ministry of Foreign Affairs to the Financial Sanctions Unit of the Authority, which shall keep detailed lists of the named persons and entities.

(b) The FSU shall promptly notify all obligated persons, referred to in Article 5, of the above Resolutions and Regulations or Decisions, and demand a thorough investigation for the detection of assets of any nature belonging to the named persons or entities. These assets shall include those directly or indirectly owned or controlled by the aforementioned natural or legal persons or entities. The Unit shall also request detailed data on all kinds of transactions or activities of the above persons or entities during the last five years, on whether these persons had or have any kind of business relationship with the reporting obligated person, as well as any other relevant data or information. Furthermore, it shall issue instructions regarding the procedure of detection and separation of the assets to be frozen, the procedure of unfreezing all or any of them according to (f) below, and as to how to withdraw the freezing measures against those natural or legal persons or entities removed from the lists according to (g) below.

(c) The FSU may also forward the relevant lists to public authorities that keep records and may have information that could help detect the aforementioned persons or their assets.

(d) The FSU shall promptly implement, by means of an Order, the freezing of assets, bank accounts and safe deposit boxes belonging to the named natural or legal persons or entities, the prohibition of the provision of financial or investment services to them and any other measure provided for in the above Resolutions, Regulations or Decisions. This implementing freezing Order shall be served upon the above persons and entities.

(e) The person or entity whose assets have been frozen, as well as any third party having legitimate interest, may appeal against the above Order before the administrative courts within a period of 30 days from service of the decision. The appellants may only question the fulfilment of the conditions for the freezing or prohibition measure.

(f) The FSU may grant, following a petition by the persons concerned, a special permit to raise the freeze, unfreeze or release all or some of the frozen assets, for the reasons and according to the procedures mentioned in the relevant United Nations Security Council Resolutions or European Union Regulations or Decisions.

(g) In case a natural or legal person or entity is delisted following a decision of the United Nations Security Council or the European Union, amending or revising an earlier Resolution, Regulation or Decision, accordingly, the FSU shall immediately order the unfreezing of the assets and the withdrawal of any other sanction imposed, informing to this effect the interested parties. The names of the natural and legal persons or entities removed from the lists whose assets have been unfrozen may be posted on the website of the Authority, with the consent of the persons concerned.

(h) Any obligated natural person or officer or employee of an obligated person who intentionally conceals any information regarding the identity or the existence of a business relationship or all or any of the assets of the aforementioned persons or entities, or refuses to freeze these assets without delay shall be punished with imprisonment of up to ten (10) years and a pecuniary penalty from €10,000 to €500,000. If such person by negligence fails to detect their assets or a business relationship with them, he/she shall be punished with imprisonment of up to 2 years and a pecuniary penalty from €5,000 to €200,000.

(i) If an obligated legal person is in breach of the obligations set out in the present article, the competent authorities under Article 6 shall impose the administrative sanctions provided for in Article 52(1)(a), (d) and (e), its terms, provisions and distinctions applying *mutatis mutandis*.

2. The provisions of the preceding paragraph shall also apply to the enforcement of the measure of the freezing of assets of natural or legal persons or entities imposed by United Nations Security Council Resolutions or Regulations/Decisions of the European Union for reasons other than combating terrorist financing, as these are determined in such Resolutions and/or Regulations/Decisions.”

“Article 49A

Responsibilities of the Financial Sanctions Unit regarding terrorist suspects

1. The Financial Sanctions Unit of the Authority shall designate natural or legal persons or entities as related to terrorist activities, based on accurate information or evidence submitted by the police or similar agencies of the Ministry of Citizen Protection or by the prosecutorial, judicial or law enforcement authorities. Such information and evidence shall concern specific natural or legal persons who reside, are based or hold or control assets, within the meaning of Article 187A(6) of the Criminal Code, in Greece and who committed or commit or attempt to commit terrorist acts, or participate or in any way facilitate the commitment of such acts, as defined in Article 187A of the Penal Code, as currently in force. In particular, the following shall be submitted to the Financial Sanctions Unit:

(a) evidence or information of any nature that surfaced during investigations against legal persons or entities who belong to or are controlled by terrorists or terrorist organizations, or against natural or legal persons or entities who either assist or provide financial, material, technical or any other form of support with the intention of assisting terrorist activities, or are in any way associated with terrorists or terrorist organizations;

(b) criminal charges of terrorist activities or financing of individual terrorists or terrorist organisations;

(c) criminal judgments imposing sentences for the commission of terrorist acts; and

(d) criminal judgments imposing sentences for the financing of individual terrorists or terrorist organisations.

The Financial Sanctions Unit shall prepare and keep a list of names of designated natural and legal persons or entities related to terrorism, accompanied by sufficient supplementary data allowing their effective identification, thus preventing the imposition of sanctions on persons or entities with the same or similar name or particulars.

2. The Financial Sanctions Unit shall inform without delay all obligated persons of Article 5 above and request a thorough investigation for the detection of assets of any nature belonging to or controlled by the aforementioned natural and legal persons or entities. The obligated persons shall provide without delay the requested information, otherwise the sanctions provided for in this law shall be imposed.

3. Without prejudice to any actions taken by the competent prosecutorial authorities, the Unit shall, issue an order of freezing of the assets of the designated natural and legal persons or entities included in the list, as well as the assets they control through others or own jointly with others; the freezing of bank accounts and safe deposit boxes; the prohibition of provision to them of financial services, within the meaning of Article 1(3) of Council Regulation (EC) 2580/2001, as currently in force; and the imposition of any other necessary measure if there are serious grounds justifying it. The freezing order shall also extend to the revenue generated by the above assets. Freezing, within the meaning of this provision, shall mean the prohibition of any operation, transfer, change, use of or transaction in assets that could allow them to be used, including portfolio management.

4. The Financial Sanctions Unit shall transmit to the competent foreign authorities information and evidence, within the meaning of para. 1, on natural and legal persons or entities designated as related to terrorism that reside or are based or hold assets, within the meaning of Article 187A(6) of the Penal Code, in their territory and shall apply for their names to be included in the relevant lists that these authorities may keep, and for their existing assets to be frozen. Likewise, the Unit shall examine requests submitted by the competent foreign authorities and examine whether there are serious reasons for deciding to order the freezing of assets of the persons and entities named in these requests. Where deemed necessary, the Unit may request the competent foreign authorities to provide supplementary data.

5. The information provided to, or exchanged with, the Financial Sanctions Unit shall be exclusively used for the purpose of imposing the financial sanctions. The Unit shall issue instructions for the detection and freezing of assets of natural and legal persons or entities included in the list.

6. The Financial Sanctions Unit shall promptly examine the information and evidence submitted to it under para. 1 or the requests referred to in para. 4, and shall decide without delay.

7. The Financial Sanctions Unit's freezing order shall be served on the natural and legal persons or entities immediately after their designation and inclusion of their names in the list or the freezing of their assets, in accordance with article 155 para. 1 intend a) of the Code of Criminal Procedure.

8. The Financial Sanctions Unit may revoke its decision to designate a natural or legal person or entity including their name in the relevant list or to freeze their assets, either in its own initiative or following an appeal of the designated person or beneficial owner of frozen assets or any third party having legitimate interest which shall be decided on within 10 days of the lodging of the appeal, if the Unit is convinced that if it is convinced that the grounds which led to the decision being taken do not exist.

9. The natural or legal persons or entities whose appeal has been rejected may, within 30 days of the servicing to them of the Unit's decision, appeal before the Penal Section of the Supreme Court, which acts in such cases as three member Judicial Council.

10. The above Judicial Council issues a decision on the appeal within 30 days of the tabling of the appeal following an opinion on writing of the competent prosecutor which shall be tabled before the council within 10 days of the tabling of the appeal. The appellant may appear before the council in person accompanied by his lawyers to be heard and provide explanations and is for that reason summoned at least 20 days before the hearing.

11. Following an application submitted by the natural person concerned, the Unit may also decide, within ten days, to release from the freeze specific sums of money necessary for covering its general living expenses, legal costs and basic expenses for the maintenance of the frozen assets. The decision of the Unit shall be subject to appeal before the administrative courts. The hearing of the appeal lodged according to the preceding paragraph shall be given absolute priority and shall take place within

one month from its submission. The court's ruling on the appeal shall be subject to the remedies provided for in the Code of Administrative Procedure, which shall also which shall also be given absolute priority.

12. The names of natural or legal persons and entities included in the list may be reviewed regularly in order to ensure that there continue to exist reasonable grounds for them to remain on the list.

13. The Unit shall inform the competent Committees of the United Nations and the competent bodies of the European Union and shall cooperate, subject to reciprocity, with relevant foreign authorities that request the freezing of assets of natural or legal persons or entities in connection with investigations and procedures conducted by them.

14. The meetings of the Unit shall be secret and shall be held in a designated secure place.

15. During judicial proceedings, the judicial authorities shall cooperate closely with the Unit to ensure the protection of any classified material.

16. In case of breach of this article, the sanctions of article 49 shall apply *mutatis mutandis*."

Article 50

Access of the judicial authorities to records and data

In case of a preliminary judicial examination, investigation or trial for the offences referred to in Articles 2 and 3, the public prosecutor, the investigating judge and the court of law shall have access to the books and records that the obligated persons are required to keep according to the legislation in force and may attach to the case file only extracts from these books or records containing the entries that concern the investigated person. The accuracy of the extracts shall be certified by the legal representative of the obliged legal entity or by the obligated natural person. The public prosecutor, the investigating judge and the court of law shall have the right to control these books and records in order to verify the accuracy of the entries in the extracts or the existence of other entries that concern the aforementioned person. This person may only control the existence of the entries allegedly concerning him.

Article 51

Liability of legal persons

1. Where any of the money laundering offences is committed for the benefit of a legal person by a physical person acting either individually or as part of an organ of the legal person and who possesses a

leading position within the legal person based on a power of representation of the legal person or an authority to take decisions on behalf of the legal person or an authority to exercise control within the legal person, the following sanctions are imposed to the legal person, cumulatively or alternatively:

- a. Regarding obligated legal persons or companies listed in a regulated market, by a decision of the competent authority referred to in Article 6 of the present Act, the following sanctions are imposed:
- i) An administrative fine of fifty thousand (50.000) up to five million (5.000.000) euro;
 - ii) final or provisional - for a period from one month up to two years - withdrawal or suspension of the permit for the operation of the legal person or prohibition from carrying out its business;
 - iii) prohibition from carrying out specific business activities or from the establishment of branches or capital increase, for the same period of time;
 - iv) final or provisional exclusion, for the same period of time, from public grants, aids, subsidies, awarding of contracts for public works or services, procurement, advertising and tenders of the public sector or of the legal persons belonging to the public sector;

The administrative fine referred to in item i) above shall always apply, irrespective of the imposition of other sanctions.

The Hellenic Capital Market Committee shall be the competent authority for the imposition of the above sanctions on the companies listed in a regulated market which are not supervised by other competent authorities referred to in Article 6 above.

- b. Regarding non-obligated legal persons the following sanctions shall be imposed by a joint decision issued by the Minister of Justice, Transparency and Human Rights and the competent Minister in each case:
- i) An administrative fine of twenty thousand (20.000) up to two million (2.000.000) euro;

- ii) the sanctions listed in subparagraph a) items ii) iii) and iv) above.

Competent Minister in each case shall be considered the Minister who is in charge of a Ministry which has, in priority order, the following powers:

- to supervise the proper and legitimate operation of the legal person and to impose sanctions;
- to grant the required permit for the operation of the legal person;
- to keep a registry, in which the legal person is registered;
- to fund and grant subsidies or provide financial aid.

The above powers may be exercised by agencies or other bodies subordinated to or supervised by the relevant Ministry.

2. Where the lack of supervision or control by a physical person referred to in paragraph 1 of the present article has made possible the commission, by a physical person under its authority, of the money laundering offence for the benefit of a legal person, the following sanctions shall, cumulatively or alternatively, apply:

a. In the case referred to in paragraph 1 subparagraph a) above:

- An administrative fine of ten thousand (10.000) euro up to one million (1.000.000) euro;
- the sanctions listed in subparagraph a) items ii) iii) and iv) above, for a period up to six months.

b. In the case referred to in paragraph 1 subparagraph b) above:

- An administrative fine of five thousand (5.000) euro up to five hundred thousand (500.000) euro;
- the sanctions listed in subparagraph a) items ii) iii) and iv) above, for a period up to six months.

3. For the cumulative or alternative imposition of the sanctions listed in the previous paragraphs and the determination of such sanctions, the following shall inter alia be taken into account: the gravity of the offence, the degree of culpability, the financial condition of the legal person, the amount of illegal profits or any likely acquired benefit and any recidivism of the legal person. No sanction is imposed without prior summoning of the legal representatives of the legal person to provide explanations. The summons is served on the interested party at least ten (10) days prior to the date of the hearing. In any other respect, the provisions of paragraphs 1 and 2 of Article 6 of

2690/1999 Act (Code of Administrative Procedure) shall apply.

4. The implementation of the provisions of the preceding paragraphs shall be independent of any civil, disciplinary or criminal liability of the physical persons mentioned therein.

5. The prosecution and police authorities, the Special Audits Agency and the Commission shall inform the competent authorities and the Minister of Justice, Transparency and Human Rights about the involvement of a legal person in cases under paragraphs 1 to 2 above regarding the commission of money laundering offences as well as about the relevant Court judgments issued.

6. The liability of legal persons regarding the offences of paragraph 6 of Article 187A of the Penal Code is determined in Article 41 of 3251/2004 Act”.

Article 52

Administrative sanctions

Para 1 of art 52 of L3691/2008(A’166) is replaced as follows (by virtue of L 3994/25-7-2011/OGG A165- art 76):

1. The competent authorities that supervise obligated persons impose on them, when they fail to comply with their obligations under this law, the regulatory decisions and regulations of the European Union, the ministerial decisions and the decisions of the Authority of art. 7 as well as of any other competent authority, cumulatively or alternatively, either the obligation to take concrete corrective measures within a specific time period, or one or more of the following sanctions,

a) To the obligated legal persons:

i) a fine of €10,000 to €1,000,000 and, in case of recidivism, a fine of €50,000 to €2,000,000;

ii) a fine of €5,000 to €50,000 on the members of the board of directors, the managing director, management officers or other employees of the legal persons who are responsible for the violations or exercise insufficient control or supervision of the services, the employees and activities of the legal person, taking into account the importance of their position and duties; in case of recidivism, a fine of €10,000 to €100,000 shall be imposed;

iii) removal of the persons mentioned in item (ii), for a definite or indefinite time period and prohibition of assuming other important duties;

iv) prohibition of the legal person from carrying out certain activities, establishing new branches in Greece or in case of societies anonyms prohibition of increasing its share capital.

v) in case of serious and/or repeated violations, final or provisional withdrawal or suspension of authorisation of the legal person for a specific time period or prohibition to carry out its business.

b) To the obligated natural persons:

i) the fines of item a’ sub-item ii)

ii) permanent or temporary prohibition from carrying out their business or professional activities

The sanctions referred to in the previous paragraphs shall be imposed after summoning the representatives of the legal persons or the natural persons who committed the offence to provide explanations according to the provisions of article 51 para 3.

3. Par. 2 of Art. 52 of 3691/2008 Act is replaced as follows:

“2. The sanctions referred to in the previous paragraph shall be independent of the sanctions under Art. 51 of the present Act and Art. 41 of 3251/2004 Act. These sanctions shall be justified and publicized provided that their publication is unlikely to cause disproportionate damage to the legal person on whom the sanction is imposed”.

3. Every competent authority supervising financial corporations shall specify in its publicised decisions:

a) the individual obligations of corporations, their officers and employees, either separately or by category;

b) the degree of importance of each obligation or category of obligations, with indicative reference of possible sanctions in case of non-compliance therewith;

c) other general or special criteria taken into account by the competent authority in determining and computing the sanctions.

4. Where an obligated natural person breaches its obligations under the provisions of this law and the relevant regulatory decisions, if disciplinary control is exercised according to the provisions in force by a special disciplinary body, the competent authority shall refer the obligated natural person to the said body, transmitting to it all the details of such breach.

5. The sanctions referred to in the previous paragraphs shall be imposed unless other provisions provide for stricter sanctions against their employees and the obligated natural persons.

6. The fines referred to in this and the preceding article that are imposed by the public bodies mentioned therein shall be certified by the relevant authorities and collected according to the provisions of the Code of Collection of Public Revenue.

CHAPTER I

Transitional, repealed and other provisions

Article 53

Other provisions

1. Para.6 of article 187A of the Penal Code shall be replaced as follows:

“6. Whoever provides information or materials or receives, collects, provides or manages in any way funds within the meaning of paragraph 1 of Article 1 of Law 3034/2002 (Government Gazette 168A) with the aim of facilitating or supporting the execution of terrorist activities according to paragraphs 1, 3 and 4 either by a criminal organisation or an individual terrorist shall be punished with a sentence of up to ten years”.

2. Within the Audit Directorate of the General Directorate for Tax Audits of the Ministry of Economy and Finance, a Section E entitled “AML/CTF Supervision and Control Section” shall be established. It shall support and coordinate the actions of the General Directorate for Tax Audits of the Ministry of Economy and Finance as competent authority for the supervision of the obligated persons referred to in Article 5 of this law. The powers of the aforementioned competent authority which concern the control of obligated persons and the imposition of the relevant sanctions according to points (h), (i) and (k) of paragraph 3 of Article 6 shall be exercised by, in addition to Section E (the provisions of this law on the exercise of these powers and the relevant issues in general applying by way of analogy), also the Regional Audit Centres, Inter-regional Audit Centres and the Internal Revenue Offices, which are responsible for the tax audit of obligated persons. Especially for the imposition of the sanctions referred to in point (k) of paragraph 3 of Article 6 by the above auditing services, except for the imposition of fines and corrective measures, the consent of the General Director for Tax Audit shall be required.

This Section shall be headed by an officer of the Tax Officer Branch, holder of a university degree, failing which a technological institution degree, failing which a secondary education graduation diploma.

Article 54

Transitional provisions

1. The regulatory decisions and other administrative acts of the ministers or competent authorities referred to in Article 6 shall remain in force until their amendment or abolition, provided that they do not run contrary to the provisions of this law.

2. Where a legislative or regulatory provision mentions the Committee referred to in Article 7 of Law 2331/1995 or the AML Authority referred to in law 3424/2005, it shall be understood as the AML/CTF Commission referred to in Article 7 of this law.

3. As from the entry into force of this law, the National AML Authority referred to in Article 7 of Law 2331/1995, as replaced by Article 7 of Law 3424/2005, shall be abolished.

4. As from the entry into force of L.3932/2011, the AML/CTF Commission and the five-member Committee referred to in Article 3(2) of Law 3213/2003, as in force before being amended hereunder, shall be abolished.

5. Any reference in Law 3691/2008 to the “Commission” or the “Commission referred to in Article 7” shall be understood as a reference to the Financial Intelligence Unit of the Authority referred to in Article 1 hereof.

6. Any reference in Law 3691/2008 to the “Central Coordinating Authority” shall be understood as a reference to the Central Coordinating Agency referred to in Article 1 hereof.

7. Any reference in legislative or regulatory provisions to the “Commission referred to in Article 7 of Law 3691/2008” or the “AML/CTF Commission” shall be understood as a reference to the Financial Intelligence Unit of the Authority referred to in Article 7 of Law 3691/2008.

8. The employees of the AML/CTF Commission shall occupy the corresponding posts in the Financial Intelligence Unit of the Authority referred to in Article 1 hereof until the end of their term, which shall be renewable.

9. Pending the establishment and operation of offices of the Authority in other cities in Greece, according to Article 7(2) of Law 3691/2008, as replaced hereunder, employees of the Authority may travel outside the seat of the Authority to carry out special

missions. The mandate of every mission shall be determined by decision of the President. The same decision shall specify the time period of the mission, by way of derogation of the provision of Article 2 of Law 2685/1999 (Government Gazette A35).

10. The records of the five-member Committee referred to in Article 3(2) of Law 3213/2003, as in force before being amended hereunder, shall constitute records of Unit III of the Authority referred to in Article 7 of Law 3691/2008.

11. The powers of the Minister of Justice, Transparency & Human Rights provided for by Article 3 (6) of Law 3213/2003, as added by Article 1 (4) of Law 3849/2010 (Government Gazette A80), shall be exercised before the Source of Funds Investigation Unit of the Authority referred to in Article 7 of Law 3691/2008.

12. Regulatory decisions and other administrative acts of the ministers or competent authorities referred to in Article 6 of Law 3691/2008 concerning the implementation of the said law or Law 3213/2003 shall remain in force until being amended or repealed, unless they are in conflict with the provisions hereof.

Athens, 14 July 2008

THE MINISTERS

G. Alogoskoufis
MINISTER OF ECONOMY AND FINANCE

Article 55

Repealed provisions

1. As from the publication of this law, the following provisions shall be repealed:

- a) the provisions of Articles 1 to 9 (Chapter A') of Law 2331/1995 (Government Gazette 173A);
- b) the provisions of Articles 1 to 11 of Law 3424/2005 (Government Gazette 305A), except for Article 10 thereof;
- c) Article 8 of Law 2928/2001 (Government Gazette 141A);
- d) indent (e) of Article 2 of Law 2331/1995, as added by Article 17 of Law 3472/2006 (Government Gazette 135A);
- e) paras. 1 and 2 of Article 34 of Law 3556/2007 (Government Gazette 91A);
- f) every other provision of any law, presidential decree or regulatory decision which runs contrary to the provisions of this law.

Article 56

Final provisions

The provisions of this law shall enter into force as from its publication in the Government Gazette.

S. Hadzigakis
MINISTER OF JUSTICE